

S B

310

FILE 1

January 15, 1990

Discuss Differences between SB 310 and the existing Railroad Corporation Title 42 Chapter 40.

Amendment 1

Who will the Labor groups negotiate with given Executive Order 77?

Need a provision specifying who does the labor negotiations. which may read as follows:

Page 4 Line 6

authority and conduct labor negotiations with employees; [the authority may also designate a representative to negotiate with the employees on behalf of the authority.]

Amendment 2

Revise 23.40.040

Need to include in that section a provision revising 23.40.040 which may be carried out by replacing "commissioner of T&PF" with "Alaska Marine Highway Authority Board of Directors."

Amendment 3

Staggered Terms: Lines 12-18

Problem?! Is this a seven member board or a six member board? Commissioner? Replace paragraph (b) with the following which includes a reference to Title 39.05.055.

"Directors shall be appointed by the Governor and will serve terms according to the provisions of AS 23.05.050"

Amendment 4

Additional language on page two after (b) [Members of the authority may be removed by the governor only for cause.]

General questions:

Line 11-12 "with a legal existence independent of and separate from the state government." Check line 13 " the exclusive STATE AGENCY"

Why line 20-21 on page 1?

Draft all the amendments in form. Ready by Wednesday if possible.

Like advisory

consider

terms change

1 IN THE SENATE BY THE TRANSPORTATION COMMITTEE

2 SENATE BILL NO. 310

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to ferries and ferry terminals and
7 establishing the Alaska Marine Highway Authority."

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

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

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

16 CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

17 ARTICLE 1. CREATION AND ORGANIZATION.

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

25 Sec. 19.70.020. DIRECTORS. (a) The authority consists of seven
26 directors. One director is the commissioner of transportation and
27 public facilities and six directors are appointed by the governor.
28 The six appointed members must be state residents except as provided
29 in (1) of this subsection. One appointed member shall be a

1 representative of the tourist industry who meets one of the require-
2 ments under (1) - (4) of this subsection, and one shall be a represen-
3 tative of the commercial carriers who meets one of the requirements
4 under (1) - (4) of this subsection. Appointed members shall include

5 (1) a representative of the maritime industry; a person who
6 is not a state resident may be appointed under this paragraph;

7 (2) a member of a maritime union;

8 (3) two residents of Southeast Alaska;

9 (4) a resident of the Gulf of Alaska area west of Icy Cape;

10 and

11 (5) a person who represents the interests of the public.

12 (b) The appointed directors serve at the pleasure of the gover-
13 nor for (four-year terms.) (Each director shall hold office for the term
14 of the director's appointment and until a successor is appointed and
15 qualified.) A director is qualified for reappointment. A vacancy in a
16 directorship occurring other than by expiration of term shall be
17 filled in the same manner as the original appointment but only for the
18 unexpired term.

19 (c) The directors shall comply with the requirements of AS 39.50
20 (Conflict of Interest). Each director before entering upon the direc-
21 tor's duties shall subscribe to an oath to perform the duties of
22 office faithfully, impartially, and justly to the best of the direc-
23 tor's ability. A record of the oath shall be filed with the Office of
24 the Governor.

25 (d) An appointed director is entitled to compensation at a rate
26 of \$300 for each day the director is engaged in actual performance of
27 duties under this chapter. The authority may provide by regulation
28 for compensation for partial days for an appointed director. In
29 addition, an appointed director is entitled to travel and per diem

1 expenses authorized by law for state boards and commissions under
2 AS 39.20.180.

3 Sec. 19.70.030. OFFICERS AND QUORUM. The directors shall elect
4 one of their number as chair. The directors shall elect a secretary
5 and a treasurer who need not be directors, and the same person may be
6 elected to serve both as secretary and treasurer. The powers of the
7 authority are vested in the directors, and four voting directors of
8 the authority constitute a quorum. Except as provided in AS 19.70.-
9 050(7), action may be taken and motions and resolutions adopted by the
10 authority at a meeting by the affirmative vote of at least four direc-
11 tors. A vacancy in the directorship of the authority does not impair
12 the right of a quorum to exercise all the powers and perform all the
13 duties of the authority.

14 Sec. 19.70.040. STAFF. The authority shall employ a chief
15 executive officer who serves at the pleasure of the authority. The
16 chief executive officer may, with the approval of the authority,
17 select and employ additional staff as necessary, including additional
18 administrative officers. All officers and employees of the authority
19 are in the exempt service under AS 39.25.110. In addition to its
20 staff of employees, the authority may contract for and engage the ser-
21 vices of consultants and professional, technical, and financial advi-
22 sors the authority considers necessary for the purpose of developing
23 information, conducting hearings, studies, investigations, or other
24 proceedings, or otherwise exercising its powers.

25 ARTICLE 2. POWERS AND DUTIES.

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

- 28 (1) sue and be sued;
29 (2) adopt and alter an official seal;

1 (3) adopt and enforce bylaws and regulations for the con-
2 duct of its business and for the use of its services and facilities;

3 (4) maintain offices at a place in the state and at places
4 out of the state that are served by the marine highway system;

5 (5) establish terms and conditions of employment by the
6 authority (and) conduct labor negotiations with employees;

7 (6) subject to appropriation by the legislature, acquire,
8 hold, use, and dispose of its income, revenues, funds, and money;

9 (7) acquire, hold, use, lease, rent, construct, and dispose
10 of personal property for its purposes, except that the authority may
11 dispose of a ferry only on approval of at least five of its directors;

12 (8) acquire, hold, use, lease, or rent real property and
13 dispose of real property under AS 19.70.100;

14 (9) operate, maintain, improve, and extend a system of
15 ferries connecting with the public roads and highways of the state and
16 including the boats, vessels, wharves, docks, approaches, landings,
17 and appurtenances the authority determines to be necessary or desir-
18 able for safe and efficient operation of the ferry system so as to
19 best serve the public;

20 (10) do all acts and things necessary, convenient, or desir-
21 able to carry out the powers expressly granted or necessarily implied
22 in this chapter;

23 (11) establish rates and tariffs, after public hearings;

24 (12) modify routes, after public hearings.

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

26 (1) assist the residents, businesses, and communities of
27 the state in obtaining the best and most frequent possible marine
28 passenger and freight service;

29 (2) schedule vessel sailings to maximize the frequency of

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1 service to all ports;

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

6 (4) require a non-refundable deposit for reservations;

7 (5) provide reservation access and marketing information
8 throughout the state;

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

11 (7) employ residents of the state to the greatest extent
12 legally possible;

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

15 Sec. 19.70.060. USE OF NAME AUTHORIZED. The authority is auth-
16 orized to operate its ferry system under the name "Alaska Marine
17 Highway System".

18 Sec. 19.70.070. COMPREHENSIVE LONG-RANGE PLAN. The authority,
19 with the cooperation of the Department of Transportation and Public
20 Facilities, shall prepare a comprehensive long-range plan for the
21 development and improvement of the marine highway system and shall
22 revise and update the plan at least every five years. The comprehen-
23 sive long-range plan and revisions and updates of the plan are subject
24 to legislative approval by law.

25 ARTICLE 3. ACQUISITION OF PROPERTY.

26 Sec. 19.70.080. ACQUISITION OF LAND AND EASEMENTS. The authori-
27 ty, as part of the cost of constructing, maintaining, or improving the
28 marine highway system, may acquire by purchase, gift, or exchange land
29 in fee simple or easements that it considers necessary and reasonable

*What does
this mean?*

1 for either temporary or permanent public use. By the same means, the
2 authority may obtain material, including clay, gravel, sand, or rock,
3 or the land necessary to obtain the material, including access to it.
4 The authority may acquire the land or materials notwithstanding the
5 fact that title to it is vested in the state or a department, agency,
6 commission, or institution of the state.

7 Sec. 19.70.090. AUTHORITY TO PURCHASE PROPERTY FOR THE PURPOSE
8 OF EXCHANGE. When a majority of the directors of the authority de-
9 clares that it is in the best public interest of the state, the au-
10 thority may acquire by purchase, gift, or exchange privately or pub-
11 licly owned land or an interest in land for the purpose of exchanging
12 the land for privately or publicly owned land that the authority is
13 authorized by law to acquire.

14 Sec. 19.70.100. DISPOSAL OF LAND OR RIGHTS IN LAND. (a) The
15 authority may vacate land or rights in land acquired for use in the
16 marine highway system by executing and filing a deed in the approp-
17 riate recording district. Upon vacating, title reverts to the per-
18 sons, heirs, successors, or assigns in whom it was vested at the time
19 of the taking.

20 (b) The authority may transfer land not considered necessary for
21 use in the marine highway system to the Department of Natural Re-
22 sources for disposal. The proceeds of disposal by the Department of
23 Natural Resources shall be credited to the funds from which the pur-
24 chase was originally made.

25 ARTICLE 4. FERRY TERMINAL FACILITIES.

26 Sec. 19.70.110. ACQUISITION AND MAINTENANCE OF FERRY TERMINAL
27 FACILITIES. The authority may construct, purchase, or lease ferry
28 terminal facilities at locations it selects for the loading and un-
29 loading of passengers and vehicles under their own power, on and off

1 ferries. The authority shall repair and maintain these facilities.
2 Construction and purchasing under this section are governed by AS 36.-
3 30 (State Procurement Code).

4 Sec. 19.70.120. CONNECTION OF FACILITIES TO HIGHWAYS. The
5 authority may connect ferry terminal facilities with local highway
6 systems.

7 Sec. 19.70.130. REGULATIONS. The authority may adopt regula-
8 tions governing the use of ferry terminal facilities by the public.

9 Sec. 19.70.140. EXISTING FACILITIES NOT AFFECTED. A ferry
10 terminal facility in existence and serving the public on January 1,
11 1959, is not affected by AS 19.70.110 - 19.70.140.

12 ARTICLE 5. GENERAL PROVISIONS.

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

17 Sec. 19.70.160. ANNUAL AUDIT. The authority shall have its
18 financial records audited annually by a certified public accountant.
19 The legislative auditor may prescribe the form and content of the
20 financial records of the authority and shall have access to those
21 records at any time.

22 Sec. 19.70.170. BUDGET AND APPROPRIATIONS. The authority shall
23 submit its annual budget to the legislature through the governor as
24 provided for state agencies by the Executive Budget Act (AS 37.07).
25 The authority shall expend money appropriated by the legislature as
26 authorized by the legislature.

27 Sec. 19.70.180. NAMING OF VESSEL OR FACILITY. (a) A vessel or
28 facility of the marine highway system constructed or acquired by the
29 authority must be named by law.

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

2 (c) A vessel used principally on the inland waterways of the
3 state must bear the name of an historical vessel that used the rivers
4 of the state.

5 Sec. 19.70.199. DEFINITIONS. In this chapter, unless the con-
6 text requires otherwise,

7 (1) "authority" means the Alaska Marine Highway Authority;

8 (2) "capital improvement" means a project for the construc-
9 tion, rehabilitation, rebuilding, enlarging, or improving of all or
10 part of the marine highway system, including, without limitation,
11 boats, vessels, wharves, docks, approaches, landings, offices, and
12 appurtenances as determined by the authority to be necessary or desir-
13 able for efficient operation of the marine highway system and to best
14 serve the public;

15 (3) "ferry" means a vessel used in the common carriage of
16 passengers and self-propelled vehicles in intrastate or interstate
17 commerce.

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

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

21 Sec. 35.27.025. APPLICATION TO ALASKA MARINE HIGHWAY AUTHORITY.
22 This chapter applies to the Alaska Marine Highway Authority. Compli-
23 ance with this chapter is the sole responsibility of the authority
24 with respect to the public buildings and facilities of the authority.

25 * Sec. 4. AS 35.27.030(1) is amended to read:

26 (1) "building" or "facility" means a permanent improvement
27 constructed by the department or authority; the term

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

29 (i) schools, office buildings, and court

1 buildings;

2 (ii) other buildings which the commissioner deter-

3 mines are designed for substantial public use;

4 (iii) boats and vessels of the marine highway

5 system;

6 (iv) transportation facilities which accommodate

7 traveling passengers;

8 (B) excludes other transportation facilities;

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

10 (4) "authority" means the Alaska Marine Highway Authority.

11 * Sec. 6. AS 39.25.110 is amended by adding a new paragraph to read:

12 (28) Alaska Marine Highway Authority and its officers and

13 employees.

14 * Sec. 7. AS 39.50.200(b) is amended by adding a new paragraph to read:

15 (50) Alaska Marine Highway Authority (AS 19.70.010).

16 * Sec. 8. AS 44.42.020(a)(1) is amended to read:

17 (1) plan, design, construct, and maintain all state modes

18 of transportation and transportation facilities and all docks, floats,

19 breakwaters, buildings, and similar facilities, except that the de-

20 partment is not responsible for planning, design, construction, or

21 maintenance of transportation modes or facilities under the jurisdic-

22 tion of the Alaska Marine Highway Authority;

23 * Sec. 9. AS 44.42.020(a)(7) is amended to read:

24 (7) manage, operate, and maintain state transportation

25 facilities and all docks, floats, breakwaters, and buildings, includ-

26 ing all state highways, vessels, railroads, pipelines, airports, and

27 aviation facilities, except that the department is not responsible for

28 management, operation, or maintenance of transportation facilities,

29 vessels, or equipment under the jurisdiction of the Alaska Marine

1 Highway Authority:

2 * Sec. 10. AS 19.60 and AS 19.65 are repealed.

Offered: 1/8/90

In the House -- Labor & Commerce, and Finance

In the Senate -- State Affairs, Labor & Commerce, and Finance

EXECUTIVE ORDER NO. 77

Under the authority of art. III, sec. 23, of the Alaska Constitution, and in accordance with AS 24.08.210, I order the following:

* Section 1. FINDINGS. As governor, I find that it would be in the best interest of efficient administration to reassign the labor relations functions of the Department of Administration personnel board, the Department of Labor, and the railroad labor relations agency into one state agency, the Alaska Labor Relations Agency, in the Department of Labor. This reassignment is necessary in order to increase the efficient and effective management of labor relations, without changing the substantive rights and responsibilities of parties subject to the present agencies' jurisdiction. Such a reassignment will enhance the opportunities for impartial and independent labor relations decision-making in the state.

* Sec. 2. AS 23.05 is amended by adding new sections to read:

ARTICLE 5. LABOR RELATIONS AGENCY.

Sec. 23.05.360. ALASKA LABOR RELATIONS AGENCY. (a) There is established within the Department of Labor the Alaska Labor Relations Agency. The agency is comprised of three members appointed by the governor and confirmed by the legislature. The term of office of a member is three years. Members serve staggered terms in accordance with AS 39.05.055. A vacancy in an unexpired term shall be filled by appointment by the governor for the remainder of the term. The agency must include a member with a background in management, a member with a background in labor, and a member from the general public. All members must have relevant experience in labor relations matters.

(b) Not more than two members of the agency may be members of the same political party.

(c) Members of the agency may be removed by the governor only for cause.

Need this clause in Prime Hwy Authority

1 (d) Members of the agency receive no compensation for their
2 services, but are entitled to per diem and travel expenses authorized
3 for boards and commissions.

4 Sec. 23.05.370. POWERS, DUTIES, AND FUNCTIONS OF ALASKA LABOR
5 RELATIONS AGENCY. (a) The agency shall

6 (1) establish its own rules of procedure;

7 (2) elect a chairperson from the membership;

8 (3) exercise general supervision and direct the activities
9 of staff assigned to it by the department;

10 (4) prepare and submit to the governor and the legislature
11 an annual report on labor relations problems it has encountered during
12 the previous year, including recommendations for legislative action;

13 (5) serve as the labor relations agency under the Public
14 Employment Relations Act (AS 23.4C.070 - 23.40.260) and carry out the
15 functions specified in that Act; and

16 (6) serve as the railroad labor relations agency for the
17 Alaska Railroad under the Alaska Railroad Corporation Act (AS 42.40)
18 and carry out the functions specified in that Act.

19 (b) Two members constitute a quorum for the transaction of
20 business and two affirmative votes are required for final action on
21 matters acted upon by the agency.

22 Sec. 23.05.380. REGULATIONS. The agency shall adopt regulations
23 under the Administrative Procedure Act (AS 44.62) to carry out labor
24 relations functions under AS 23.05.360 - 23.05.390, AS 23.40.070 -
25 23.40.260, and AS 42.40.730 - 42.40.890.

26 Sec. 23.05.390. DEFINITION. In AS 23.05.360 - 23.05.390,
27 "agency" means the Alaska Labor Relations Agency established in
28 AS 23.05.360.

29 * Sec. 3. AS 23.40.250(3) is amended to read:

1 (3) "labor relations agency" means the Alaska Labor Re-
2 lations Agency established in AS 23.05.360 [STATE PERSONNEL BOARD WITH
3 REGARD TO THE STATE AND EMPLOYEES OF THE STATE, AND MEANS THE DEPARTMENT
4 OF LABOR WITH REGARD TO ALL OTHER PUBLIC EMPLOYEES AND ALL OTHER
5 PUBLIC EMPLOYERS];

6 * Sec. 4. AS 42.40.730 is repealed and reenacted to read:

7 Sec. 42.40.730. RAILROAD LABOR RELATIONS AGENCY. (a) The
8 Alaska Labor Relations Agency, established in AS 23.05.360, is the
9 sole railroad labor relations agency.

10 (b) The Alaska Labor Relations Agency shall carry out the pro-
11 visions of AS 42.40.730 - 42.40.890.

12 * Sec. 5. AS 42.40.890 is amended by adding a new paragraph to read:

13 (3) "railroad labor relations agency" means the Alaska
14 Labor Relations Agency established in AS 23.05.360.

15 * Sec. 6. INITIAL APPOINTMENTS. Notwithstanding the provisions of
16 AS 23.05.360(a), as enacted in sec. 2 of this Order, the governor shall
17 appoint the initial members to the Alaska Labor Relations Agency
18 (AS 23.05.360) by June 1, 1990, with staggered terms of one, two, and three
19 years, beginning July 1, 1990.

20 * Sec. 7. TRANSITION. (a) Regulations adopted by the labor relations
21 agency under AS 23.40.170, by the Department of Labor under AS 23.40.170,
22 and by the railroad labor relations agency under AS 42.40.820, and in
23 effect before July 1, 1990, remain in effect until regulations adopted by
24 the Alaska Labor Relations Agency under AS 23.05.380 take effect. The
25 Alaska Labor Relations Agency shall administer those other agencies' regu-
26 lations until its own take effect.

27 (b) All hearings, investigations, and other proceedings pending under
28 a law amended by this Order, or in connection with functions transferred by
29 this Order, may be continued and completed notwithstanding the transfer or

1 amendment provided for in this Order. All contracts, rights, liabilities,
2 and obligations created by or under a law amended by this Order, and in
3 effect on July 1, 1990, remain in effect notwithstanding this Order's
4 taking effect. However, all hearings, investigations, and other
5 proceedings pending before an agency identified in sec. 1 of this Order,
6 other than the agency created by this Order, shall be concluded no later
7 than December 31, 1990.

8 (c) The agencies identified in sec. 1 of this Order, other than the
9 agency created by this Order, shall complete, no later than December 31,
10 1990, adjudication of cases pending before them on July 1, 1990.

11 * Sec. 8. AS 23.40.230 is repealed.

12 * Sec. 9. Sections 1, 5, 7, and 8 of this Order take effect July 1,
13 1990.

14 * Sec. 10. Section 6 of this Order takes effect immediately under
15 AS 01.10.070(c).

