

HCR

18

Alaska State Legislature

House of Representatives

Committee on Transportation



Rep. Bette Cato, Chairman

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

May 13, 1987

COMMITTEE CALENDAR:

HCR 18: Relating to a special report on long-term operations of the Alaska Railroad.

HJR 32: Relating to the completion of the Mackenzie Highway between Fort Simpson and Inuvik, Northwest Territories, Canada.

CSSJR 36(Trsp): Relating to passenger and air cargo service to Anchorage by Korean Air Lines.

CSSB 146(Trsp): "An Act relating to weights and measures; citation authority of employees enforcing weights and measures limitations; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HCR 18 that includes:

- * a copy of HCR 18
- * a fiscal note from the Dept. of Commerce & Econ. Dev.
- * a position paper from the Alaska Railroad Corporation

A folder on HJR 32 that includes:

- * a copy of HJR 32
- * a fiscal note from DOT/PF
- * a copy of the resolution issued by the Northwest Territories Legislative Assembly

A folder on CSSJR 36 that includes:

- * a copy of CSSJR 36(Trsp)
- * a fiscal note from DOT/PF
- * memorandums from Sen. Fahrenkamp to the House and Senate Transportation Committees
- * written testimony from Korean Air Lines
- * an unratified memorandum of understanding between the U.S. State Dept. and the Gov't. of the Republic of Korea
- * written testimony from Sen. Fahrenkamp

A folder on CSSB 146 that includes:

- * a copy of CSSB 146(Trsp)
- * two fiscal notes: one from Dept. of Pub. Safety & one from Dept. of Commerce & Econ. Dev.
- * a sectional analysis
- * a position paper from DOT/PF

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : HCR 18

Publish Date : _____

Revision Date: _____

Title : Railroad Operations Report

Agency Affected : Comm. & Econ. Dev.

BRU : Alaska Railroad

Sponsor : Lato

Requestor : _____

Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Blasingame, Exec. Vice, President Phone: 264-2425
 Division: Alaska Railroad Date: May 1, 1987

Approved by Commissioner: J. Anthony Smith, Commissioner Date: May 1, 1987
 Agency: Department of Commerce and Economic Development

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
 Senate Secretary

ALASKA RAILROAD CORPORATION



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

VIA TELECOPIER

MAY 4 1987

M 187

April 30, 1987

Honorable Bette Cato, Chairman
House Transportation Committee
House of Representatives
P.O. Box V
Juneau, Alaska 99711

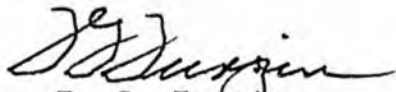
Re: HCR No. 18, Relating to a Special Report on Long-term
Operations of the Alaska Railroad

Dear Chairman Cato,

Thank you for this opportunity to express our support for House Concurrent Resolution No. 18. As you know, the resolution will be considered before the House Transportation Committee on Friday, May 1.

The basis for our support is explained in an attached position paper.

Sincerely yours,


F. G. Turpin
President & CEO

cc: Mr. James O. Campbell, Chairman

4292L

HOUSE CONCURRENT RESOLUTION NO. 18

RELATING TO A SPECIAL REPORT ON LONG-TERM
OPERATIONS OF THE ALASKA RAILROAD

I. Introduction

HCR No. 18 requests the Governor to direct the Department of Commerce and Economic Development to contract for a special report on the long-term operations of the Alaska Railroad. The report is required by Sec. 3(a), Ch. 153, SLA 1984.

The Alaska Railroad Corporation ("ARRC") strongly supports this legislation.

II. Discussion

The text of this resolution best expresses the need for an independent study of the long-term operations of the Alaska Railroad. The special Governor's report is required by a temporary law passed with the Alaska Railroad Corporation Act ("ARCA") in 1984. Although the report was due on February 1, 1987, the consultant's contract was never let and funding lapsed. HCR 18 requests that the report be completed by February 1, 1988.

In adopting ARCA, the legislature found that the railroad was an essential part of the state transportation network and that the State should own the railroad pending eventual transfer to the private sector. The State of Alaska has now begun a third year of ownership of the railroad. A comprehensive study of future railroad operations will provide timely and meaningful direction as the State considers how operational alternatives and the potential transfer of all or part of the Alaska Railroad to the private sector will best serve the State's interests.

If the report strongly recommends that the Alaska Railroad remain publicly owned, its conclusions may ultimately lead to repeal of pertinent ARCA directions that attempts be made to sell the line. The report might also evaluate various alternatives for future operation of the railroad under continued State ownership.

If transfer of the railroad from State to private ownership is to be considered, the report should significantly reduce costs related to preparation and negotiation of railroad sale or lease terms. Within the realm of opportunities for transfer of the railroad, either by sale, lease or lease with a purchase option, there are infinite possibilities. The breakdown of large railroads into much smaller short lines has recently lead to the pooling of a great deal of expertise and experience in these disposals. The options do seem endless and, without a

consultant's assistance in measuring these as operational alternatives, State leaders may become muddled in an explosion of information as they consider future sale proposals.