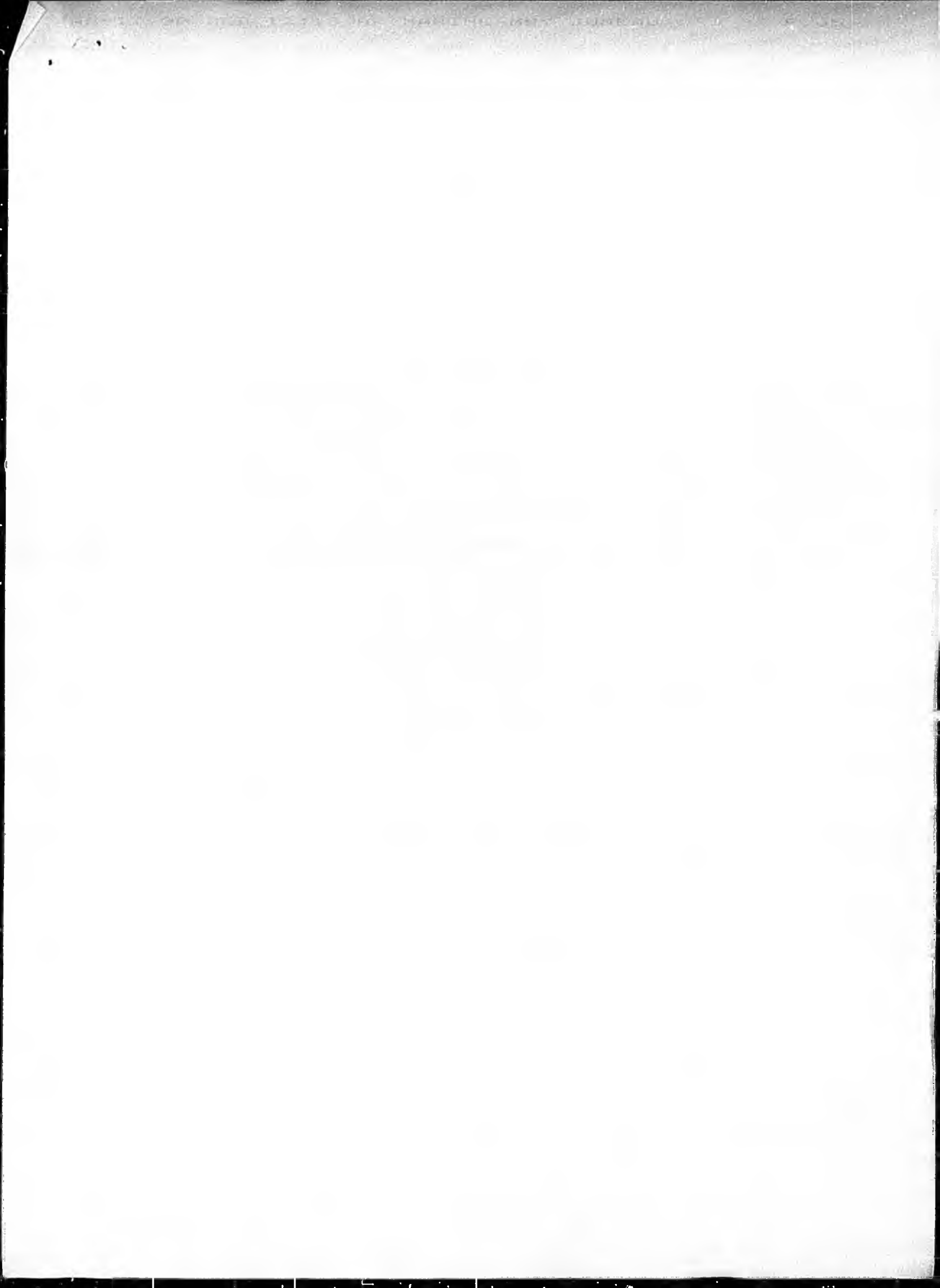
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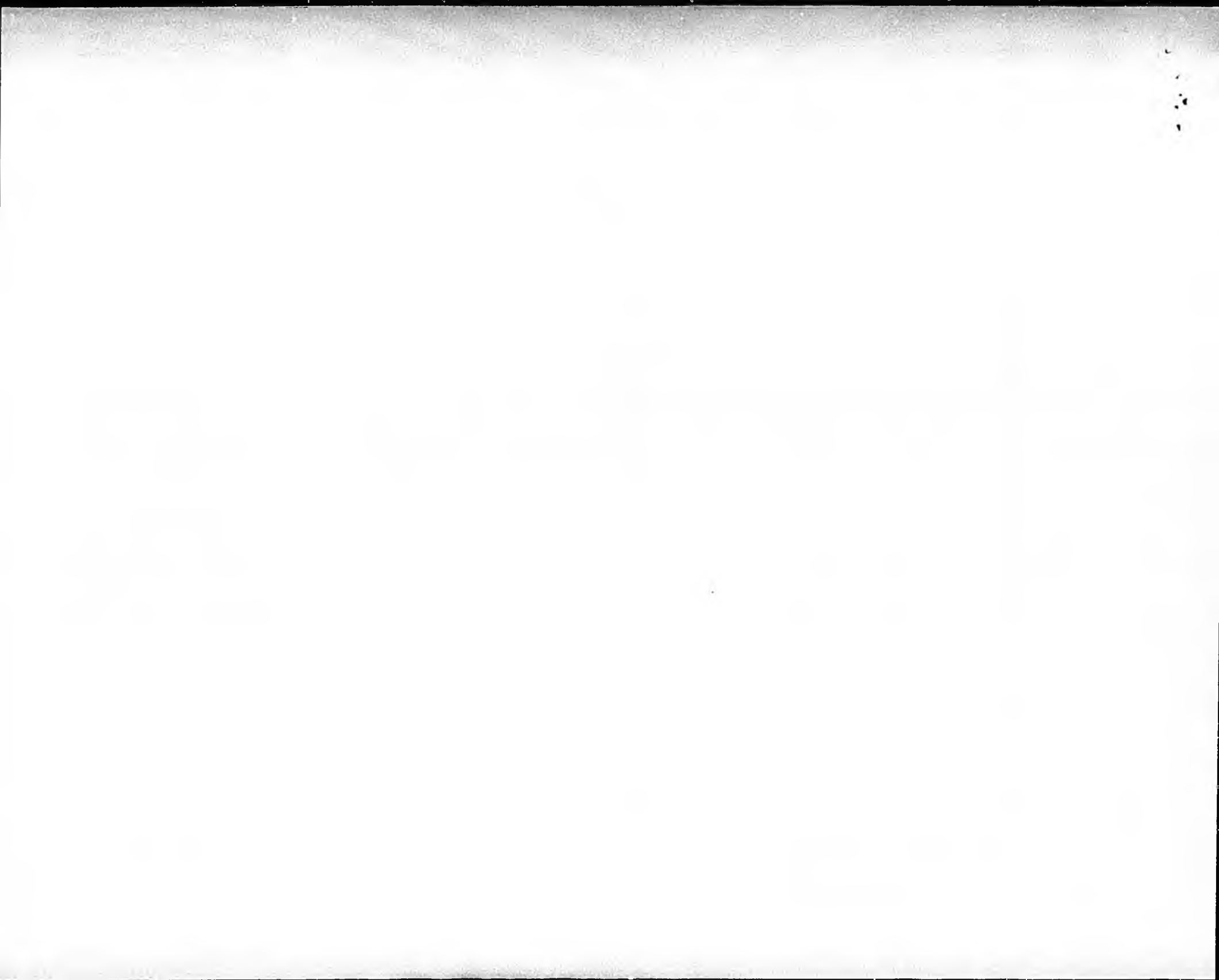
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*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: CSSB 310

APPROVED: 

TITLE: An Act Relating to the
Alaska Marine Highway
System Commission

DATE: March 15, 1990

The Committee Substitute for Senate Bill 310 proposes to create an Alaska Marine Highway System Commission. The department recognizes that this legislation has been put forward in a good faith effort to present changes to the Alaska Marine Highway structure which are intended to benefit and strengthen the overall system.

We agree that citizen input is a useful tool for good management of the system and in 1988 created a Marine Highway Advisory Board to facilitate this input. The Advisory Board serves as a bridge between the public and management and has been a successful addition since its implementation. Although the department has no objection to placing the Advisory Board or a similar structure in statute, we are unclear about the reason to mandate this by law.

The primary difficulty with this legislation concerns the proposed Section 1 AS19.65.150 (1) and Section 3 AS44.42.040 (b)(1) which give the commission the authority to hire or fire the Marine Highways System director. The department feels that the actual appointment, dismissal or suspension of the system director is a responsibility of the Executive Branch to be exercised by the Governor and Commissioner. If these sections were amended to provide for advisory action on the part of the commission, the department would remove its objection to this legislation.

For Further Information call Catherine McH: gh at 465-3900

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to the AK Marine Highway System Commission
Sponsor: Transportation Committee
Requestor: _____

Agency Affected: DOT&PF/AMHS
BRU: Marine Management
Components: Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Assuming the Alaska Marine Highway System Commission supplants the current advisory board, no additional funds will be required as a result of the passage of this legislation.

Prepared by: John Halterman
Division: Alaska Marine Highway System

Phone: 465-3950
Date: 3/14/90

Approved by Commissioner: Mark A. Noy
Agency: _____

Date: 3/15/90

Distribution (by preparer):

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

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CS SB 310 (Trsp)
PUBLISH DATE: 2/10/90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act . . . establishing the
Alaska Marine Highway Authority
Sponsor: Transportation Committee
Requestor: _____

Agency Affected: DOT&PF/AMHS
BRU: Marine Management
Components: Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	55.8	55.8	55.8	55.8	55.8	55.8
TRAVEL	22.4	34.0	35.7	37.5	39.4	41.4
CONTRACTUAL	149.2	40.1	42.1	44.2	46.4	48.8
SUPPLIES	2.5	2.5	2.7	2.8	2.9	3.0
EQUIPMENT	10.5	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	249.4	132.5	136.3	140.3	144.5	149.0

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	249.4	132.5	136.3	140.3	144.5	149.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	249.4	132.5	136.3	140.3	144.5	149.0

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: John Halterman
Division: Alaska Marine Highway System
Approved by Commissioner: *[Signature]*
Agency: _____

Phone: 465-3950
Date: 01/17/90
Date: 1/17/90

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 310

SB 310

FISCAL NOTE ANALYSIS

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

The current organization with a minimum of additional positions would be required for independent operation as the "Alaska Marine Highway Authority." The new positions required are identified on the attached Request for New Position forms.

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

Additionally, it is assumed the Authority would retain access to the federal funding for capital projects available to DOT&PF at least at historical levels/proportions.

The following assumptions were made:

1. The legislation would take effect July 1, 1990.
2. There would continue to be an annual appropriation for full operating costs of the Authority each year to maintain the currently budgeted level of vessel operating schedules.
3. An inflation factor of five percent has been included for future years beyond FY 91 for all costs other than personal services, which are calculated by PACS at FY 90 rates.
4. The position of System Director would be converted to Executive Director and administrative support would be provided to the Board of Directors by the existing staff and the additional positions requested. No transfers of positions would be made from the Department of Transportation and Public Facilities.

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 310

5. The Authority would continue to use:
 - A. State-owned office buildings.
 - B. The State mail system.
 - C. The State equipment fleet.
 - D. The statewide purchasing contracts (i.e. fuel).
 - E. "Shared" communications lines.
 - F. Insurance, bonding, etc., as now supplied.
 - G. Legal services from the Attorney General's Office.
 - H. Snow removal at terminals as currently provided by DOT&PF regions.
6. The Directors of the Authority would meet six times a year, replacing the current AMHS Advisory Board. No travel funding is included in this fiscal note on the assumption that currently funded travel and contractual costs for the Advisory Board will be retained within the existing operating budget. However, additional funds are requested for the directors' compensation.
7. Data processing support will no longer be provided by the Information Systems Division of DOT&PF.
8. The maintenance positions and equipment transfers as requested in the AMHS FY 91 budget proposal will be approved.

DETAIL OF FY 89 COSTS

MARINE ADMINISTRATION BRU

<u>Personal Services</u> - 1 PFT Position		\$ 55.8
Analyst/Programmer IV	\$ 55.8	
<u>Contractual Services</u>		\$148.2
Professional Services		\$120.0
Annual audit by CPA	20.0	
Initial legal services	100.0	

CONTINUATION OF FISCAL NOTE ANALYSIS
For Bill/Resolution No. SB 310

Contractual Services (Continued)

Communication		2.0
Local telephone service for new position	.5	
Network connect fees for new terminal	1.5	
Advertising, Printing and Binding		15.0
Printing, photography, etc. (Annual and other reports)	5.0	
Initial printing of stationery	10.0	
Rental for Land, Buildings and Space		1.2
Room rental for Directors' meetings	1.2	
Other Expenditures and Services		10.0
Mail clerk services (to be RSA'd to DOT&PF)	10.0	
<u>Supplies and Materials</u>		2.5
Office & Library Supplies	.5	
Routine supplies for new position		
Data Processing Supplies	2.0	
<u>Travel</u>		32.4
Directors' Honoraria	32.4	
(6 directors x 6 meetings x 3 days each @ \$300/day)		
<u>Equipment</u>		10.5
Office equipment for new position	.5	
Data processing equipment for new position	10.0	
Marine Administration BRU TOTAL		<u>5249.4</u>

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 310

FY 92 COSTS

FY 92 costs and beyond include an annual inflationary increase of 5% for line items other than personal services after deletion of the following one-time costs in the Marine Administration BRU:

<u>Contractual Services</u>		\$110.0
Initial Legal Fees	\$100.0	
Initial Printing Costs	10.0	
<u>Equipment</u>		10.5

POSITION TITLE Analyst/Programmer IV			NO. OF POSITIONS 1	RANGE/STEP 19/A	PARG. UNIT G
TIME STATUS PFT	STAFF MONTHS 12.0		LOCATION Juneau	ELECTION DISTRICT 04	
TYPE OF EXPENDITURE			JUSTIFICATION: Creation of an Authority would require data processing support services which are currently provided by the Department of Transportation and Public Facilities. This position will be responsible systems maintenance and enhancement of the reservations system (RMS II) and other information systems specific to the Alaska Marine Highway Authority. Equipment costs include office equipment and necessary computer equipment (terminal, microcomputer, printer, etc.).		
1	2	AMOUNT 3			
Salary	40,032				
Benefits	15,743				
Premium Pay					
Other					
TOTAL PERSONAL SERVICES		55.8			
Travel					
Contractual		2.0			
Commodities		2.5			
Equipment		10.5			
Other					
TOTAL COST		70.8			
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts	1002				
G.F. Match	1003				
General Funds	1004	70.8			
I-A Receipts	1006				
CIP Receipts	1061				
Other					

REQUEST FOR
NEW POSITION

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

IRU Marine Administration

COMPONENT Administration

FY 91

Page 6 of 6

Revised Date

JUN 11 1990 MED 10:13 AM MARINE HWY JUNEAU P. 07

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 1-10-90
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

SA
FIN

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

5/1/89

DATE TURNED INTO OFFICE _____

Mr. President:

TRSP

Committee considered SB 310

ferries and ferry terminatls and establishing the Alaska Marine Highway Authority

and recommended:

[] replace with CS SB310 Trsp same title

[] attached amendment(s) and new title

[] _____ letter of intent adopted

[] do pass

[] do not pass

[] no recommendation

individual recommendations

[] further referral to _____

FISCAL NOTE(S) attached [] zero

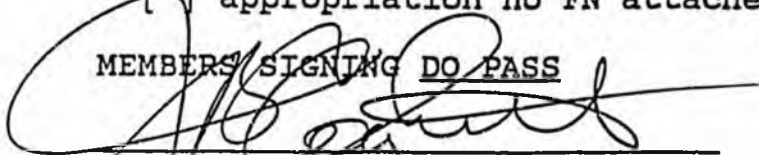
[] appropriation no FN attached

[] fiscal impact

[] Gov. FN introduced w/ bill

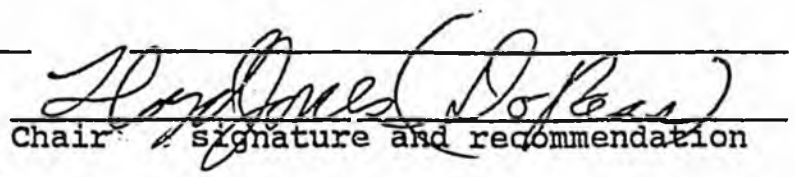
MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS



Pat Sawyer no rec

Paul Grish


Chair signature and recommendation

[] Committee backup attached

1 IN THE SENATE BY THE TRANSPORTATION COMMITTEE

2 SENATE BILL NO. 310

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to ferries and ferry terminals and
7 establishing the Alaska Marine Highway Authority."

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

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

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

16 CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

17 ARTICLE 1. CREATION AND ORGANIZATION.

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

25 Sec. 19.70.020. DIRECTORS. (a) The authority consists of seven
26 directors. One director is the commissioner of transportation and
27 public facilities and six directors are appointed by the governor.
28 The six appointed members must be state residents except as provided
29 in (1) of this subsection. One appointed member shall be a

1 representative of the tourist industry who meets one of the require-
2 ments under (1) - (4) of this subsection, and one shall be a represen-
3 tative of the commercial carriers who meets one of the requirements
4 under (1) - (4) of this subsection. Appointed members shall include

5 (1) a representative of the maritime industry; a person who
6 is not a state resident may be appointed under this paragraph;

7 (2) a member of a maritime union;

8 (3) two residents of Southeast Alaska;

9 (4) a resident of the Gulf of Alaska area west of Icy Cape;

10 and

11 (5) a person who represents the interests of the public.

12 (b) The appointed directors serve at the pleasure of the gover-
13 nor for four-year terms. Each director shall hold office for the term
14 of the director's appointment and until a successor is appointed and
15 qualified. A director is qualified for reappointment. A vacancy in a
16 directorship occurring other than by expiration of term shall be
17 filled in the same manner as the original appointment but only for the
18 unexpired term.

19 (c) The directors shall comply with the requirements of AS 39.50
20 (Conflict of Interest). Each director before entering upon the direc-
21 tor's duties shall subscribe to an oath to perform the duties of
22 office faithfully, impartially, and justly to the best of the direc-
23 tor's ability. A record of the oath shall be filed with the Office of
24 the Governor.

25 (d) An appointed director is entitled to compensation at a rate
26 of \$300 for each day the director is engaged in actual performance of
27 duties under this chapter. The authority may provide by regulation
28 for compensation for partial days for an appointed director. In
29 addition, an appointed director is entitled to travel and per diem

Amended
3

1 expenses authorized by law for state boards and commissions under
2 AS 39.20.180.

3 Sec. 19.70.030. OFFICERS AND QUORUM. The directors shall elect
4 one of their number as chair. The directors shall elect a secretary
5 and a treasurer who need not be directors, and the same person may be
6 elected to serve both as secretary and treasurer. The powers of the
7 authority are vested in the directors, and four voting directors of
8 the authority constitute a quorum. Except as provided in AS 19.70.-
9 050(7), action may be taken and motions and resolutions adopted by the
10 authority at a meeting by the affirmative vote of at least four direc-
11 tors. A vacancy in the directorship of the authority does not impair
12 the right of a quorum to exercise all the powers and perform all the
13 duties of the authority.

14 Sec. 19.70.040. STAFF. The authority shall employ a chief
15 executive officer who serves at the pleasure of the authority. The
16 chief executive officer may, with the approval of the authority,
17 select and employ additional staff as necessary, including additional
18 administrative officers. All officers and employees of the authority
19 are in the exempt service under AS 39.25.110. In addition to its
20 staff of employees, the authority may contract for and engage the ser-
21 vices of consultants and professional, technical, and financial advi-
22 sors the authority considers necessary for the purpose of developing
23 information, conducting hearings, studies, investigations, or other
24 proceedings, or otherwise exercising its powers.

25 ARTICLE 2. POWERS AND DUTIES.

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

- 28 (1) sue and be sued;
29 (2) adopt and alter an official seal;

1 (3) adopt and enforce bylaws and regulations for the con-
2 duct of its business and for the use of its services and facilities;

3 (4) maintain offices at a place in the state and at places
4 out of the state that are served by the marine highway system;

5 (5) establish terms and conditions of employment by the
6 authority and conduct labor negotiations with employees;

7 (6) subject to appropriation by the legislature, acquire,
8 hold, use, and dispose of its income, revenues, funds, and money;

9 (7) acquire, hold, use, lease, rent, construct, and dispose
10 of personal property for its purposes, except that the authority may
11 dispose of a ferry only on approval of at least five of its directors;

12 (8) acquire, hold, use, lease, or rent real property and
13 dispose of real property under AS 19.70.100;

14 (9) operate, maintain, improve, and extend a system of
15 ferries connecting with the public roads and highways of the state and
16 including the boats, vessels, wharves, docks, approaches, landings,
17 and appurtenances the authority determines to be necessary or desir-
18 able for safe and efficient operation of the ferry system so as to
19 best serve the public;

20 (10) do all acts and things necessary, convenient, or desir-
21 able to carry out the powers expressly granted or necessarily implied
22 in this chapter;

23 (11) establish rates and tariffs, after public hearings;

24 (12) modify routes, after public hearings.

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

26 (1) assist the residents, businesses, and communities of
27 the state in obtaining the best and most frequent possible marine
28 passenger and freight service;

29 (2) schedule vessel sailings to maximize the frequency of

1 service to all ports;

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

6 (4) require a non-refundable deposit for reservations;

7 (5) provide reservation access and marketing information
8 throughout the state;

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

11 (7) employ residents of the state to the greatest extent
12 legally possible;

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

15 Sec. 19.70.060. USE OF NAME AUTHORIZED. The authority is auth-
16 orized to operate its ferry system under the name "Alaska Marine
17 Highway System".

18 Sec. 19.70.070. COMPREHENSIVE LONG-RANGE PLAN. The authority,
19 with the cooperation of the Department of Transportation and Public
20 Facilities, shall prepare a comprehensive long-range plan for the
21 development and improvement of the marine highway system and shall
22 revise and update the plan at least every five years. The comprehen-
23 sive long-range plan and revisions and updates of the plan are subject
24 to legislative approval by law.

25 ARTICLE 3. ACQUISITION OF PROPERTY.

26 Sec. 19.70.080. ACQUISITION OF LAND AND EASEMENTS. The authori-
27 ty, as part of the cost of constructing, maintaining, or improving the
28 marine highway system, may acquire by purchase, gift, or exchange land
29 in fee simple or easements that it considers necessary and reasonable

1 for either temporary or permanent public use. By the same means, the
2 authority may obtain material, including clay, gravel, sand, or rock,
3 or the land necessary to obtain the material, including access to it.
4 The authority may acquire the land or materials notwithstanding the
5 fact that title to it is vested in the state or a department, agency,
6 commission, or institution of the state.

7 Sec. 19.70.090. AUTHORITY TO PURCHASE PROPERTY FOR THE PURPOSE
8 OF EXCHANGE. When a majority of the directors of the authority de-
9 clares that it is in the best public interest of the state, the au-
10 thority may acquire by purchase, gift, or exchange privately or pub-
11 licly owned land or an interest in land for the purpose of exchanging
12 the land for privately or publicly owned land that the authority is
13 authorized by law to acquire.

14 Sec. 19.70.100. DISPOSAL OF LAND OR RIGHTS IN LAND. (a) The
15 authority may vacate land or rights in land acquired for use in the
16 marine highway system by executing and filing a deed in the approp-
17 riate recording district. Upon vacating, title reverts to the per-
18 sons, heirs, successors, or assigns in whom it was vested at the time
19 of the taking.

20 (b) The authority may transfer land not considered necessary for
21 use in the marine highway system to the Department of Natural Re-
22 sources for disposal. The proceeds of disposal by the Department of
23 Natural Resources shall be credited to the funds from which the pur-
24 chase was originally made.

25 ARTICLE 4. FERRY TERMINAL FACILITIES.

26 Sec. 19.70.110. ACQUISITION AND MAINTENANCE OF FERRY TERMINAL
27 FACILITIES. The authority may construct, purchase, or lease ferry
28 terminal facilities at locations it selects for the loading and un-
29 loading of passengers and vehicles under their own power, on and off

1 ferries. The authority shall repair and maintain these facilities.
2 Construction and purchasing under this section are governed by AS 36.-
3 30 (State Procurement Code).

4 Sec. 19.70.120. CONNECTION OF FACILITIES TO HIGHWAYS. The
5 authority may connect ferry terminal facilities with local highway
6 systems.

7 Sec. 19.70.130. REGULATIONS. The authority may adopt regula-
8 tions governing the use of ferry terminal facilities by the public.

9 Sec. 19.70.140. EXISTING FACILITIES NOT AFFECTED. A ferry
10 terminal facility in existence and serving the public on January 1,
11 1959, is not affected by AS 19.70.110 - 19.70.140.

12 ARTICLE 5. GENERAL PROVISIONS.

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

17 Sec. 19.70.160. ANNUAL AUDIT. The authority shall have its
18 financial records audited annually by a certified public accountant.
19 The legislative auditor may prescribe the form and content of the
20 financial records of the authority and shall have access to those
21 records at any time.

22 Sec. 19.70.170. BUDGET AND APPROPRIATIONS. The authority shall
23 submit its annual budget to the legislature through the governor as
24 provided for state agencies by the Executive Budget Act (AS 37.07).
25 The authority shall expend money appropriated by the legislature as
26 authorized by the legislature.

27 Sec. 19.70.180. NAMING OF VESSEL OR FACILITY. (a) A vessel or
28 facility of the marine highway system constructed or acquired by the
29 authority must be named by law.

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

2 (c) A vessel used principally on the inland waterways of the
3 state must bear the name of an historical vessel that used the rivers
4 of the state.

5 Sec. 19.70.199. DEFINITIONS. In this chapter, unless the con-
6 text requires otherwise,

7 (1) "authority" means the Alaska Marine Highway Authority;

8 (2) "capital improvement" means a project for the construc-
9 tion, rehabilitation, rebuilding, enlarging, or improving of all or
10 part of the marine highway system, including, without limitation,
11 boats, vessels, wharves, docks, approaches, landings, offices, and
12 appurtenances as determined by the authority to be necessary or desir-
13 able for efficient operation of the marine highway system and to best
14 serve the public;

15 (3) "ferry" means a vessel used in the common carriage of
16 passengers and self-propelled vehicles in intrastate or interstate
17 commerce.

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

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

21 Sec. 35.27.025. APPLICATION TO ALASKA MARINE HIGHWAY AUTHORITY.
22 This chapter applies to the Alaska Marine Highway Authority. Compli-
23 ance with this chapter is the sole responsibility of the authority
24 with respect to the public buildings and facilities of the authority.

25 * Sec. 4. AS 35.27.030(1) is amended to read:

26 (1) "building" or "facility" means a permanent improvement
27 constructed by the department or authority; the term

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

29 (i) schools, office buildings, and court

1 buildings;

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

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

6 (iv) transportation facilities which accommodate
7 traveling passengers;

8 (B) excludes other transportation facilities;

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

10 (4) "authority" means the Alaska Marine Highway Authority.

11 * Sec. 6. AS 39.25.110 is amended by adding a new paragraph to read:

12 (28) Alaska Marine Highway Authority and its officers and
13 employees.

14 * Sec. 7. AS 39.50.200(b) is amended by adding a new paragraph to read:

15 (50) Alaska Marine Highway Authority (AS 19.70.010).

16 * Sec. 8. AS 44.42.020(a)(1) is amended to read:

17 (1) plan, design, construct, and maintain all state modes
18 of transportation and transportation facilities and all docks, floats,
19 breakwaters, buildings, and similar facilities, except that the de-
20 partment is not responsible for planning, design, construction, or
21 maintenance of transportation modes or facilities under the jurisdic-
22 tion of the Alaska Marine Highway Authority;

23 * Sec. 9. AS 44.42.020(a)(7) is amended to read:

24 (7) manage, operate, and maintain state transportation
25 facilities and all docks, floats, breakwaters, and buildings, includ-
26 ing all state highways, vessels, railroads, pipelines, airports, and
27 aviation facilities, except that the department is not responsible for
28 management, operation, or maintenance of transportation facilities,
29 vessels, or equipment under the jurisdiction of the Alaska Marine

1 Highway Authority:

2 * Sec. 10. AS 19.60 and AS 19.65 are repealed.

BY SEN. DUNCAN

1 IN THE SENATE

2

SENATE BILL NO. 473

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the Alaska Marine Highway System

7

Commission."

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

9

* Section 1. AS 19.65 is amended by adding new sections to read:

10

ARTICLE 2. ALASKA MARINE HIGHWAY SYSTEM COMMISSION.

11

Sec. 19.65.100. DECLARATION OF POLICY. The state ferry system,

12

operated by the Department of Transportation and Public Facilities, is

13

a moving highway commonly known as the Alaska Marine Highway System.

14

It is the purpose of AS 19.65.100 - 19.65.150 to

15

(1) ensure that the state marine highway system is operated

16

in the public interest;

17

(2) provide continuity of management of the marine highway

18

system to promote efficiency in operating the system;

19

(3) ensure that marine transportation services will be

20

provided equitably, economically, and efficiently to all users;

21

(4) provide users of the marine highway system and citizens

22

of the state with a marine highway system operated and managed as a

23

public service for their benefit under a fair and reasonable tariff

24

schedule;

25

(5) make certain that the marine highway system is properly

26

developed and operated in coordination with other transportation modes

27

and services; and

28

(6) provide the traveling public complete and dependable

29

marine transportation services.

1 Sec. 19.65.110. ALASKA MARINE HIGHWAY SYSTEM COMMISSION. The
2 Alaska Marine Highway System Commission is created within the Depart-
3 ment of Transportation and Public Facilities.

4 Sec. 19.65.120. MEMBERSHIP AND VACANCIES. (a) The commission
5 consists of five members appointed by the governor. At least three
6 members must be from communities-in-the-state served by the marine
7 highway system.

8 (b) Members serve at the pleasure of the governor for five-year
9 terms.

10 (c) Members must be residents of the state and shall comply with
11 the requirements of AS 39.50 (conflict of interest).

12 (d) A member holds office for the term of the appointment and
13 until a successor has been appointed and qualified. A member may be
14 reappointed.

15 (e) A vacancy in a membership occurring other than by expiration
16 of term shall be filled in the same manner as the original appointment
17 but only for the unexpired term.

18 (f) Each member, before serving on the commission, shall take
19 and subscribe to an oath to faithfully perform the duties of the
20 office. A record of the oath shall be filed with the Office of the
21 Governor.

22 Sec. 19.65.130. COMPENSATION. The members of the commission
23 serve without compensation, but are entitled to per diem and travel
24 expenses authorized for state boards and commissions under AS 39.20.-
25 180.

26 Sec. 19.65.140. OFFICERS, MEETINGS, AND QUORUM. (a) The mem-
27 bers shall annually elect one of their number as chair.

28 (b) The commission shall meet at a time and place determined by
29 the chair, and at other times and places the chair, or a majority of

1 the commission members, considers necessary.

2 (c) The powers of the commission are vested in the members and
3 three members of the commission constitute a quorum. The commission
4 may take action by the affirmative vote of at least three members. A
5 vacancy in the membership of the commission does not impair the right
6 of a quorum to exercise all the powers and perform all the duties of
7 the commission.

8 Sec. 19.65.150. DUTIES. The commission shall

9 (1) recruit, select, appoint, dismiss, or suspend the
10 director of the division of marine transportation;

11 (2) advise and make recommendations to the director of the
12 marine highway system on policies regarding the operation of the
13 marine highway system, including

14 (A) schedules and tariffs;

15 (B) management, planning, and construction of facili-
16 ties;

17 (C) replacement, refurbishing, and overhaul of ves-
18 sels;

19 (D) reviews of short-term and long-term operating and
20 capital costs;

21 (3) submit to the governor and the legislature before the
22 10th day of each regular legislative session a comprehensive report
23 describing the operations and expenditures of the commission and
24 including a summary of recommendations made by the commission under
25 (2) of this section during the preceding year;

26 (4) adopt rules of procedure; and

27 (5) hold meetings to provide an opportunity for the public
28 to comment on the operation of the marine highway system, including
29 proposed tariff increases or scheduling changes.

1 * Sec. 2. AS 39.50.200(b) is amended by adding a new paragraph to read:
2 (50) Alaska Marine Highway System Commission (AS 19.65.100 -
3 19.65.150).

4 * Sec. 3. AS 44.42.040 is amended by adding a new subsection to read:

5 (b) The Alaska Marine Highway System Commission shall

6 (1) appoint the director of the division of marine trans-
7 portation;

8 (2) advise and make recommendations to the director of the
9 marine highway system concerning the operations of the marine highway
10 system;

11 (3) establish policy for the division of marine transporta-
12 tion.

13 * Sec. 4. Initial appointments to the Alaska Marine Highway System
14 Commission shall be made under AS 39.05.055.

Charlie

6-1110H
Utermohle
2/15/90

Original sponsor(s): Transportation Committee

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 310 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Marine Highway System
7 Commission."

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

9 * Section 1. AS 19.65 is amended by adding new sections to read:

10 ARTICLE 2. ALASKA MARINE HIGHWAY SYSTEM COMMISSION.

11 Sec. 19.65.100. DECLARATION OF POLICY. The state ferry system,
12 operated by the Department of Transportation and Public Facilities, is
13 a moving highway commonly known as the Alaska Marine Highway System.
14 It is the purpose of AS 19.65.100 - 19.65.150 to

15 (1) ensure that the state marine highway system is operated
16 in the public interest;

17 (2) provide continuity of management of the marine highway
18 system to promote efficiency in operating the system;

19 (3) ensure that marine transportation services will be
20 provided equitably, economically, and efficiently to all users;

21 (4) provide users of the marine highway system and citizens
22 of the state with a marine highway system operated and managed as a
23 public service for their benefit under a fair and reasonable tariff
24 schedule;

25 (5) make certain that the marine highway system is properly
26 developed and operated in coordination with other transportation modes
27 and services; and

28 (6) provide the traveling public complete and dependable
29 marine transportation services.

1 Sec. 19.65.110. ALASKA MARINE HIGHWAY SYSTEM COMMISSION. The
2 Alaska Marine Highway System Commission is created within the Depart-
3 ment of Transportation and Public Facilities.

4 Sec. 19.65.120. MEMBERSHIP AND VACANCIES. (a) The commission
5 consists of seven members. One member is the commissioner of trans-
6 portation and public facilities and six members are appointed by the
7 governor. The six appointed members must be state residents except as
8 provided in (1) of this subsection. One appointed member shall be a
9 representative of the tourist industry who meets one of the require-
10 ments under (1) - (4) of this subsection, and one shall be a represen-
11 tative of the commercial carriers who meets one of the requirements
12 under (1) - (4) of this subsection. Appointed members shall include

13 (1) a representative of the maritime industry; a person who
14 is not a state resident may be appointed under this paragraph;

15 ✓(2) a member of a maritime union; *Wilson*

16 (3) two residents of Southeast Alaska;

17 (4) a resident of the Gulf of Alaska area west of Icy Cape;

18 and

19 (5) a person who represents the interests of the public.

20 (b) Members serve at the pleasure of the governor for five-year
21 terms. ~~Can members all be appointed at once?~~

22 (c) Members shall comply with the requirements of AS 39 50
23 (conflict of interest).

24 (d) A member holds office for the term of the appointment and
25 until a successor has been appointed and qualified. A member may be
26 reappointed.

27 (e) A vacancy in a membership occurring other than by expiration
28 of term shall be filled in the same manner as the original appointment
29 but only for the unexpired term.

1 (f) Each member, before serving on the commission, shall take
2 and subscribe to an oath to faithfully perform the duties of the
3 office. A record of the oath shall be filed with the Office of the
4 Governor.

5 Sec. 19.65.130. COMPENSATION. The members of the commission
6 serve without compensation, but are entitled to per diem and travel
7 expenses authorized for state boards and commissions under AS 39.20.-
8 180.

9 Sec. 19.65.140. OFFICERS, MEETINGS, AND QUORUM. (a) The mem-
10 bers shall annually elect one of their number as chair.

11 (b) The commission shall meet at a time and place determined by
12 the chair, and at other times and places the chair, or a majority of
13 the commission members, considers necessary.

14 (c) The powers of the commission are vested in the members and
15 four members of the commission constitute a quorum. The commission
16 may take action by the affirmative vote of at least four members. A
17 vacancy in the membership of the commission does not impair the right
18 of a quorum to exercise all the powers and perform all the duties of
19 the commission.

20 Sec. 19.65.150. DUTIES. The commission shall

21 (1) recruit, select, appoint, dismiss, or suspend the
22 director of the division of marine transportation; ~~Can be use of commission?~~

23 (2) Advise and make recommendations to the director of the
24 marine highway system regarding the operation of the marine highway
25 system, including *A diff. than p.4 line 23*

26 (A) schedules and tariffs;

27 (B) management, planning, and construction of facili-
28 ties;

29 (C) replacement, refurbishing, and overhaul of

vessels;

(D) reviews of short-term and long-term operating and capital costs;

(3) establish policy for the division of marine transportation; *★ Clear*

(4) submit to the governor and the legislature before the 10th day of each regular legislative session a comprehensive report describing the operations and expenditures of the commission and including a summary of recommendations made by the commission under (2) of this section during the preceding year;

(5) adopt rules of procedure; and

(6) hold meetings to provide an opportunity for the public to comment on the ^{annual} operation ^{plan} of the marine highway system, including proposed tariff increases or scheduling changes. *but not limited to*

* Sec. 2. AS 39.50.200(b) is amended by adding a new paragraph to read:

(50) Alaska Marine Highway System Commission (AS 19.65.100 - 19.65.150).

* Sec. 3. AS 44.42.040 is amended by adding a new subsection to read:

(b) The Alaska Marine Highway System Commission shall

(1) appoint the director of the division of marine transportation;

(2) advise and make recommendations to the director of the marine highway system concerning the operations of the marine highway system; *do the same*
A diff. than p 3 line 24

(3) establish policy for the division of marine transportation. *★ clear?*

* Sec. 4. INITIAL APPOINTMENT OF MEMBERS OF THE ALASKA MARINE HIGHWAY SYSTEM COMMISSION. Notwithstanding AS 19.65.120(b), enacted by sec. 1 of this Act, the terms of the initially appointed members of the Alaska Marine

1 Highway System Commission shall be staggered as set out in AS 39.05.055(4).

2 * Pete - don't think should restrict # of meetings

3
4
5 * How much power does Director of Div. MHS have
6 if Comm. of DOT/PA is against? ~~is~~ Freeze mt # w?

7
8 * Does legislature approve Gen app. to this type of Commission

9 ~~* Advise + recommend on labor neg.?~~

10
11 * SB 310 p 5 L 19-25 Long-range plan

12 * " p. 7, 8 L 28-9, 15 name vessels

13
14 * Working good - SB 473 p 2 L 5-8

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18 ask Utermole on Leg. Confirmation

19
20 not this board

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22 constitutional issue

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24 courtesey

New

6-1110H
Utermohl
2/21/90

Original sponsor(s): Transportation Committee

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 310 ()
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Marine Highway System
7 Commission."

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

9 * Section 1. AS 19.65 is amended by adding new sections to read:

10 ARTICLE 2. ALASKA MARINE HIGHWAY SYSTEM COMMISSION.

11 Sec. 19.65.100. DECLARATION OF POLICY. The state ferry system,
12 operated by the Department of Transportation and Public Facilities, is
13 a moving highway commonly known as the Alaska Marine Highway System.
14 It is the purpose of AS 19.65.100 - 19.65.160 to

15 (1) ensure that the state marine highway system is operated
16 in the public interest;

17 (2) provide continuity of management of the marine highway
18 system to promote efficiency in operating the system;

19 (3) ensure that marine transportation services will be
20 provided equitably, economically, and efficiently to all users;

21 (4) provide users of the marine highway system and citizens
22 of the state with a marine highway system operated and managed as a
23 public service for their benefit under a fair and reasonable tariff
24 schedule;

25 (5) make certain that the marine highway system is properly
26 developed and operated in coordination with other transportation modes
27 and services; and

28 (6) provide the traveling public complete and dependable
29 marine transportation services.