Finally, we agree that the report should be financed by general fund appropriations. As noted in the resolution, railroad operating revenues are best committed to funding current obligations. Although it may possibly recommend new and alternative relationships between the State and the Alaska Railroad, the report is not expected to provide information of particular value to current or ongoing rail operations. Additionally, to successfully complete its assignment of providing a report on how State interests will best be served by the Alaska Railroad, the consultant's analysis should be independent. State funding and contract administration therefore appears most appropriate.

III. Conclusion

The information provided by a private consultant concerning the long-term operations of the Alaska Railroad, operational alternatives, and the transfer of all or part of the railroad operation to the private sector will be immensely important to the governor and legislature as they determine how the State's interests are best served by future rail operations. Because HCR No. 18 may be instrumental in initiating the report, ARRC urges that it be favorably considered.

4295L

HCR 18

CS HCR 18 - RELATES TO A SPECIAL REPORT ON LONG TERM OPERATIONS OF THE ALASKA RAILROAD.

Chapter 153, SLA 1984 Sec 3 (a) REQUIRED THE GOVERNOR TO CONTRACT FOR THE PREPARATION OF A SPECIAL REPORT ON THE LONG TERM OPERATIONS OF THE ALASKA RAILROAD, OPERATIONAL ALTERNATIVES, AND THE TRANSFER OF ALL OR PART OF THE RAILROAD OPERATION TO THE PRIVATE SECTOR.

THE REPORT WAS DUE FEBRUARY 1, 1987. THE FUNDS WERE AVAILABLE IN THE DEPARTMENT OF COMMERCE HOWEVER, WITH THE BUDGET REDUCTIONS MADE IN FY 87 THESE FUNDS WERE CUT.

THIS RESOLUTION RESPECTFULLY REQUESTS THE GOVERNOR TO DIRECT THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT TO CONTRACT FOR THE SPECIAL REPORT ON THE LONG TERM OPERATIONS OF THE ALASKA RAILROAD CORPORATION. THIS REPORT IS TO BE COMPLETE BY FEBRUARY 1, 1989.

I FEEL THIS REPORT IS IMPERATIVE TO ENABLE THE LEGISLATURE TO MAKE THE IMPORTANT DECISIONS ON THE FUTURE OF THE ALASKA RAILROAD. AS YOU ARE ALL WELL AWARE IN THE UPCOMING YEARS WE WILL BE FACED WITH THE DECISION OF SELLING THE RAILROAD TO PRIVATE INDUSTRY, MAINTAINING THE RAILROAD AS A STATE OWNED AND OPERATED RAILROAD OR LEASING OR SELLING A PORTION OF THE ASSETS OF THE CORPORATION. THIS REPORT WILL BE A VALUABLE TOOL TO HELP US DETERMINE THE BEST INTERESTS OF THE STATE WHEN MAKING THESE DECISIONS.

I URGE YOUR SUPPORT OF HCR 18

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS

5-13-87

1130p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/27/87

FURTHER REFERRALS: Finance

May 13, 1987

DATE: _____

The Transportation Committee has considered HCR 18
Relating to a special report on long-term operations of the Alaska Railroad.

RECOMMENDS:

- replace with CSHCR 18(Trsp) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Bill Hurd
Bette Cook
Theresa Springer
Marie Roane

SIGNING OTHER RECOMMENDATIONS:

Bette Cook
 Chairman's signature



Official Business

COMMITTEE:

House Transportation Committee

DATE: May 13, 1987

Subject of meeting:

- * HCR 18: Railroad Operations Report
- * HJR 32: Completion of the Mackenzie HWY, Canada
- CSSJR 36: KAL Boarding Rights/Anchorage
- CSSB 146: Weights & Measures

SIGN-IN

NAME Please include title **ADDRESS** Please use full address. Please include zip. **PHONE** **REPRESENTING** **DO YOU WANT TO TESTIFY?**

Terry P. Hanson Spec. Assistant	BX N Juneau 99811	465-4322	Dept of Publi. Safety	upon Request.	146
John Williams	Box D Juneau AK 99811	465-2502	DCED Re SB 146 Sen. Fahrenkamp	Yes	146
* Nancy Petersen	staff, Sen. Fahrenkamp	465-3876	SJR 36 -	Yes	\$146
MARK HICKEY	—	3900	DOT/PF	QUESTIONS 146	146
ART SNOWDEN	—	264-0541	COURTS	146	146
T. J. Thrasher	Juneau	463-3279	AK Trucking Assoc	yes 146	146
Rosa Jewel	134 No. Franklin	586-1740	A.G.C. of Alaska	yes 146	146
Reed Stoops					

* indicates first public hearing