1 Sec. 19.65.110. ALASKA MARINE HIGHWAY SYSTEM COMMISSION. The
2 Alaska Marine Highway System Commission is created within the Depart-
3 ment of Transportation and Public Facilities.

4 Sec. 19.65.120. MEMBERSHIP AND VACANCIES. (a) The commission
5 consists of seven members. One member is the commissioner of trans-
6 portation and public facilities and six members are appointed by the
7 governor. The six appointed members must be state residents except as
8 provided in (1) of this subsection. One appointed member shall be a
9 representative of the tourist industry who meets one of the require-
10 ments under (1) - (4) of this subsection, and one shall be a represen-
11 tative of the commercial carriers who meets one of the requirements
12 under (1) - (4) of this subsection. Appointed members shall include

13 (1) a representative of the maritime industry; a person who
14 is not a state resident may be appointed under this paragraph;

15 (2) a member of a maritime union;

16 (3) two residents of Southeast Alaska;

17 (4) a resident of the Gulf of Alaska area west of Icy Cape;

18 and

19 (5) a person who represents the interests of the public.

20 (b) Members serve at the pleasure of the governor for five-year
21 terms.

22 (c) Members shall comply with the requirements of AS 39.50
23 (conflict of interest).

24 (d) A member holds office for the term of the appointment and
25 until a successor has been appointed and qualified. A member may be
26 reappointed.

27 (e) A vacancy in a membership occurring other than by expiration
28 of term shall be filled in the same manner as the original appointment
29 but only for the unexpired term.

1 (f) Each member, before serving on the commission, shall take
2 and subscribe to an oath to faithfully perform the duties of the
3 office. A record of the oath shall be filed with the Office of the
4 Governor.

5 Sec. 19.65.130. COMPENSATION. The members of the commission
6 serve without compensation, but are entitled to per diem and travel
7 expenses authorized for state boards and commissions under AS 39.20.-
8 180.

9 Sec. 19.65.140. OFFICERS, MEETINGS, AND QUORUM. (a) The mem-
10 bers shall annually elect one of their number as chair.

11 (b) The commission shall meet at a time and place determined by
12 the chair, and at other times and places the chair, or a majority of
13 the commission members, considers necessary.

14 (c) The powers of the commission are vested in the members and
15 four members of the commission constitute a quorum. The commission
16 may take action by the affirmative vote of at least four members. A
17 vacancy in the membership of the commission does not impair the right
18 of a quorum to exercise all the powers and perform all the duties of
19 the commission.

20 Sec. 19.65.150. DUTIES. The commission shall

21 (1) recruit, select, appoint, dismiss, or suspend the
22 director of the division of marine transportation;

23 (2) advise and make recommendations to the director of the
24 marine highway system regarding the operation of the marine highway
25 system, including

26 (A) schedules and tariffs;

27 (B) management, planning, and construction of facili-
28 ties;

29 (C) replacement, refurbishing, and overhaul of

1 - vessels;

2 (D) reviews of short-term and long-term operating and
3 capital costs;

4 (3) establish policy for the division of marine transporta-
5 tion;

6 (4) submit to the governor and the legislature before the
7 10th day of each regular legislative session a comprehensive report
8 describing the operations and expenditures of the commission and
9 including a summary of recommendations made by the commission under
10 (2) of this section during the preceding year;

11 (5) adopt rules of procedure; and

12 (6) hold meetings to provide a timely opportunity for the
13 public to comment on the annual operations plan of the marine highway
14 system, including proposed tariff increases or scheduling changes.

15 Sec. 19.65.160. COMPREHENSIVE LONG-RANGE PLAN. The commission,
16 with the cooperation of the Department of Transportation and Public
17 Facilities, shall prepare a comprehensive long-range plan for the
18 development and improvement of the marine highway system and shall
19 revise and update the plan at least every five years. The comprehen-
20 sive long-range plan and revisions and updates of the plan are subject
21 to legislative approval by law.

22 * Sec. 2. AS 39.50.200(b) is amended by adding a new paragraph to read:

23 (50) Alaska Marine Highway System Commission (AS 19.65.100 -
24 19.65.160).

25 * Sec. 3. AS 44.42.040 is amended by adding a new subsection to read:

26 (b) The Alaska Marine Highway System Commission shall

27 (1) appoint the director of the division of marine trans-
28 portation;

29 (2) advise and make recommendations to the director of the

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marine highway system regarding the operation of the marine highway system;

(3) establish policy for the division of marine transportation.

* Sec. 4. INITIAL APPOINTMENT OF MEMBERS OF THE ALASKA MARINE HIGHWAY SYSTEM COMMISSION. Notwithstanding AS 19.65.120(b), enacted by sec. 1 of this Act, the terms of the initially appointed members of the Alaska Marine Highway System Commission shall be staggered as set out in AS 39.05.055(4).



SIGN-IN SHEET

SPONSOR: Sen. Jones

SUBJECT: SB310 - Creating a Marine Highway Authority

START/END TIME: _____ DATE: Dec 5, 1989

PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	PHONE #	TESTIFY	OBSERVE	BILL #
1	RICHARD FOSTER ^{AK House}	Nome	443 2290		X	
2	W. M. HOPKINS ^{MM+P #6}	12810 SNOWBERRY LN. KTN, AK.	247-1525	X		
3	WYNN HOPKINS	— " —	— " —		X	
4	Ron Whalen	P.O. Box 9201 - Ketchikan			X	
5	HARVEY WILLIAMSON	OLYMPIA WA	(206) 786-8898	X		
6	JOE Ambrose (KTN)	Box 7900 KTN (KTN)	52195		X	
7	DAN BRUBICHT	8 MILE NORTH TONGAS	C17 9438			
8	Steve Phillips	14010 N Tongass	247-8491	X	X	
9	Glenda Steele	6043 Roosevelt Dr	225-2720		X	
10	JOAN DRAVILLARD	6059 So TONGASS Hwy	225-4388		X	
11	ROBERT J HINDE	Po Box 30 Petersburg	272 3247		X	
12	GEORGE STOEHR	^{mile N.S. Tongass} P.O. Box 7811 Ketchikan	—		X	
13	Pat Eberhardt	P.O. Box 8242 Ketchikan	225-5399		X	
14	Rebecca A Beshers	PO Box 9381 KTN	225-1374		X	
15	BERNIE E. BESHERS	P.O. Box 9381 KTN	225-1724		X	
16	Mike L. Wilson	Juneau	784-0333	X		
17	Mark Hutson	Ketchikan	225-6360		X	
18	Belinda Chase	Ketchikan Daily News	225-3157		X	



SIGN-IN SHEET

SPONSOR: Sen Jones

SUBJECT: SB310 - Creating a Marine Highway Authority

START/END TIME: _____ DATE: Dec 5, 1989

PLEASE PRINT

NAME/REPRESENTING

ADDRESS

PHONE #

TESTIFY

OBSERVE

BILL #

	NAME/REPRESENTING	ADDRESS	PHONE #	TESTIFY	OBSERVE	BILL #
1	Art Johnson	P.O. Box 9092 Ketch.	225-9273		✓	
2	Gene Map	P O Box 5677	225-8911		✓	
3	Darrell Hergandy	3343 Denali	225-3095		✓	
4	John RITTERBACH	PO 9420	225-9459		✓	
5	RACEL GREGORY	Box 7011	225-5435		✓	
6	HUGH B. HARTLEY	1719 TONGASS AVIE	225-8985		✓	
7	Bill Holman	Box 6835 KTN	225-2277			
8	MIKE CROSBY	P.O. Box 7352 KTN	225-2515		✓	
9	Ron Wendt	Office of The Governor 2030 Seal Level Drive KTN	225-4856		✓	
10	LAWRENCE A. HILLEY	Box 7483 KTN	225-5775		✓	
11	CLIFF CHATHAM	860 BROWN DEER PI. KTN AK ⁹⁹⁹⁰¹	225-6375		✓	
12	Greg Poppen	KRBD	225-9655		✓	
13	Mark Hutson	IBU PO Box 8454	225 6767		✓	
14						
15						
16						
17						
18						

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

Agenda

December 5, 1989

7 p.m. - 9 p.m.

Public Hearing

8 p.m. - 9 p.m.

Ketchikan Legislative Information Office

- I. Call to Order
- II. Chair's General Comments
- III. Members General Comments
- IV. SB 310 - Establishing a Marine Highway Authority
 - A. Introduction of Guests
 - B. Guests Comments
 1. Mr. Patrick Morris, Corporate Secretary
British Columbia Ferry Corporation
 2. Representative Richard Foster, Chair
House Transportation Committee
 3. Representative Bill Hudson, Member
House Transportation Committee and Former
Director of the Marine Highway System
 4. Jim Ayers, Director
Alaska Marine Highway System
 5. Mike Wilson, Business Agent
Inland Boatmen's Union of the Pacific
 6. Captain Dave Boyle, Business Agent
International Organization of Masters, Mates & Pilots
 - C. Committee Discussion & Questions
 - D. Public Testimony
- V. Old Business
- VI. New Business
- VII. Adjournment

STATE OF ALASKA
THE LEGISLATURE

NOV 29 1989

POUCHY STATE CAPITOL
BUREAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

November 29, 1989

SUBJECT: Revenue of the Alaska International Airports System (Work Order No. 6-1724)

TO: Senator Lloyd Jones, Chair
Senate Transportation Committee

FROM: George Utermohle *GU*
Legislative Counsel

Glenda Carino, of your staff, has asked how the Alaska International Airports System is able to retain the revenue that it generates.

The Alaska International Airports System is authorized under AS 37.15.510.

Sec. 37.15.510. STATE IMPROVEMENTS TO AIRPORTS. The state is authorized to acquire, equip, construct, and install additions and improvements to and extensions of the airports, facilities for the landing, parking, loading, storing, repairing, safety, and utility of aircraft at the airports and passenger, freight, and terminal facilities, including safety equipment and devices at the airports, found to be necessary by the commissioner of transportation and public facilities.

The Alaska International Airports System consists of the "international airports owned and operated by the state and located at or near the cities of Anchorage and Fairbanks." (AS 37.15.550(1))

The Alaska International Airports System is funded from an enterprise fund, the International Airports Revenue Fund, which receives revenue generated by the state-owned international airports at Anchorage and Fairbanks. The International Airports Revenue Fund is established in AS 37.15.430(a) which provides:

(a) There is established an enterprise fund known as the "International Airports Revenue Fund," into which

shall be paid all revenue, fees, charges, and rentals derived by the state from the ownership, lease, use, and operation of the airports and all of the facilities and improvements of them and facilities and improvements used in connection with them. The revenue, charges, fees, and rentals may not include the proceeds of any state tax or license. The money in the revenue fund may only be used for the purpose of

(1) paying or securing the payment of the principal of and interest on the bonds and of and on any other revenue bonds issued by authorization of the legislature to provide money to acquire, equip, construct, and install additions and improvements to, and extensions of and facilities for, the airports, and to be payable out of the revenue fund;

(2) paying the normal and necessary costs of maintaining and operating the airports and all of the improvements and facilities of them;

(3) paying the costs of renewals, replacements, and extraordinary repairs to the airports and all of the improvements and facilities of them;

(4) redeeming before their fixed maturities any and all revenue bonds issued for the purposes of the airports;

(5) providing money to acquire, construct and install necessary additions and improvements to and extensions of and facilities for the airports and all of their facilities; and

(6) providing money to pay any and all other costs relating to the ownership, use, and operation of the airports.

The International Airports Revenue Fund is a dedicated fund for the construction, maintenance, and operation of the airports.

Dedicated funds are disfavored under the Alaska Constitution. All dedicated funds, except those specifically allowed by the constitution, those established by the Territory of Alaska and still in effect, and those required as a condition of receiving federal funds, are prohibited by

Article IX, sec. 7 of the state constitution which states:

DEDICATED FUNDS. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

The International Airports Revenue Fund, unlike the Permanent Fund, has not been expressly exempted from the prohibition against dedicated funds. However, the state constitution does allow the state to issue revenue bonds that are secured by the revenue of the facility for which the bonds are issued. (Article IX, sec. 11) Revenue bonds "to acquire, equip, construct, and install the additions, improvements, extensions, and facilities" at the state-owned international airports are authorized under AS 37.15.410. Repayment of the revenue bonds is secured by the gross revenue derived from the airports and any other revenue that the legislature may provide. (Id.) The amount necessary to pay principle, interest, and the redemption premium of the revenue bonds is appropriated annually from the International Airports Revenue Fund. (AS 37.15.420) Thus airport revenues may be dedicated for the purpose of repaying the airport revenue bonds.

The other purposes for which the International Airports Revenue Fund was created, operation and maintenance of the airports, are not included under the authority to dedicate airport revenue to repay revenue bonds. In order to dedicate airport revenue for the operation and maintenance of the airports, the dedication must be allowed under another exemption from the prohibition against dedicated funds.

The International Airports Revenue Fund did not exist at the time the Alaska Constitution was ratified. The fund was created in 1961. (Ch. 88, SLA 1961) Thus the fund is not protected under the grandfather provision of the constitution.

The third express exception under which the dedication of airport revenues could be permitted applies to dedicated funds required as a condition of participation in federal programs. In order to participate in the federal airport

development project grants program, public owned airports, such as the state-owned international airports at Anchorage and Fairbanks, must assure the U.S. Secretary of Transportation that all revenues generated by the airports will be expended for the capital or operating costs of the airports. 49 U.S.C. 2210(a)(12) states in relevant part:

(a) As a condition precedent to approval of an airport development project contained in a project grant application submitted under this chapter, the Secretary [of Transportation] shall receive assurances, in writing, satisfactory to the Secretary, that--

(12) all revenues generated by the airport, if it is a public airport, . . . will be expended for the capital or operating costs of the airport, the local airport system, or other local facilities which are owned or operated by the owner or operator of the airport and directly and substantially related to the actual air transportation of passengers or property;

. . .

I have spoken to the staff of the Department of Transportation and Public Facilities regarding state participation in federal airport development programs. I was informed that the state does receive federal airport funds and gives assurance to the federal government that airport revenues are dedicated to airport capital and operating expenses. Thus the dedication of international airports revenues for operation and maintenance of the airports is permitted by the state constitution, because the dedication is required for participation in a federal program. (1989 Inf. Op. Atty. Gen. (January 19; 661-89-0294)) Also, the requirements of the federal program provides a second basis under which airport revenues may be dedicated to repay revenue bonds, because the dedication of airport revenue to pay the costs of constructing, improving, and equipping the airports fulfills a federal requirement that airport revenues be used to pay capital costs of the airports.

In addition to the express exceptions to the prohibition against dedicated funds, there is a possibility that there are implied exceptions to the prohibition under which certain types of dedicated funds would be permitted. The existence of the implied exceptions is suggested by the discussions of the delegates to the Alaska Constitutional Convention and by documents prepared for the delegates. The state supreme

Senator Lloyd Jones
Page 5
November 29, 1989

court has not addressed this issue, but the Attorney General has suggested that implied exceptions exist for such funds as pension contributions, proceeds from bond issues, sinking fund receipts, revolving fund receipts, contributions from local governments for state-local cooperative programs, and tax receipts that the state may collect on behalf of local governments. (1982 Attorney General Op. 13, pp. 5-6)

In regard to the International Airports Revenue Fund, the Attorney General has stated that the implied exception theory would allow the dedication of revenue from facilities constructed with bond proceeds to not only repay the revenue bonds but also to operate and maintain those facilities. The Attorney General concludes that the continued operation and maintenance of facilities built with revenue bonds is an integral part of maintaining a revenue source to pay off the bonds. Under this theory the dedication of revenue to operate and maintain the airports is essential to ensure that the airports will continue to generate revenue to repay the bonds. Thus the dedication of revenue for operation and maintenance of the airports is implied under the authority to dedicate airport revenue to repay the revenue bonds. (Id. at 24-25) In reaching this conclusion the Attorney General is exploring the farthest frontiers of the prohibition against dedicated funds; landmarks to guide the course of the legal analysis are absent. At the present time, the existence of the implied exceptions is only speculative. Given the rigorous analysis that the supreme court has applied in the past, it is likely that any implied exceptions that are found to exist will be construed very narrowly. (See, State v. Alex, 646 P.2d 203 (Alaska 1982)) A dedicated fund, to pay for the maintenance and operation of the airports as well as to repay the revenue bonds for the airports may conceivably be justified under an implied exception theory, but at the present time the courts have not recognized such a theory.

If I may be of further assistance, please advise.

GU:mi
wkmi5/019

DRAFT

FOR IMMEDIATE RELEASE
JANUARY 19, 1990
CONTACT: PETE CARRAN
465-4766

**ALASKA MARINE HIGHWAY COMMISSION
PROPOSED IN BILL BY SENATOR DUNCAN**

LEGISLATION AIMED AT PLACING MANAGEMENT OF THE ALASKA MARINE HIGHWAY SYSTEM ON A MORE EVEN KEEL WAS INTRODUCED TODAY BY SENATOR JIM DUNCAN OF JUNEAU.

SENATE BILL ____ CALLS FOR THE ESTABLISHMENT OF A FIVE MEMBER ALASKA MARINE HIGHWAY SYSTEM COMMISSION APPOINTED BY THE GOVERNOR WHICH IN TURNS APPOINTS THE SYSTEM DIRECTOR.

"THIS APPROACH WILL PROVIDE CONTINUITY OF MANAGEMENT IN ORDER TO PROMOTE EFFICIENCY IN THE OPERATION OF THE SYSTEM," SENATOR DUNCAN SAYS. "CURRENTLY, SYSTEM MANAGEMENT CHANGES WITH EACH CHANGE IN THE STATE ADMINISTRATION. THIS MEASURE IS INTENDED TO PROVIDE AN OVERLAPPING OF SYSTEM MANAGEMENT FROM ONE ADMINISTRATION TO THE NEXT. THIS IS A NECESSARY STEP IN ORDER TO HELP ENSURE SOUND SYSTEM MANAGEMENT."

SENATOR DUNCAN FEELS THE MANAGEMENT APPROACH PROPOSED IN HIS BILL IS BETTER EQUIPPED TO DEAL WITH THE IMPORTANT ISSUES NOW FACING THE SYSTEM. "THERE'S A NEED FOR LONG TERM PLANNING, MAINTAINING AN ADEQUATE LEVEL OF FUNDING, IMPROVING SERVICE INCLUDING ESTABLISHING A FAST FERRY PROGRAM, AND DEVELOPING A PLAN FOR REPLACEMENT OF THE FLEET. STRONG AND LONG TERM MANAGEMENT IS NEEDED TO DEAL WITH THESE ISSUES."

UNDER TERMS OF THE MEASURE, COMMISSION MEMBERS SERVE STAGGERED FIVE YEAR TERMS. AT LEAST THREE MEMBERS MUST BE FROM COMMUNITIES SERVED BY THE MARINE HIGHWAY SYSTEM.

IN ADDITION TO APPOINTING A SYSTEM DIRECTOR, THE COMMISSION IS RESPONSIBLE FOR ADVISING AND MAKING RECOMMENDATIONS ON SCHEDULES AND TARIFFS; MANAGEMENT, PLANNING AND CONSTRUCTION OF FACILITIES; REPLACEMENT, REFURBISHING, AND OVERHAUL OF VESSELS; AND OPERATING AND CAPITAL COSTS. THE MEASURE ALSO DIRECTS THE COMMISSION TO CONDUCT PUBLIC MEETINGS ON THE OPERATION OF THE SYSTEM INCLUDING PROPOSED TARIFF INCREASES OR SCHEDULING CHANGES AND TO PROVIDE AN ANNUAL REPORT TO THE GOVERNOR AND LEGISLATURE.

JOSEPH R. HENRI
ATTORNEY AT LAW
ANCHORAGE, ALASKA 99510-0357
(9921 NEAR POINT DRIVE)
P. O. BOX 10 - 0357
TELEPHONE 307-338-0880

MAR 26 1990

20 March 1990

Senator Lloyd Jones. Chairman
Senate Transportation Committee
P.O. Box V
Juneau, Alaska 99811

Representative Richard Foster, Chairman
House Transportation Committee
P.O. Box V
Juneau, Alaska 99811

Gentlemen:

Re: CSSB 310

The Alaska Marine Highway Advisory Board very much appreciated being able to spend time with the transportation committee members in the Capitol the morning of 16 March. It was very useful for us to be able to have the free exchange you gave us and to interact with Commissioner Hickey, and Director Jim Ayers as well.

We promised Senator Jones that we would consider our position on SB 310, after conferring with Commissioner Hickey. In spite of the fact that we serve at the pleasure of the commissioner, we received no pressure from him as to our view, and I believe that what I am about to report was freely arrived at by the Board.

The Advisory Board supports the Position Paper of the Department of Transportation which was sent to you by date of 15 March. In other words, we think it would be good to put the concept of an advisory board into statute, but we think that the board (or Commission) should not interpose itself into the line of command between the commissioner and director. As long as the Marine Highway System is a part of the Department of Transportation, it seems to us that the director should be hired by the commissioner, report to the commissioner, and not be able to play off his security by virtue of being hired by the Marine Highway Commission against the clear command channels now existing in the Department of Transportation.

Our Board certainly shares your deep concern for a better functioning system, for a measure of continuity, etc. A statutory and on-going advisory board would be of some assistance along these lines. Public ownership by the State of Alaska has a number of drawbacks as well as some obvious advantages. The effort to make the Marine Highway System as good as it can be is never-ending. No formula will yield complete satisfaction. We do think quite a bit of progress is being made. The authority to receive and expend receipts will be a major advance.

Again, thank you very much for letting us meet with you and give you our views.

Sincerely yours,

AMH ADVISORY BOARD

Joseph R. Henri
Joseph R. Henri, Chairman

JRH/df

cc: Commissioner Mark Hickey
Director Jim Ayers
AMH Advisory Board Members

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chainnan
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchor



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

January 17, 1990

MEMORANDUM

To: Senate Transportation Committee Members

From: Senator Lloyd Jones, Chair
Senate Transportation Committee

Subj: SB 310 - Establishing a Marine Highway Authority

Since Senate 310 was introduced in last May, much discussion has taken place on the pro's and con's of the idea of establishing a Marine Highway Authority. A hearing was held in Ketchikan on December 5 on the issue, and we heard valuable testimony.

Both sides of the argument agree that something has to be done to improve the long term and day-to-day management of the system. I feel that with your help and input, we can prepare a bill that will address all facets of the problem by the establishment of a Marine Highway Authority.

With this in mind, I have prepared several amendments that may help fine-tune the bill. Also, informational material is included in this packet from interested parties.

Though we have some work to do on the bill, I feel that the only way to bring continuity of management in the Marine Highway System is through an authority entity. I appreciate your continued support for the concept of SB 310 as a catalyst for positive change.

STATE OF ALASKA
THE LEGISLATURE

ALASKA STATE CAPITOL
600 W. BRIDGES
NOME, ALASKA 99560

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 1, 1989

SUBJECT: SB 310; An Act relating to
ferries and ferry terminals and establishing
the Alaska Marine Highway Authority

TO: Senator Lloyd Jones, Chairman
Senate Transportation Committee

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum contains a sectional summary of SB310, as requested by Terry Otness of your staff.

A summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill sets out the purpose of the bill.

Section 2 of the bill amends AS 19 by adding a new chapter creating the Alaska Marine Highway Authority

CHAPTER 19. ALASKA MARINE HIGHWAY AUTHORITY.

ARTICLE 1 CREATION AND ORGANIZATION.

Sec. 19.70.010 establishes the Alaska Marine Highway Authority as a public corporation of the state within the Department of Transportation and Public Facilities.

Sec. 19.70.020 relates to the directors of the authority. There are seven directors of the authority: the commissioner of transportation and public facilities and six other persons appointed by the governor. The qualifications for the directors are set out.

The directors appointed by the governor serve at the pleasure of the governor for four year terms.

The directors of the authority are subject to conflict of interest laws under AS 39.50.

The appointed directors of the authority are entitled to compensation in the amount of \$300 for each day they are engaged in the business of the authority. The directors also receive travel and per diem expenses.

Sec. 19.70.030 provides for the election of officers by the directors of the authority and sets the quorum for meetings of the directors.

Sec. 19.70.040 authorizes the authority to employ executive and administrative officers who serve at the pleasure of the authority. All executive and administrative officers and other employees of the authority are in the exempt service. The authority may also employ consultants and advisors.

ARTICLE 2. POWERS AND DUTIES.

Sec. 19.70.050 sets out the powers of the authority.

Sec. 19.70.055 sets out the duties of the authority.

Sec. 19.70.060 authorizes the authority to operate a ferry system under the name "Alaska Marine Highway System".

Sec. 19.70.070 requires the authority to prepare a long-range plan for development and improvement of the ferry system, in cooperation with the Department of Transportation and Public Facilities, at least every five years.

ARTICLE 3. ACQUISITION OF PROPERTY.

Sec. 19.70.080 provides that the authority may acquire land and material necessary for the construction, maintenance, or improvement of the marine highway system.

Sec. 19.70.090 provides that the authority may acquire land for the purpose of exchanging the land for other land that the authority needs to acquire.

Sec. 19.70.100 provides that the authority may vacate land or rights in land held by the authority. The authority may also transfer its surplus lands to the Department of Natural Resources for disposal. The proceeds of the disposal shall

Senator Lloyd Jones

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be returned to the source of funds from which the original purchase of the land was made.

ARTICLE 4. FERRY TERMINAL FACILITIES.

Sec. 19.70.110 authorizes the authority to construct, purchase, or lease ferry terminal facilities and to maintain these facilities.

Sec. 19.70.120 authorizes the authority to connect ferry terminal facilities with local highway systems.

Sec. 19.70.130 authorizes the authority to adopt regulations regarding the use of ferry terminal facilities by the public.

Sec. 19.70.140 exempts ferry terminal facilities that were in existence on January 1, 1959 from AS 19.70.110 - 19.70.140.

ARTICLE 5. GENERAL PROVISIONS.

Sec. 19.70.150 provides that the authority shall annually submit a report to the governor and legislature regarding its operations, income, and expenditures for the preceding fiscal year.

Sec. 19.70.160 provides that the authority shall have its financial records audited annually and that the legislative auditor may prescribe the form and content of the financial records of the authority.

Sec. 19.70.170 provides that the authority is subject to the Executive Budget Act, like other state agencies, and that the expenditures of the authority are subject to appropriation by the legislature.

Sec. 19.70.180 provides that the vessels of the authority shall be named by law.

Sec. 19.70.199 sets out the definitions of "authority", "capital improvement", and "ferry".

Sec. 19.70.200 provides that this chapter may be cited as the Alaska Marine Highway Authority Act.

Senator Lloyd Jones
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Sections 3 - 5 of the bill amend AS 35.27 to provide that the Alaska Marine Highway Authority is solely responsible for implementation of the "art in public places" program for vessels and facilities of the authority.

Section 6 of the bill amends AS 39.05.110 to provide that the officers and employees of the Alaska Marine Highway Authority are in the exempt service.

Section 7 of the bill amends AS 39.50.200(b) to provide that directors of the authority are subject to the conflict of interest law (AS 39.50).

Sections 8 and 9 of the bill amend AS 44.42.020 in order to transfer the authority of the Department of Transportation and Public Facilities over the planning, design, construction, maintenance, management, and operation of the facilities, vessels, and equipment of the marine highway system to the Alaska Marine Highway Authority.

Section 10 of the bill repeals AS 19.60 (Ferry Terminal Facilities) and AS 19.65 (Alaska Marine Highway System), which have been replaced by AS 19.70 as contained in sec. 2 of this bill.

CU:kb
wkk4/067



SOUTHEAST CONFERENCE

P.O. Box 22286

Juneau, Alaska 99802

SOUTHEAST CONFERENCE RESOLUTION #89-05

RELATING TO THE MANAGEMENT AND LEVEL OF SERVICE OF THE ALASKA MARINE HIGHWAY SYSTEM

WHEREAS, the Alaska Marine Highway System was established prior to the onset of the State's "Oil Boom" wealth and fully funded to provide a level of service which was meeting the expectations of the traveling public and citizens of Alaska; and

WHEREAS, the Alaska Marine Highway System is critical to coastal Alaskans for basic transportation, economic development, and regional interaction; and

WHEREAS, revenues generated by the Alaska Marine Highway System have steadily increased over the past five years; and

WHEREAS, State funding of the Marine Highway System has decreased over the past five years; and

WHEREAS, decreased funding has resulted in steadily declining levels of service to coastal Alaska; and

WHEREAS, current levels of service are unacceptable and severely limit the transportation needs, economic development, and social well-being of Alaskan coastal communities.

NOW THEREFORE BE IT RESOLVED by the Southeast Conference that the levels of service of the Alaska Marine Highway System need to be increased to meet the basic needs of coastal Alaskans by

A. Providing for a supplemental appropriation commitment for the current operating budget to allow scheduling revisions and marketing efforts before January 1, 1990

B. Increasing future funding of the Alaska Marine Highway System to an adequate level comprised of a basic State appropriation plus program receipts to provide incentives for improved and efficient service delivery

BE IT FURTHER RESOLVED that the Southeast Conference urges the creation of a vessel replacement fund which will accumulate over a period of years and which will cover the capital costs to rebuild or construct new equipment and facilities for the Marine Highway System

BE IT FURTHER RESOLVED that the Southeast Conference urges the current administration of the Alaska Marine Highway System to expediently complete and adopt the Comprehensive Master Plan for the Alaska Marine Highway System, which has been in draft form for at least three years.

Southeast Conference Resolution #89-05, P.2

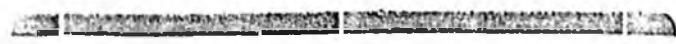
BE IT FURTHER RESOLVED that the Southeast Conference urges the formation of a public entity for management of the Alaska Marine Highway System outside of the auspices of the general Department of Transportation administration to ensure that the Alaska Marine Highway System provides adequate levels of service. Said public entity shall include a structure of directorship that provides for continuity of management.

BE IT FURTHER RESOLVED that the Southeast Conference urges the Alaska Marine Highway Advisory Board to provide recommendations and comments to legislators regarding SB 310 providing for an independent Alaska Marine Highway Authority.

Adopted by the Southeast Conference this 22nd day of September, 1989.



William B. Privett, President



— HICKEY MEMO TO GOVERNOR —

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities

to: The Honorable Steve Cowper
Governor

DATE: August 9, 1989

FILE NO:

TELEPHONE NO: 465-3900

from: Mark S. Hickey *M.S.H.*
Commissioner

SUBJECT: Alaska Marine Highway
System Authority -
Issue Analysis

The purpose of this memorandum is to discuss the advisability of creating a public authority or corporation to run the Alaska Marine Highway System (AMHS), and to explore the key issues involved with undertaking such an endeavor. In recent times, a number of key state policy-makers have suggested that this type of structure should be established or seriously studied as a way to address problems or shortcomings apparently due to the current structure.

What is missing so far from the debate regarding establishment of an AMHS authority is enunciation of a clear, widely held explanation or statement of the long-term mission of the System. As part of that effort, there needs to be some clarification of what exactly have been the problems and what exactly is desired in fundamental changes in how the System functions. Once there is some consensus on these points, it is then possible to examine the current organization and alternatives to design appropriate adjustments to achieve that mission.

The failure of a clear, widely held view being enunciated by authority supporters about what role the AMHS needs to fulfill and why it should pursue that role is easily my largest reservation about the advisability of pursuing creation of an authority at this time. As they say in transportation, I'm afraid the cart may be in front of the horse.

Background

The AMHS was created in 1963 as a fleet of four ferries to serve Alaskans in Southeast in lieu of "hard links" or roads connecting isolated Alaskan communities with other communities and the connected road systems through Canada. Since then the System has evolved into a fleet of nine ferries, now also serving most of Southcentral Alaska and the Aleutian Chain, and providing a direct "Lower 48" connection through the Puget Sound. There has been a tremendous increase in the number of communities, passengers and vehicles served since its beginning. In addition to its primary role of providing Alaskans with basic transportation services, an ever increasing part of the System's business is to support tourism.

Since FY 85, the AMHS total annual operating budget has remained essentially unchanged in current dollars, with a slight decrease in FY 90 due to the health benefit reduction by the legislature. During this same period of time, passenger ridership has grown 8.1% and vehicle usage is up 12.5%. Revenues have also grown, along with considerable improvement in the ratio or percentage of total expenditures funded by generated revenues. For example, FY 89 revenues covered over 56% of total costs, which is a new high. Costs have also risen during this time, partly due to increased usage and the effects of inflation on certain items. Inability under the labor contracts to control effectively leave usage levels during this period probably added to service level impacts.

Vessel age has increased during this period, while the level of annual capital appropriations for general system repairs has dropped. Starting in FY 88, most vessel overhauls have been performed at the Ketchikan Shipyard Repair Facility, creating an increased level of expense. The net result of these considerations is that a greater portion of the annual operating budget has had to be used for major vessel maintenance and overhaul costs, thereby further reducing the amount of funds to support direct service.

The implication of these factors is that during a time of ever increasing demand for service by Alaskans and non-Alaskans alike, the AMHS has experienced ever increasing real reductions in its purchasing power or funds to provide direct service. In most cases, this has usually meant a loss in frequency and/or convenience, versus a complete elimination of service to a particular community. It should also be noted that there appears to be widely held views that service levels have dropped more than the facts would support. Unfortunately, years like FY 89, during which funding could not support maintenance service levels and overhaul problems curtailed certain winter services, have further exacerbated these views.

Management Emphasis

In April 1984, former Governor Sheffield's AMHS Task Force concluded that among other issues the System "is handicapped by the lack of current, specific and accurate information." They called the record keeping systems "archaic" and in need of immediate replacement. They also found a need to redefine the goals of the system, and that there was a definite "lack of continuity of purpose" and a need for a comprehensive plan to provide for future operations.

Interestingly, the Task Force also addressed the basic question of organization and suggested consideration of a public authority or corporation, or continuation of the present arrangement under DOT&PF with a policy-making commission at its head. The main issue they seemed concerned about was ensuring continuity in top department and AMHS management. Without endorsing this concept, I must concur that the entire DOT&PF organization has suffered greatly due to its overall lack of continuity in top management since its inception.

Within three months of assuming responsibility over the AMHS in December 1986, it became quite evident that there existed an absolute void of useable information about almost all aspects of its operations. Further, I found little evidence of any real consideration for accountability or sound management practices guiding day-to-day actions. Nor did I discover any real effort by the past administration to address these matters as identified by their Task Force, with the possible exception of the reservations system.

As a result, we set out on a process to first put in place a streamlined management team of competent professionals in all key posts, followed by the next step of establishing the necessary management practices to generate useable information and control day-to-day actions. The final step in the plan was to generate a comprehensive system plan using the information created through the prior steps. In practice, it has taken longer to implement the first two steps than originally thought, thereby delaying our attention on the comprehensive plan.

On the other hand, real successes have been achieved in the last two and a half years, including the development of a reasonably accurate vessel-by-vessel cost data base for FY 88 and 89. We now possess considerable more ability to predict accurately the relevant fiscal implication of various proposals (e.g., labor provisions) or actions necessary to implement budget reductions.

Authority Impetus/Popular Myths

The combination of our inability to articulate the comprehensive system plan, and the real and perceived impacts resulting from the growing budget dilemma (including the resulting impact on legislative perceptions about the System's efficiency), has served as the primary impetus for many to support the establishment of a public authority as a way to address existing problems.

Whether an authority structure will allow better resolution of these issues is debatable, depending in part on exactly how the authority is structured, and whether the right type of board members and top managers are selected. Anyone who argues that one organization approach is a guarantee for success, while another means certain failure is providing too simplistic an analysis.

Many proponents have argued that an authority will automatically result in certain benefits that will probably not materialize. For example, one argument is that an authority will help remove the AMHS from "politics." Although an authority may change the politics, it will not remove the System from politics when it needs in excess of \$30 million a year in general funds to operate, and the legislature must act annually to appropriate all funds. Even if a constitutional amendment is passed to establish a dedicated fund to keep and manage its revenues, annual appropriations will still be needed. There are also future capital decisions needed eventually regarding vessel age and replacement that will significantly involve the legislature.

Another argument is that an authority will allow the AMHS to keep its own revenues and ultimately become a self-sustaining entity. Putting aside the dedicated fund problem, I disagree that it is possible to make the AMHS a self-sustaining entity unless its mission is significantly changed, and a completely different type of vessel is used allowing for a significant reduction in operating costs. Although I believe it's a worthwhile goal to have the AMHS act in a more businesslike manner and achieve greater self-sufficiency within reason, I don't think it's realistic or appropriate to seek a total self-sufficient operation. The AMHS is fundamentally a basic transportation system similar to our land highway system. Highways do not fully pay for their own existence, nor can or should the AMHS particularly given the high operating costs inherent in its operation.

Real benefits will accrue if the AMHS is allowed to spend the revenue it generates. This would create more of a direct relationship with performance, and work as an incentive. Some consideration could be added through a formula whereby a percentage of new revenues goes to help reduce the general fund contribution. The real question is whether it's necessary to establish an authority to create this relationship. This proposal can be pursued under the current organization, and is a concept that we tried to develop with some success last session. We intend to present for your consideration a proposal for the FY 91 budget that would give the AMHS the benefit of any increase in revenue performance over prior years.

One other argument often mentioned in support of an authority is that as part of DOT&PF, the AMHS doesn't have an advocate working solely on its behalf. While I'd agree that the DOT&PF Commissioner institutionally has other considerations and duties that on occasion may moderate AMHS advocacy, the department does act as a System advocate. In fact, last session we did better on behalf of the AMHS than any other part of the department. On the other hand, there is some validity to the argument that under an authority there would be an advocate in the legislature with more of a single purpose. Whether an administration will want to allow that much freedom in the budget process might work to moderate the "advantages" gained by the organization structure.

Taking the AMHS out of the Department will also have the effect of allowing the DOT&PF Commissioner freedom to argue more strongly for the other modes with less regard for AMHS needs. It's worth observing that we continue to spend almost as much money to run the AMHS as we do to maintain every state highway and airport except for AIAS. There are AMHS non-advocates in the legislature that might desire more independence in order to argue more easily that less funds are needed for the System, but that instead more support should be given to other modes. One outcome from establishing an authority is that the "subsidy" issue may be viewed as more of a regional issue in the legislative budget debate.

A final, related argument that I question is that setting up the AMHS as an authority will better allow increases in funding, particularly to meet growing service demands. To the extent an authority ensures greater accountability and tighter management, there may be some truth to this argument. However, the organizational structure will be much less a determinant on this issue than OPEC and oil industry developments. Whether more money goes to support ferries is fundamentally a direct function of the decision-making process to allocate the scarce and ever dwindling general fund resource.

Railroad Comparison

Many authority proponents argue that what is needed for the AMHS is the same approach as was used in setting up the Alaska Railroad Corporation (ARRC). They argue that it worked for the ARRC, therefore it should work for the AMHS. This argument fails to recognize there are fundamental differences between these two organizations and their respective missions. The ARRC is basically a freight transportation and real estate development company that provides limited essential or basic surface transportation services to rural areas (e.g., Whittier; Hurricane-Talkeetna), while the AMHS is fundamentally a basic transportation system serving as the primary means of surface transportation for most users. The ARRC has a clear capacity to operate in a self-sustaining manner even in spite of its limited passenger service responsibilities; the AMHS has no realistic prospect to operate on a self-sustaining basis, at least under its current mission.

There are also more subtle differences between the two organizations that could greatly affect the chances for successful implementation of an AMHS authority. The ARRC was never part of state government or our political system; the AMHS is firmly ingrained in all aspects, whether its labor relations, risk management, legal services, or annual budget approval. As a practical matter, I question just how autonomous an organization can be created for the AMHS. At some point there is a real risk of effectively establishing just another line agency masquerading as an authority, which should be weighed against the chaos and negative aspects of making the change.

As an aside, I think there are legitimate policy concerns with pursuing too much autonomy for an organization that spends in excess of \$30 million annually in general funds.

Another difference to consider is that the ARRC had to confront restructuring of its basic organization due to the federal government's decision to pursue divestiture; there is no similar impetus to force the change for the AMHS. While it's hard to predict the implication of this point, I believe at a minimum it may force more accommodations during the legislative process to achieve the desired result, once again potentially diluting the end result. This could be particularly the case with many of the employee issues.

The actual experience of considering and then pursuing establishment of the ARRC is useful as a possible model. Four separate legislative sessions were spent crafting the legislation establishing the ARRC. A thorough and thoughtful analysis and debate occurred exploring the issue of the Railroad's basic mission, followed by a full assessment of all organizational options. Attached is one document generated during that effort. While it should be acknowledged that passage of federal legislation was needed in the case of the Railroad, I believe the analogy is relevant and, as a primary player on that issue, must observe that it will be next to impossible to achieve a good piece of authorizing legislation in only one legislative session.

Possible Benefits

Having played devil's advocate, let me turn to an analysis of some possible benefits that could be achieved through establishment of an AMHS authority. The major, potential benefit that I see is an authority could greatly aid in providing continuity in top management at the System. This has clearly been a problem, as identified in the 1984 Task Force Report. While there are other ways to achieve this goal, an authority clearly allows for greater management continuity. In this aspect, it can be argued that it minimizes the potential for playing politics; although that depends on the board and sitting governor too. Additionally, if you have a problem management team, it might prove more difficult to pursue a prompt change.

Another benefit would be more control over the labor relations functions, particularly with the vessel employees. This benefit will only materialize if there's a willingness to give the authority real control over this function. One reason for using the authority structure is to set an organization apart from the rest of state government, thereby reflecting a somewhat unique mission requiring special considerations. If one goal is more accountability and businesslike performance, then I believe it's critical to give the organization the tools necessary to achieve that goal.

Given the large percentage of the System's costs attributable to labor, I would argue it's imperative to give direct responsibility over labor relations to the authority if it's going to have a reasonable chance to succeed.

I think you can also craft an argument that the AMHS may improve its basic management performance quicker because under an authority structure there should be more public and legislative scrutiny and visibility. This is very difficult to predict, and may not materialize if there's a long "honeymoon" period. Frankly, given the current demands for AMHS service increases and general revenue trends, I doubt there will be much patience in waiting to see performance improvement.

A final argument that holds value is that making the AMHS an authority will make the job of running DOT&PF that much easier. As a general matter, this would be true. The AMHS has clearly taken probably 20% of my time, which means I don't spend that time on other parts of the department. On the other hand, removing the AMHS from the department defeats one of the primary purposes for creating an integrated, multi-modal DOT&PF. Having management for all modes under one structure should mean more efficient service delivery, particularly in Southeast where the modes are intricately interlinked. It is debatable whether this has yet happened after twelve years, and certainly coordination of the planning effort can occur regardless.

This latter point is a consideration that deserves careful review and discussion. I think it's premature to declare DOT&PF a failed experiment. Given the role of transportation in a state like Alaska, I firmly believe it's imperative to have a well-structured and managed DOT&PF managing the state's transportation systems. Whether that means direct and full responsibility for all modes and systems is debatable. Clearly part of the department's problem has been the lack of top management continuity. On the other hand, I would submit that great strides have been made in the last four or five years irrespective of the continuity issue.

Key Authority Issues

If a decision is made to pursue establishment of an authority to run the AMHS, there are a number of key policy issues that must be addressed correctly if the new organization is to be successful. The following is a partial listing of the major items:

- (1) Findings and Purpose: There is a need to articulate clearly the basic purpose and mission expectations.

- (2) Employees/Labor Relations: Will the employees be employees of the state or the authority? Will the authority have direct control over the labor relation functions, particularly collective bargaining?
- (3) Board Composition: What criteria should govern board composition? Should an employee sit on the board? Should there be other government officials other than the DOT&PF Commissioner
- (4) Budgeting/Revenues: What mechanism will be used to allow expenditure of generated revenues? Should a dedicated fund be pursued? How should subsidy levels be set? What about authority to incur debt, or to carry forward funds for reserve purposes?
- (5) Land Ownership: How should this be handled insofar as terminal holdings are concerned? What restrictions, if any, should apply to appropriate land uses? Should any powers of eminent domain be granted?
- (6) Legal Services: Should the AG serve as legal counsel, or should that be left up to the authority similar to the ARRC?
- (7) Regulatory Oversight: What regulatory oversight, if any, should govern rate-setting and major service changes? What limitations should govern competition with private sector services?
- (8) Capital Fund Allocation: Most capital needs are provided for through federal-aid highway funds. How should this funding support be ensured? Should it continue to pass through the DOT&PF?
- (9) Transportation Planning/Coordination: What steps should be taken, if any, to ensure adequate transportation planning and coordination occurs with DOT&PF?
- (10) Procurement: What exceptions, if any, will apply to the authority's procurement requirements?
- (11) One-Time Costs: Initial estimates are that establishing an AMHS authority will result in one-time costs of approximately \$450,000, and that added, ongoing costs will run about \$300,000. How should these expenses be funded?

- (12) DOT&PF Services: DOT&PF currently performs a number of support services, many of which are funded as part of overall department operations (e.g., accounting support; computer services; right-of-way support). Who should perform these services? How should they be funded? The AMHS also provides some transportation support for other department functions. How should this be handled?

Findings/Recommendations

As is probably evident by the analysis, I have serious reservations about the advisability of pursuing legislation at this time to establish a public authority to run the AMHS. Nor am I convinced that an authority is necessary to accomplish the goal of efficiently operating the AMHS. Without more work leading to the development of a widely held consensus identifying the basic, long-term mission and explaining clearly what changes are desired and why, I think at a minimum it is premature to conclude that an authority is the way to go.

I also think it's unrealistic to expect passage of such a comprehensive restructuring in a single legislative session, at least if the desire is to obtain good legislation. It should also be understood that putting the AMHS through such a change will mean additional chaos in performance of basic management duties for at least one to two years. Just when we're beginning to demonstrate some headway in this area, I'd hate to lose ground to implement what may be an out-of-focus reaction to problems largely beyond the System's control.

At the same time, I realize there is a need to provide leadership for the legislature and the public to address both the real and perceived shortcomings with the status quo. Accordingly, I recommend adoption of the following course of action as a more realistic, yet responsive approach:

- (1) Announce an awareness by the administration of the problems due to current budgetary pressures, long standing AMHS deficiencies, and lack of a current, publicly-held, focused mission.
- (2) Acknowledge efforts and successes of current management team to tackle basic problems. Concurrently, acknowledge that you believe basic structural changes may be needed, but first more work is needed to address #1 above. Perhaps offer you sense of what that mission should be and how some of the current budget issues should be confronted.

August 9, 1989

- (3) Announce a special effort to analyze these issues, with particular emphasis on historical trends involving service changes and AMHS efficiency. Some amount of independent scrutiny should be built into this work. This effort should include polling of users (particularly Alaskans) to ascertain concerns, level of satisfaction and views about the long-term mission.
- (4) Depending on whether warranted based on the results under #3 above, commission the AMHS Advisory Board to perform the following tasks: (a) help articulate answers to #1 above; and (b) propose organizational adjustments if warranted, with special attention to the authority and any specific legislation that should be pursued. This results of this work could be given to the new administration for action during 1990.

I realize this won't be well received by some quarters advocating immediate action. Nevertheless, I believe it's the more responsible way to handle a fairly significant issue. One way to accommodate those who want more now would be to pursue revenue-based budgeting for FY 91 and commit to increments to restore the System's purchasing power to ensure a level of service closer to levels prior to FY 89. Both are responsible positions, and I intend to advocate something like this during the upcoming budget process.

If after reviewing this material, you decide we should pursue an authority structure now, then it's imperative we marshal the necessary resources promptly in order to competently and thoroughly address this matter. This includes ensuring drafting and passage of competent legislation, and funding the costs to carry out establishment of the authority.

Attachment

cc. Garrey Peska, Chief of Staff, Office of the Governor
Bob Evans, Legislative Liaison, Office of the Governor
Ron Clarke, Special Staff Assistant, Office of the Governor
W. Keith Gerken, Deputy Commissioner, Operations
George Davidson, System Director, Alaska Marine Highway System

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

November 27, 1989

SUBJECT: Collective bargaining for a Marine Highway
Authority (Work Order No. 6-1723 and SB 310)

TO: Senator Lloyd Jones

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested an overview of state employee labor relations and, in particular, you have requested an explanation of how existing law would have to be changed to permit a Marine Highway Authority such as the one established in SB 310 to negotiate directly with its employees rather than negotiating through the labor relations division of the Department of Administration.

The Public Employment Relations Act (PERA) (AS 23.40.070 - 23.40.260) governs collective bargaining for most state employees, as well as for municipal employees. The definition of public employee includes employees whether or not they are in the classified service of the employer. (See definitions of "public employee" and of "public employer" in AS 23.40.250(6) and (7).) Under the definition of "public employer," an "authority established by law" is obligated to bargain collectively with its employees in accordance with PERA. Therefore, unless there are contrary provisions elsewhere in the law, a Marine Highway Authority established under a bill such as SB 310 would be obligated to bargain under PERA with those of its employees who had elected to organize into a bargaining unit.

In addition to PERA, there are specific provisions for collective bargaining by employees of the marine highway system. Under AS 23.40.040, the commissioner of transportation and public facilities or an authorized representative of the commissioner may bargain collectively with employees of the state ferry system. To transfer the power to conduct labor negotiations to the Marine Highway Authority, this section should be amended. PERA itself does not address who con-

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ducts negotiations for the governmental employer. Assignment of this responsibility to the division of labor relations in the Department of Administration is an internal decision of the executive branch.

The Alaska Railroad retains its own collective bargaining system for its employees. Under AS 42.40.720, PERA does not apply to the railroad. The employees bargain directly with the railroad corporation. Because the structure for conducting labor relations activities set out in PERA is inapplicable, the railroad statutes contain substitute provisions. If you wish the provisions of PERA concerning such issues as the formation of bargaining units, the conduct of negotiations, and unfair labor practices, to apply to the marine highway system labor relations, then the extensive provisions provided for railroad employment relations are unnecessary. If you wish to vary from the standard structure, then the desired variations should be set out in statute.

If I may be of further assistance, please advise.

TBC:lmb

L8/067

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 5, 1990

SUBJECT: Appointment of Director of Marine Transportation by the Alaska Marine Highway System Commission; CSSB 310 (State Affairs)

TO: Senator Lloyd Jones

FROM: George Utermohle *GU*
Legislative Counsel

You have asked whether a provision of CSSB 310 (State Affairs) which provides that the Alaska Marine Highway System Commission shall appoint the director of the Division of Marine Transportation is permitted under the Alaska Constitution.

The short answer is yes.

Under the constitution the executive power of the state is vested in the governor and each principal department is under the supervision of the governor. (Art. III, secs. 1 and 24) The bill does not infringe on these powers of the governor because the commission is appointed by the governor and serves at the pleasure of the governor. The governor retains sufficient power to ensure the governor's policies are implemented by the commission.

The legislature is empowered to allocate the functions, powers, and duties of state government among executive and administrative offices, departments, and agencies of state government. (Art. III, sec. 22) Under this authority the bill allocates the duty to appoint the director of marine transportation to the commission.

Under the constitution the heads of principal departments shall be a single executive, except as otherwise provided by law, appointed by the governor and confirmed by the legislature. (Art. III, sec. 25) This provision of the constitution is not applicable to the commission because it is not at the head of a principal department. The term

Senator Lloyd Jones
Page 2
May 5, 1990

"principal department" means the Department of Administration or Department of Transportation and Public Facilities but not a subordinate agency within a department. The commission would be a subordinate agency in the Department of Transportation and Public Facilities.

The constitution further provides that if a board or commission is at the head of a principal department or a regulatory or quasi-judicial agency, the members of the board or commission shall be appointed by the governor and confirmed by the legislature. (Art. III, sec. 26) It is unclear whether this requirement is applicable to all boards and commissions that have regulatory or quasi-judicial functions or just those boards and commissions that are at the head of a regulatory or quasi-judicial agency. However, in any case this provision does not apply to the proposed Alaska Marine Highway System Commission because the commission is not a regulatory or quasi-judicial body. The commission is an administrative and advisory body and not subject to this provision of the constitution.

If I may be of further assistance, please advise.

GU:mi
wkmi6/089

ALASKA RAILROAD CORPORATION



P.O. Box 107500 • Anchorage, Alaska 99510-7500

FACSIMILE COVER SHEET

TO: LARRY J HOULE 586-8315
c/o BARANOF HOTEL

FROM: LARRY D WOOD

General Counsel's Office
Alaska Railroad Corporation

DATE: JANUARY 15, 1990

NUMBER OF PAGES (including cover sheet): 73

If you have any questions/problems with transmittal, please call (907) 265-2461. Our fax number is (907) 265-2443.

4796L

JAN 16 1990

ALASKA RAILROAD CORPORATION



P.O. Box 107500 • Anchorage, Alaska 99510-7500

VIA FACSIMILE

January 15, 1990

Loren K. Stanton
Legislative Assistant
Office of Senator Lloyd Jones
c/o Larry J. Houle, Manager
ARRC Passenger Services
Baranof Hotel
Juneau, Alaska 99501

RE: Executive Order No. 77

Dear Mr. Stanton:

Thank you again for the opportunity to review Executive Order No. 77 which, as you know, establishes the Alaska Labor Relations Agency. The new agency will be responsible for the labor relations functions of the personnel board and the state and railroad labor relations agencies.

~~We understand that merger of these labor relations functions will ensure state funding for Railroad Labor Relation Agency ("RLRA") operations and, consequently, we support it.~~ With the exception of 1985, the Alaska Railroad Corporation ("ARRC") has been requested to fund RLRA to prevent its financial collapse, even though ARRC appears before that agency as an advocate. This conflict of interest has concerned ARRC and, I believe, RLRA and union representatives since the beginning of this unusual financial relationship. The administration's solution has been to combine state and railroad labor agencies so that, among other things, a clear source of funding can be identified.

Under the new agency organization, several substantive requirements will now apply to railroad labor agency functions: an annual report, a two-member quorum for transacting business and voting, three-year appointments, removal of members only for "cause," and limitations on political party affiliations. From a philosophical point of view, the last two requirements do raise concerns; however, both are part of the personnel board statutes and were undoubtedly included as a matter of necessity. AS 39.25.060. ~~RLRA members currently serve at the pleasure of the governor. While removal only for cause may promote independent thinking, members will be quite difficult to remove between terms. On~~

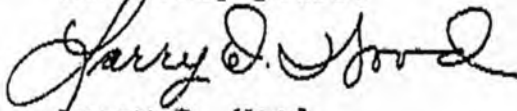
Page Two
Letter to Mr. Stanton

~~the other hand, I am not aware of any efforts to involuntarily
remove RLRA members during the last five years.~~

In sum, although ARRC would prefer a separately established and
funded labor relations agency to overlook labor affairs
entirely from a railroad perspective, we understand that
current economics requires a more efficient use of state
funds. Despite our inability to fine-tune the agency's make-up
and organization in light of the constraints of other state
laws, we support this effort to create it.

Please call me at 265-2461 if I can provide any further
information.

Sincerely yours,



Larry D. Wood
General Counsel

cc: F. G. Turpin, President and CEO
L. J. Houle, Manager, Passengers Services

WPLEGAL85

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

TO: The Honorable Steve Cowper
Governor

THRU: Alison Elgee, Office of Management
and Budget
Garrey M. Peska, Chief of Staff

FROM: Office of the Governor

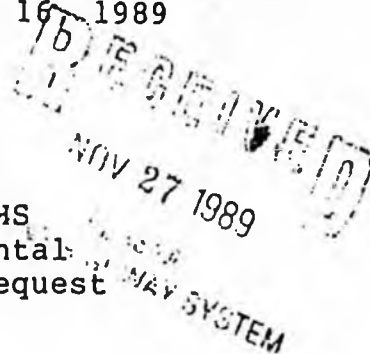
Mark S. Hickey
Commissioner

DATE: November 16, 1989

FILE NO:

TELEPHONE NO: 465-3900

SUBJECT: FY 90 AMHS
Supplemental
Budget Request



FY 90 Service Equal to FY 89

It is proposed that funding be provided, which would allow the Alaska Marine Highway System to operate the system in FY 90 at a level of service equal to that scheduled in FY 89.

The following table compares the weeks of scheduled operation for each vessel, for each of the two years.

Motor Vessel	Weeks of Service		Change in Weeks
	FY 89	FY 90	
COLUMBIA	15.5	15.0	- 0.5
MATANUSKA	34.5	43.5	+ 9.0
MALASPINA	42.0	31.0	-11.0
TAKU	44.0	43.0	- 1.0
AURORA	44.5	44.5	-
LECONTE	44.0	38.5	- 5.5
CHILKAT	15.5	0.0	-15.5
TUSTUMENA	38.5	34.0	- 4.5
BARTLETT	42.5	43.5	+ 1.0

Due to changes in vessel availability (i.e., vessels which were in service last year not being available for similar service this year due to overhaul commitments) some substitutions must be made. In addition, the M/V CHILKAT is not available for service.

The M/V MALASPINA is scheduled for work to be done beyond normal overhaul, and therefore she would not be available to provide as much service as she did in FY 89 even if funding were available.

The following list of priorities is the nearest approximation to FY 89 service, given vessel availability. The cost associated with each action is the increase in cost to operate the vessel compared to the cost to leave the vessels in lay-up status as currently planned.

In priority order, the following actions are suggested:

1. SOUTHEAST AND SOUTHWEST FEEDER VESSELS - \$390,000

M/V TUSTUMENA - 4.5 weeks of additional service.

Cost \$200,000 Revenue \$180,000

M/V LECONTE - 5.5 Weeks of additional service

Cost \$190,000 Revenue \$ 80,000

a) The additional funding would allow the M/V TUSTUMENA to return to service the week of April 15, rather than May 17.

She would be expected to transport some 1,500 people and 900 vehicles during this 4.5 week period and generate \$180,000. When the M/V TUSTUMENA is out of service, no ferry service is provided to Kodiak, Seldovia, Port Lions, Chignik, Sand Point, King Cove, Cold Bay, or Dutch Harbor. This action would, therefore, restore service to these communities and the revenue generated would be "new" revenue not otherwise available to the state.

b) The M/V LECONTE would be brought back on line the week of March 15 as scheduled in FY 89, rather than April 23 as currently scheduled for FY 90. This would provide two vessels to serve the Southeast Panhandle communities and in addition, it would allow the M/V AURORA to call at Prince Rupert once each week to assist with mainline demand between Ketchikan and Prince Rupert during this period. The M/V LECONTE would increase service to Kake - Petersburg, and help with mainline service from Petersburg - Sitka - Juneau - Haines and Skagway. Friday service to Haines and Skagway would be restored and Hoonah - Angoon - Tenakee would receive improved service, as would Metlakatla and Prince of Wales Island.

2. SOUTHEAST MAINLINE SERVICE - \$920,000

M/V COLUMBIA - 3 weeks of additional service.

Cost \$770,000 Revenue \$790,000

M/V MALASPINA- 1 week of additional service.

Cost \$150,000 Revenue \$160,000

There are four mainline vessels operating in Southeast Alaska; the M/V's COLUMBIA, MATANUSKA, MALASPINA, and TAKU. These four vessels are scheduled to operate 3.5 fewer weeks in FY 90, than they did in FY 89. Only the M/V COLUMBIA and M/V MALASPINA will be available to make up this 3.5 week difference. This is because the other two mainline vessels are basically fully scheduled except for the two month overhaul period. Due to overhaul requirements of the vessels, the M/V MALASPINA can only make up one week of this period.

The M/V COLUMBIA therefore, is proposed to enter service three weeks early, on the week of June 1 rather than June 22 as currently scheduled. Based upon historic traffic and revenue patterns, the M/V COLUMBIA could be expected to transport some 6,000 people, 1,100 vehicles, and earn approximately \$1.25 million; \$790,000 of which would be "new" revenue, or revenue which would not be earned without the M/V COLUMBIA on-line.

The M/V MALASPINA has overhaul commitments that will not allow her to be placed in operation prior to June 11. With the additional funding the M/V MALASPINA would return to service between Prince Rupert and Skagway the week of June 11, rather than June 18. She would transport some 2,500 people and 600 vehicles during the week and earn some \$230,000, of which \$160,000 would be "new" money.

With the additional weeks of service from the M/V COLUMBIA and the M/V MALASPINA, the Southeast mainline service would be restored to FY 89 levels.

3. We would also like to request funding to provide one additional week of mainline service during May by the M/V COLUMBIA. Although this would result in more service than scheduled for FY 89, we believe it is warranted because it doesn't result in a significant cost increase to the state. This week of additional service will cost \$257,000 but will generate \$230,000 in new revenues.

The total additional funding required to restore the FY 90 schedule to an FY 89 equivalent is \$1.31 million. Estimated revenues that will be realized as a result of this increased service are \$1.21 million. If the additional M/V COLUMBIA service during May is pursued, the total additional funding required is \$1.57 million and estimated new revenues to be generated are \$1.44 million.

The Honorable Steve Cowper
Governor

-4-

November 16, 1989

Schedules for the summer service are normally published in early December, and reservations are taken starting on the first business day of the new calendar year. An early agreement on the restoration of the AMHS schedule will maximize the system revenue, reduce inconvenience to the travelling public and reduce confusion between published and actual schedules. We recommend that if this additional funding is agreeable, that legislative leadership and finance members be contacted to determine that a commitment for this service can be reached so that the AMHS may proceed to advertise the revised schedule on the first business day of the new calendar year.

cc: W. Keith Gerken, Deputy Commissioner, Operations
George Davidson, System Director, AMHS
Ron Clarke, Special Staff Assistant, Office of the Governor
Bob Evans, Legislative Liaison, Office of the Governor

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

November 3, 1989

Captain Dave Boyle
Business Agent
International Organization of
Masters, Mates & Pilots
55 Bell St.
Seattle, WA 98121

Dear Captain Boyle:

As you may know, the Senate Transportation Committee, which I chair, introduced a bill last session which would create the Alaska Marine Highway Authority. The committee is planning to hear SB 310 December 5 from 7 to 9 p.m. at the Ketchikan Legislative Information Office.

I have invited the Commissioner of Transportation and members of his staff. I've also invited Mike Wilson of the IBU-Pacific and I would like to extend an invitation to you or your designee to attend the meeting.

We plan to discuss the bill, other options (including the Governor's funding proposal), and listen to public testimony regarding the Marine Highway System. If you have a specific issue you would like the committee to hear, please don't hesitate to contact Glenda Carino of my Juneau office at 465-3743.

Hope to see you in Ketchikan on December 5.

Sincerely,

Lloyd Jones
Alaska State Senate

LJ:gmc

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettve Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchet



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

November 3, 1989

Mr. Greg O'Clary
Business Agent
Marine Engineers Beneficial Association
124 Front Street
Juneau, AK 99801

Dear Greg:

As you may know, the Senate Transportation Committee, which I chair, introduced a bill last session which would create the Alaska Marine Highway Authority. The committee is planning to hear SB 310 December 5 from 7 to 9 p.m. at the Ketchikan Legislative Information Office.

I have invited the Commissioner of Transportation and members of his staff. I've also invited Mike Wilson of the IBU-Pacific and I would like to extend an invitation to you or your designee to attend the meeting.

We plan to discuss the bill, other options (including the Governor's funding proposal), and listen to public testimony regarding the Marine Highway System. If you have a specific issue you would like the committee to hear, please don't hesitate to contact Glenda Carino of my Juneau office at 465-3743.

Hope to see you in Ketchikan on December 5.

Sincerely,

Lloyd Jones
Alaska State Senate

LJ:gmc

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourcho



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

November 17, 1989

Mr. Patrick L. Morris, Corporate Secretary
British Columbia Ferry Corporation
1112 Fort Street
Victoria, British Columbia, Canada V8V 4V2

Dear Mr. Morris:

As a follow-up to our conversation yesterday, I would like to formally invite you to attend the Alaska Senate Transportation Committee meeting on December 5, 1989 in Ketchikan. The meeting will be held from 7 p.m. to 9 p.m. in the Ketchikan Legislative Information Office, 352 Front Street, Ketchikan, Alaska. It will be teleconferenced to other southeast Alaska sites.

Other guests will include members of various unions representing workers on the ferry system, officials with the state transportation department, and two members of the House Transportation Committee.

As we discussed, we will be talking about the creation of a marine highway authority in Alaska. This is a new concept for the state and has strong support. We would like to gather more information on other autonomous ferry authorities, such as yours.

As guest speaker, please discuss the motives B.C. had in creating the B.C. Ferry Corporation. I would also like to hear your opinion of the pros and cons of running a ferry system in a separate authority.

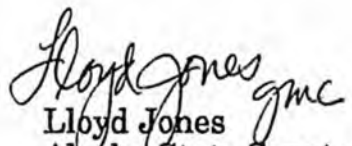
I have taken the liberty to include a copy of Senate Bill 310, which creates a separate authority governing the Alaska Marine Highway System. We anticipate to add or delete language to the bill as needed, during the hearing process, which will continue beyond this meeting. Any suggestions you may have would be greatly appreciated.

Mr. Patrick L. Morris
Page 2
November 17, 1989

If you have further questions regarding this meeting of Alaska's Marine Highway System, please do not hesitate to call Glenda Carino in my Juneau office at (907) 465-3743.

I look forward to seeing you in December.

Sincerely,


Lloyd Jones
Alaska State Senate

LJ:gmc
Enclosure (1)

cc: Members, Senate Transportation Committee
Representative Richard Foster, Chair
House Transportation Committee
Representative Bill Hudson, Member
House Transportation Committee
Commissioner Mark Hickey, DOT/PF
Jim Ayers, Marine Highway System Director
Katy McHugh, DOT/PF Legislative Liaison
Mike Wilson, IBU-Pacific
Dave Boyle, MM & P
Greg O'Clary, MEBA

ALASKA STATE LEGISLATURE

While in Ketchikan
352 Front Street
Ketchikan, AK 99901
907-225-9675



While in Juneau
P.O. Box V
Juneau, AK 99811
907-465-3743

Senator Lloyd Jones

November 22, 1989

MEMORANDUM

To: Representative Robin Taylor
From: Senator Lloyd Jones
Subj: Upcoming Meetings in the District

For your information, I will be chairing two meetings in the District this December. The first meeting will be held on December 4 in Petersburg. The Joint Committee on School Performance will hold a public hearing. Representative Cheri Davis will be attending, as she is a member of the committee, and I would like to extend an invitation to you, as part of the Southeast delegation.

On December 5 from 7 to 9 p.m. I will be chairing a Senate Transportation Committee meeting in Ketchikan regarding SB 310 - The Marine Highway Authority bill. You and Representative Cheri Davis are welcome to attend that meeting as well. Other guests include Representative Richard Foster, chair of the House Transportation Committee, and Representative Bill Hudson. Mr. Patrick Morris, Corporate Secretary of the British Columbia Ferry Corporation will be the guest speaker, and we've scheduled a teleconferenced hearing from 8 to 9 p.m.

If you're able to attend either of the meetings, please call Glenda in my Juneau office.

LJ:gmc

cc: Rep. Cheri Davis

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

October 25, 1989

MEMORANDUM

To: Senate Transportation Committee Members

Senator Bettye Fahrenkamp
Senator Paul Fischer
Senator Pat Pourchot
Senator Jack Coghill

From: Senator Lloyd Jones, Chair

Subj: December Meeting of the Senate Transportation Committee

This is follow-up notice regarding the Senate Transportation Committee meeting to be held in Ketchikan on December 5, 1989 from 7 to 9 p.m.

The main item on the agenda will be a discussion on the Marine Highway Authority Bill -- SB 310. I am also arranging for a public hearing and teleconference regarding the bill, and the Alaska Marine Highway System in general.

By copy of this memorandum, I will be inviting Commissioner Hickey and other members of his staff to attend the meeting. I also intend to invite Mike Wilson of the IBU-Pacific or his designee by copy of this memo.

Glenda Carino in my Juneau office will be calling soon to make further arrangements. If you have questions or additional agenda items, please do not hesitate to call her at 465-3743.

Thank you.

LJ:gmc

cc: Commissioner Mark Hickey, DOT
Katy McHugh, DOT Legislative Liaison
George Davidson, Marine Highway System Director
Mike Wilson, IBU-Pacific

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bette Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee November 16, 1989

Representative Richard Foster, Chair
House Transportation Committee
P.O. Box 1630
Nome, AK 99762

Dear Representative Foster:

On December 5, I will be chairing a Senate Transportation Committee meeting in Ketchikan. The meeting is being called specifically to address SB 310, relating to a Marine Highway Authority. I would like it very much if you were able to attend. Representative Bette Cato, former chair of the House Transportation Committee, and I worked very closely on both the House and Senate transportation bills and I look forward working with you in the future.

I have also taken the liberty to invite Representative Bill Hudson, as he is a former director of the System and a member of your committee; Mike Wilson of the IBU-P; Greg O'Clary of MEBA, and Captain Dave Boyle of MM & P. I'm hopeful Jim Ayers and Mark Hickey will be able to attend.

The meeting will be held from 7 to 9 p.m. Tuesday evening. Public testimony will be taken between 8 and 9 p.m. It will be teleconferenced to all Southeast sites with teleconference capabilities.

Please let me know if you will be able to attend, or call Glenda Carino in my Juneau office for more information at 465-3743.

Sincerely,

A handwritten signature in cursive script that reads "Lloyd Jones".

Lloyd Jones
Alaska State Senate

LJ:gmc

P.S. We have just confirmed that Patrick Morris, Corporate Secretary of B.C. Ferry Corporation will attend the meeting. Mr. Morris will give us his view on how a Marine Authority works in British Columbia.

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettve Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee November 16, 1989

Representative Bill Hudson
P.O. Box V
Juneau, AK 99811

Dear Bill:

On December 5, I will be chairing a Senate Transportation Committee meeting in Ketchikan. The meeting is being called specifically to address SB 310, relating to a Marine Highway Authority. I would like it very much if you were able to attend. As a member of the House Transportation Committee and a past director of the Marine Highway System, your expertise would be invaluable.

I have also taken the liberty to invite Representative Richard Foster, Chair of the House Transportation Committee; Mike Wilson of the IBU-P; Greg O'Clary of MEBA, and Captain Dave Boyle of MM & P. I'm hopeful Jim Ayers and Mark Hickey will be able to attend.

The meeting will be held from 7 to 9 p.m. Tuesday evening. Public testimony will be taken between 8 and 9 p.m. It will be teleconferenced to all Southeast sites with teleconference capabilities.

Please let me know if you will be able to attend, or call Glenda Carino in my Juneau office for more information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lloyd Jones".

Lloyd Jones
Alaska State Senate

LJ:gmc

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

Post-It™ brand fax transmittal memo 7671		# of pages > 14
To Glenda Caplan	From Ray Matiasinski	
Co. Sea-Link Sunc	Co.	
Phone # Call Glenda	Phone #	225-9082
Fax # 463-4867	Fax #	225-8576

MEMORANDUM

April 29, 1989

SUBJECT: Work Order 6-1110A, An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority

TO: Senator Lloyd Jones, Chairman
Senate Transportation Committee

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum contains a sectional summary of Work Order 6-1110A, as requested by Terry Otness of your staff.

A summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill sets out the purpose of the bill.

Section 2 of the bill amends AS 19 by adding a new chapter creating the Alaska Marine Highway Authority.

CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

ARTICLE 1. CREATION AND ORGANIZATION.

Sec. 19.70.010 establishes the Alaska Marine Highway Authority as a public corporation of the state within the Department of Transportation and Public Facilities.

Sec. 19.70.020 relates to the directors of the authority. There are seven directors of the authority: the commissioner of transportation and public facilities and six other persons appointed by the governor. The qualifications for the directors are set out.

The directors appointed by the governor serve at the pleasure of the governor for four year terms.

(1)

(1) Title 39.05.055 any board consisting of more than 3 people has to have staggered terms.

Senator Lloyd Jones

Page 2

April 29, 1989

The directors of the authority are subject to conflict of interest laws under AS 39.50.

The appointed directors of the authority are entitled to compensation in the amount of \$300 for each day they are engaged in the business of the authority. The directors also receive travel and per diem expenses.

Sec. 19.70.030 provides for the election of officers by the directors of the authority and sets the quorum for meetings of the directors.

Sec. 19.70.040 authorizes the authority to employ executive and administrative officers who serve at the pleasure of the authority. All executive and administrative officers and other employees of the authority are in the exempt service. The authority may also employ consultants and advisors.

ARTICLE 2. POWERS AND DUTIES.

Sec. 19.70.050 sets out the powers of the authority.

Sec. 19.70.055 sets out the duties of the authority.

Sec. 19.70.060 authorizes the authority to operate a ferry system under the name "Alaska Marine Highway System".

Sec. 19.70.070 requires the authority to prepare a long-range plan for development and improvement of the ferry system, in cooperation with the Department of Transportation and Public Facilities, at least every five years.

ARTICLE 3. ACQUISITION OF PROPERTY.

Sec. 19.70.080 provides that the authority may acquire land and material necessary for the construction, maintenance, or improvement of the marine highway system.

Sec. 19.70.090 provides that the authority may acquire land for the purpose of exchanging the land for other land that the authority needs to acquire.

Sec. 19.70.100 provides that the authority may vacate land or rights in land held by the authority. The authority may also transfer its surplus lands to the Department of Natural Resources for disposal. The proceeds of the disposal shall

SENATOR LLOYD JONES
Page 3
April 29, 1989

be returned to the source of funds from which the original purchase of the land was made.

ARTICLE 4. FERRY TERMINAL FACILITIES.

Sec. 19.70.110 authorizes the authority to construct, purchase, or lease ferry terminal facilities and to maintain these facilities.

Sec. 19.70.120 authorizes the authority to connect ferry terminal facilities with local highway systems.

Sec. 19.70.130 authorizes the authority to adopt regulations regarding the use of ferry terminal facilities by the public.

Sec. 19.70.140 exempts ferry terminal facilities that were in existence on January 1, 1959 from AS 19.70.110 - 19.70.140.

ARTICLE 5. GENERAL PROVISIONS.

Sec. 19.70.150 provides that the authority shall annually submit a report to the governor and legislature regarding its operations, income, and expenditures for the preceding fiscal year.

Sec. 19.70.160 provides that the authority shall have its financial records audited annually and that the legislative auditor may prescribe the form and content of the financial records of the authority.

Sec. 19.70.170 provides that the authority is subject to the Executive Budget Act, like other state agencies, and that the expenditures of the authority are subject to appropriation by the legislature.

Sec. 19.70.180 provides that the vessels of the authority shall be named by law.

Sec. 19.70.199 sets out the definitions of "authority", "capital improvement", and "ferry".

Sec. 19.70.200 provides that this chapter may be cited as the Alaska Marine Highway Authority Act.

Senator Lloyd Jones

Page 4

April 29, 1989

Sections 3 - 5 of the bill amend AS 35.27 to provide that the Alaska Marine Highway Authority is solely responsible for implementation of the "Hart in public places" program for vessels and facilities of the authority.

Section 6 of the bill amends AS 39.25.110 to provide that the officers and employees of the Alaska Marine Highway Authority are in the exempt service.

Section 7 of the bill amends AS 39.50.200(b) to provide that directors of the authority are subject to the conflict of interest law (AS 39.50).

Sections 8 and 9 of the bill amend AS 40.42.020 in order to transfer the authority of the Department of Transportation and Public Facilities over the planning, design, construction, maintenance, management, and operation of the facilities, vessels, and equipment of the marine highway system to the Alaska Marine Highway Authority.

Section 10 of the bill repeals AS 19.60 (Ferry Terminal Facilities) and AS 19.65 (Alaska Marine Highway System), which have been replaced by AS 19.70 as contained in sec. 2 of this bill.

GU:lmb
L7/082

ALASKA STATE LEGISLATURE



1954
Session, 1st
February 22, 1954

Committee on Education

To the Honorable Speaker of the House of Representatives
and the Honorable President of the Senate

Subject: *Education of the Deaf*
Legislation

Date: *February 27, 1954*

1. That the Commission on Education, created by Chapter 10, Act of the Legislature of 1953, has the honor to submit to you the following report:

2. The Commission has the honor to report that it has held public hearings on the subject of the education of the deaf in Alaska, and that it has received many suggestions from the public and from the deaf themselves. It has also held a series of conferences with the Alaska Division of the National Association of the Deaf, and with the Alaska Division of the National Association of the Hearing Impaired.

3. The Commission has the honor to report that it has found that the present system of education for the deaf in Alaska is inadequate, and that it is necessary to provide for the education of the deaf in Alaska on a permanent basis.

4. The Commission has the honor to report that it has found that the present system of education for the deaf in Alaska is inadequate, and that it is necessary to provide for the education of the deaf in Alaska on a permanent basis.

5. The Commission has the honor to report that it has found that the present system of education for the deaf in Alaska is inadequate, and that it is necessary to provide for the education of the deaf in Alaska on a permanent basis.

MEMORANDUM

TO: Lloyd
FROM: Ray
DATE: November 15, 1989
SUBJECT: Marine Highway Budget Figures

The legislature funded the AMHS for a total of \$64,284,800 for FY 90. This figure is up from \$64,040,400 in FY 89.

Same as other years

It is true that in FY 90 about \$1,387,900 of the total figure came in the form of CIP Receipts, so the total funded directly from the GF was \$62,897,100.

A comparison of funding levels is as follows:

FY 89 Authorized \$64,040,400
FY 90 Governor's Amended \$65,327,800
FY 90 Authorized \$64,284,800

The reduction from the Gov's amended figure to the FY 90 authorized is about \$1,043,000, and is comprised solely of non allowance of health care benefit increases. All State agencies took similar cuts in the last session. The net result of all of this is that we are \$244,400 ahead of the FY 89 funding level.

FY 89 Adjusted for CIP \$62,615,800
FY 90 Adjusted for CIP \$62,897,100

Even after adjusting for the CIP portion of the funding, FY 90 is ahead of FY 89 by \$281,300.

ALASKA STATE LEGISLATURE

While in Ketchikan
352 Front Street
Ketchikan, AK 99901
907-225-9675



While in Juneau
P.O. Box V
Juneau, AK 99811
907-465-3743

Senator Lloyd Jones

March 19, 1990

MEMORANDUM

To: Senator Pourchot, Chairman
Senate State Affairs Committee

From: Senator Jones *LJ*

Subj: CSSB 310

The committee substitute bill SB 310 would establish a seven member commission to hire the director of the Alaska Marine Highway System and set long term policies, as well as give advice and recommendations on operation of the ferries. The system would remain within DOT/PF.

This new measure will give the AMHS a more consistent management structure that will be needed to cope with the many challenges and opportunities on the system's horizon. Many serious issues will have to be dealt with in the coming years. Vessel replacement and/or refurbishment, other capital investment necessities, dwindling State revenues that will impact funding for all programs, and long range planning needs are just some of these important concerns.

Replacing the director with every change in the Commissioner of DOT/PF or Governor's office simply does not allow continuity of direction, management or purpose. The director must be assured of the opportunity to not only implement positive changes in the system, but the time and resources to carry them out.

With this in mind, Senator Duncan and I have been working on the draft committee substitute for SB 310. The new bill combines elements of SB 310 and SB 473, different measures that address the problems of disjointed long term policy and inconsistent management of the Alaska Marine Highway System. We feel that this new legislation is a positive and achievable step towards ensuring a better management function for our ferries.

SB310:

I would like to thank the Committee for hearing Senate Bill 310. This is an important measure that, if passed, will help the Alaska Marine Highway System develop a professional and consistent management structure that it badly needs.

When I originally introduced the bill, it called for an autonomous Authority, separate from the Department of Transportation and Public Facilities, as the Akers report in your packets recommends. While I still feel that is a worthy goal, I came to the conclusion that, at this time, it is too drastic a step to be accepted by all of the parties involved. An incremental step towards that goal seems to be a more achievable ambition.

With that thought in mind, I cooperated with Senator Duncan on drafting the bill you now have before the committee, which is comprised of elements of both SB310 and Senator Duncan's SB473. This committee substitute addresses what I consider to be two of the most important aspects of the original bill; giving the system a better sense of direction and long term policy, and separating the system director's position from constant changes in Governor and Commissioner of DOT/PF offices.

The Commission established by this bill would be made up of Alaskans familiar with both operating a maritime operation and our own unique marine highway system. We feel that the criteria put forth for the membership of the Commission would give us a broad based and knowledgeable body that would be of great value to the system.

Constant changes in the director's office have led to a lack of direction and consistent management of the AMHS. A consistent professional presence in the director's office would also go a long way towards putting the system on the right course. Hiring and advising the director would be a large part of the Commission's role. This approach will allow the director to implement and carry out positive changes to benefit both the users and operations of the ferries.

This session we have been working on several important measures that will help us to gain the maximum benefits of this unique transportation system. SB310 is an important part of that package of bills. This system is a plus for not only the residents of those communities that depend on it for their sole surface transportation link, but also for all Alaskans and many of the visitors who come to our state. I urge you to support this effort to improve our marine highway system.

SOUTHEAST CONFERENCE

P.O. Box 22286

Juneau, Alaska 99802

March 8, 1990

The Honorable Jim Duncan
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, AK 99811

Dear Senator Duncan:

The Southeast Conference, an organization representing the cities and towns of Southeast Alaska, is seriously concerned about the status of our Marine Highway.

Once the pride of ALL Alaskans, the highway has experienced a steady decline in service.

The deterioration is excessive with marine highway vessels on a non-active status more than 50% of the time resulting in a 10% "road closure" in some regions compared to the service offered just three years ago. Imagine what impact this would have on residents throughout interior Alaska if their primary highways suffered the same fate.

But at the same time traffic on Alaska's uniquely different highway increased almost ten percent and generated revenues that subsidized almost sixty percent of it's basic costs - making it Alaska's cheapest major transportation system on a per lane mile basis.

The Marine Highway is Alaska's most important intrastate link, knitting together all Alaskan communities to a surface route that spans 3500 miles from the Aleutian Islands, through Southeast Alaska to its termination in the lower 48. More than 34% of the traffic on the highway are folks traveling to and from westward and interior Alaska.

One of the primary mandates to the state is to provide adequate public transportation for its citizens. Alaska's 1990 budget reflects a 19% DECREASE in general funding during the past 5 years to maintain our Marine Highway. We liken this decision to a "death spiral" for the system.

We are seeking your support to "upgrade" the Highway this legislative session and in order to appraise your constituents of the highway's importance have initiated an information campaign throughout the state (copy attached).

Sincerely,



Ted Ferry, President
Southeast Conference

March 8, 1990

Letter to the Editor:

To ALL Alaskans,

The longest state operated highway in the U.S.A. is in a serious state of disrepair and in jeopardy of "emergency" closures.

Once the pride of ALL Alaskans, Alaska Marine Highway service has steadily declined.

The deterioration is excessive with marine highway vessels on a non-active status more than 50% of the time resulting in a 10% "road closure" in some regions compared to the service offered just three years ago. Imagine what impact this would have on residents throughout interior Alaska if their primary highways suffered the same fate.

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One of the primary mandates to the state is to provide adequate public transportation for its citizens. Alaska's 1990 budget reflects a 19% DECREASE in general funding during the past 5 years to maintain our Marine Highway. We liken this decision to a "death spiral" for the system.

Please support our efforts to "save" this vital All-Alaska highway by expressing your concern to your elected state officials during this legislative session.



Ted Ferry, President
Southeast Conference



Grand Camp
Alaska Native Brotherhood

Resolution No. 46

Title: In Support of Senator Jim Duncan's recommendation regarding the Alaska State ferry System

Whereas: Senator Jim Duncan has put together four major recommendations regarding the Alaska Marine Highway system, and

Whereas: Those recommendations will go a long way in the enhancement and improvement of the ferry service in Southeast, Alaska, and

Whereas: Planning for the ferry system needs to occur in order to capitalize on Southeast Alaska's only transportation link to other Alaskan communities and the lower 48, and

Whereas: Senator Duncan's recommendations are:

1. There is a need for long term planning for the Alaska marine highway system,
2. There is a need for adequate level of funding,
3. There is a need to improve ferry service, possibly the establishment of a "fast ferry" program or an increased number of sailings to more adequately serve Southeast, Alaska communities.
4. There is a need to plan for replacement vessels.

Now therefore be it resolved that the Grand Camp Alaska Native brotherhood and the Alaska Native Sisterhood assembled in Hoonah, Alaska strongly support the recommendations of Senator Jim Duncan for improving the Alaska Marine Highway system.

Certification:

I certify that this resolution was adopted at the ANB/ANS convention at Hoonah, Alaska during the week of Nov. 6-11, 1989.

Albert Kookesh
Albert Kookesh
Grand Secretary

Richard Stitt
Richard Stitt
Grand President

Alaska State Legislature

COMMITTEES:
FINANCE
VICE CHAIR -
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT



SENATOR JIM DUNCAN

P.O. Box V JUNEAU, ALASKA 99811-3100

(907) 465-4766

FOR IMMEDIATE RELEASE
February 12, 1990
Contact: Pete Carran
465-4766

ALASKA MARINE HIGHWAY COMMISSION PROPOSED BY SENATOR DUNCAN

The Director of the Alaska Marine Highway System would be appointed by a five member commission established by Senate Bill 473 introduced today by Senator Jim Duncan of Juneau.

"This approach will provide continuity of management in order to promote efficiency in the operation of the system," Senator Duncan says. "Currently, system management changes with each change in the state administration. This measure is intended to provide an overlapping of system management from one administration to the next. This is a necessary step in order to help ensure sound system management."

Under terms of the measure, commission members are appointed by the Governor to five year terms on a staggered basis. At least three members must be from communities served by the Marine Highway System. The duty of appointing a system director is now the responsibility of the Commissioner of the Department of Transportation and Public Facilities.

Senator Duncan feels the management approach proposed in his bill is better equipped to deal with the important issues now facing the system. "There's a need for long term planning, maintaining an adequate level of funding, improving service including establishing a fast ferry program, and developing a plan for replacement of the fleet. Strong and long term management is needed to deal with these issues."

In addition to appointing a system director, the commission is responsible for advising and making recommendations on schedules and tariffs; management, planning and construction of facilities; replacement, refurbishing, and overhaul of vessels; and operating and capital costs. The measure also directs the commission to conduct public meetings on the operation of the system including proposed tariff increases or scheduling changes and to provide an annual report to the Governor and Legislature.

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

Agenda

December 5, 1989

7 p.m. - 9 p.m.

Public Hearing

8 p.m. - 9 p.m.

Ketchikan Legislative Information Office

- I. Call to Order
- II. Chair's General Comments
- III. Members General Comments
- IV. SB 310 - Establishing a Marine Highway Authority
 - A. Introduction of Guests
 - B. Guests Comments
 1. Mr. Patrick Morris, Corporate Secretary
British Columbia Ferry Corporation *B. L. Long*
P. L. Morris
 2. Representative Richard Foster, Chair
House Transportation Committee
 3. Representative Bill Hudson, Member
House Transportation Committee and Former
Director of the Marine Highway System
 4. Jim Ayers, Director
Alaska Marine Highway System
 5. Mike Wilson, Business Agent
Inland Boatmen's Union of the Pacific
 6. Captain Dave Boyle, Business Agent
International Organization of Masters, Mates & Pilots
 - C. Committee Discussion & Questions
 - D. Public Testimony
- V. Old Business
- VI. New Business
- VII. Adjournment

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811
907-465-4921

Senate Transportation Committee

November 29, 1989

MEMORANDUM

To: Mike Wilson and Mark Hutson
IBU-P

From: Glenda Carino *Glenda Carino*

Subj: Labor Negotiations Questions re: SB 310

Attached, please find a copy of a memo from Teresa Cramer, Legislative Counsel. There are several labor negotiation questions pertinent to SB 310 which are answered in that memo.

Specifically, your questions include:

- Are the terms of the Directors staggered?

Under Title 39.05.050, any board with more than 3 people must have staggered terms for its directors.

- Who would represent the Authority during negotiations with the union?

According to Ms. Cramer, AS23.40.040 must be amended if we wish to have the Board or its designee negotiate labor contracts. This would not preclude the Board asking the labor relations division to negotiate. However, the details are yet to be hammered out.

- Does our bill protect PERA rights to negotiate?

Our bill envisions that employees working for the Marine Highway System will continue to be state employees. Again, referencing Ms. Cramer's memo: *Under the definition of public employer, an authority established by law is obligated to bargain collectively with its employees in accordance with PERA.*

If there are further questions, please don't hesitate to call me. I will be leaving Juneau on Sunday December 3 for Petersburg and Ketchikan. If you would like further information on these or any other questions, please call me prior to Friday December 1.

MEMORANDUM

TO: Glenda
FROM: Ray
DATE: October 30, 1989
SUBJECT: Questions regarding AMHS Authority Bill

The following are questions the IBU leadership is concerned with. We should be able to answer them at the Transportation Committee meeting in December. The union is having an executive board meeting at late in November, and it would be nice to address them at this meeting.

- Are the terms of the Directors staggered? Lines 12-18 on page 2 shows 4 year terms for all directors.
- The employees must be able to participate in PERS and SBS. Is this protected under our authority bill?
- Does our bill protect PERA rights to negotiate?
- Who would represent the Authority during negotiations with the union? It can't be the board of directors, can it?

STATE OF ALASKA
THE LEGISLATURE

DOUGH • STATE CAPITOL
BUREAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

November 27, 1989

SUBJECT: Collective bargaining for a Marine Highway Authority (Work Order No. 6-1723 and SB 310)

TO: Senator Lloyd Jones

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested an overview of state employee labor relations and, in particular, you have requested an explanation of how existing law would have to be changed to permit a Marine Highway Authority such as the one established in SB 310 to negotiate directly with its employees rather than negotiating through the labor relations division of the Department of Administration.

The Public Employment Relations Act (PERA) (AS 23.40.070 - 23.40.260) governs collective bargaining for most state employees, as well as for municipal employees. The definition of public employee includes employees whether or not they are in the classified service of the employer. (See definitions of "public employee" and of "public employer" in AS 23.40.250(6) and (7).) Under the definition of "public employer," an "authority established by law" is obligated to bargain collectively with its employees in accordance with PERA. Therefore, unless there are contrary provisions elsewhere in the law, a Marine Highway Authority established under a bill such as SB 310 would be obligated to bargain under PERA with those of its employees who had elected to organize into a bargaining unit.

In addition to PERA, there are specific provisions for collective bargaining by employees of the marine highway system. Under AS 23.40.040, the commissioner of transportation and public facilities or an authorized representative of the commissioner may bargain collectively with employees of the state ferry system. To transfer the power to conduct labor negotiations to the Marine Highway Authority, this section should be amended. PERA itself does not address who con-

*Change
AS 23.40.040
and keep everything
use as SB 310
and you
can hire your
own rep.*

Senator Lloyd Jones

Page 2

November 27, 1989

ducts negotiations for the governmental employer. Assignment of this responsibility to the division of labor relations in the Department of Administration is an internal decision of the executive branch.

The Alaska Railroad retains its own collective bargaining system for its employees. Under AS 42.40.720, PERA does not apply to the railroad. The employees bargain directly with the railroad corporation. Because the structure for conducting labor relations activities set out in PERA is inapplicable, the railroad statutes contain substitute provisions. If you wish the provisions of PERA concerning such issues as the formation of bargaining units, the conduct of negotiations, and unfair labor practices, to apply to the marine highway system labor relations, then the extensive provisions provided for railroad employment relations are unnecessary. If you wish to vary from the standard structure, then the desired variations should be set out in statute.

If I may be of further assistance, please advise.

TBC:lmb
L8/067

But does this mean the division of labor relations must negotiate with the board of the railroad? Who specifies who negotiates with the employees?

**ALASKA RAILROAD
CORPORATION**



Larry J. Houle
Director, Real Estate

421 W. 1st Ave. / P.O. Box 107500 / Anchorage, Alaska 99510-7500
(907) 265-2465 / Telefax (907) 265-2443

To: Larry Wood

Alaska Railroad Corporation

Re: Executive Order #77.

From: LOREN K. STANTON

Sen. Jones FAX # 465-3922



BRITISH COLUMBIA
FERRY CORPORATION

December 19, 1989

Ms. Glenda Carrino
Executive Assistant to
Senator Lloyd Jones
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811
U.S.A.

Dear Ms. Carrino:

Please find enclosed my speaking notes from December 5, 1989.

I apologize for the delay in sending them to you.

Yours very truly,

A handwritten signature in cursive script, appearing to read "P.L. Morris".

P.L. Morris
Corporate Secretary

PLM/lc
encl.

P.L. MORRIS
SPEAKING NOTES
KETCHIKAN, ALASKA
DECEMBER 5, 1989

GOOD EVENING LADIES AND GENTLEMEN. I WOULD LIKE TO BEGIN BY THANKING THE CHAIRMAN, SENATOR JONES AND MEMBERS OF THE COMMITTEE FOR INVITING ME HERE TONIGHT TO SPEAK TO YOUR PROPOSED BILL. THE BRITISH COLUMBIA FERRY CORPORATION HAS ALWAYS CONSIDERED THE ALASKA MARINE HIGHWAY SYSTEM TO BE A PARTNER AT PRINCE RUPERT, AND WE HAVE BENEFITED FROM THE MUTUAL SUPPORT AND ENCOURAGEMENT. ALSO, I WOULD LIKE TO CONVEY BEST REGARDS FROM OUR CHAIRMAN OF THE BOARD, BILL LONG, AND OUR GENERAL MANAGER, ROD MORRISON.

BY WAY OF PREAMBLE, I THINK I SHOULD TELL YOU SOMETHING OF MY OWN POSITION. AS CORPORATE SECRETARY AT THE BRITISH COLUMBIA FERRY CORPORATION, I AM SECRETARY TO THE BOARD OF DIRECTORS, MAINTAINING ITS RECORDS AND ENSURING THAT IT RECEIVES THE BRIEFING MATERIALS IT NEEDS TO EFFECTIVELY DO ITS JOB. THE SECOND MAJOR PART OF MY JOB IS TO ACT AS A POLICY ANALYST, ASSESSING THE IMPACT OF PROPOSED ACTIONS, IN A FORM SUITABLE FOR REVIEW BY THE BOARD OR ITS COMMITTEES. THE THIRD MAJOR FUNCTION IS TO PROVIDE THE DAY-TO-DAY LIAISON BETWEEN SENIOR MANAGEMENT AND THE BOARD. THIS MOSTLY MEANS ADVISING AND ASSISTING THE MANAGEMENT TEAM IN RESPONDING TO THE CONCERNS, LARGE OR SMALL, THAT THE BOARD MAY EXPRESS.

WHEN SENATOR JONES INVITED ME TO SPEAK TO THE COMMITTEE, HE ASKED ME TO ADDRESS 3 MAIN AREAS:

FIRSTLY, THE MOTIVES WHICH THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA HAD IN ESTABLISHING THE BRITISH COLUMBIA FERRY CORPORATION;

SECONDLY, THE CONSEQUENCES OR RESULTS OF OPERATING UNDER THAT STRUCTURE;

AND THIRDLY, HE ASKED IF I MIGHT COMMENT ON ANY PARTICULARS OF THE BILL OR ITS LANGUAGE.

I INTEND TO STRUCTURE MY REMARKS ALONG THESE LINES, BUT I WOULD LIKE TO SAY AT THE OUTSET THAT I WOULD CERTAINLY NOT PRESUME TO ADVISE ON THE PRINCIPLES OF THE BILL.

MOTIVES FOR INCORPORATION

THE GOVERNMENT OF BRITISH COLUMBIA HAD SEVERAL PURPOSES IN MIND FOR ESTABLISHING THE BC FERRY CORPORATION IN 1977. THE FERRY SERVICE WHICH NOW OPERATES UNDER THE CORPORATION ACTUALLY COMMENCED BUSINESS IN JUNE OF 1960, WITHIN THE BRITISH COLUMBIA TOLL HIGHWAYS AND BRIDGE AUTHORITY. IN THIS FORM, THE SYSTEM WAS MORE OR LESS FREE-STANDING. IN 1968 THE BC FERRY AUTHORITY WAS DISBANDED AND THE OPERATIONS OF THE FERRY SYSTEM WERE ROLLED INTO THE DEPARTMENT OF TRANSPORT AND COMMUNICATIONS. IN 1976 THE GOVERNMENT CAME TO THE CONCLUSION THAT MANY OF THE PROBLEMS OF THE FERRY SYSTEM COULD BE BETTER ADDRESSED WITHIN THE STRUCTURE OF A CROWN CORPORATION, AND THIS IS HOW WE HAVE ARRIVED AT OUR CURRENT SITUATION.

THE MINISTER OF THE DAY IDENTIFIED SEVERAL REASONS FOR OPERATING THE FERRY SYSTEM UNDER A CROWN CORPORATION:

- (A) FOR THE CORPORATION TO REPORT AND OPERATE AS A SEPARATE ENTITY WHICH OPERATES SUBSTANTIALLY ALONG BUSINESS LINES.
- (B) FOR THE CORPORATION TO HAVE A REASONABLE DEGREE OF OPERATING INDEPENDENCE.
- (C) FOR THE CORPORATION TO REPORT ITS FINANCIAL RESULTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, AND;
- (D) FOR THE CORPORATION TO BE RESPONSIBLE FOR ITS FUTURE CAPITAL EXPENDITURES (MEANING THAT CAPITAL EXPENDITURES WOULD BE DEPRECIATED AND, GENERALLY, FINANCED THROUGH DEBT).

DURING THE DEBATE IN THE LEGISLATURE, REFERENCE WAS ALSO MADE:

- (A) TO THE CORPORATION'S ABILITY TO TAKE INDEPENDENT ACTION AND TO BE RESPONSIBLE FOR ITS ACTIONS.
- (B) TO UNDERTAKE LABOUR NEGOTIATIONS IN ITS OWN RIGHT
- (C) TO BE MORE ACCOUNTABLE TO THE PUBLIC AND
- (D) TO BE ABLE TO IDENTIFY ITS COSTS OF OPERATION ACCURATELY.

THE LEGISLATURE ALSO LOOKED FORWARD TO GREATER STABILITY, AND A RETURN TO ACCOUNTABILITY. IT WAS A SUBSTANTIAL AIM OF THE GOVERNMENT TO HAVE THE OPERATING RESULTS OF THE CORPORATION IMPROVE TO THE POINT WHERE THE LEVEL OF SUBSIDIZATION WOULD BE, AT LEAST, ACCEPTABLE.

BASICALLY THE GOVERNMENT WAS FACED WITH A SIGNIFICANT FINANCIAL PROBLEM. IT HAD AN OPERATING ENTITY WHICH WAS LOSING SUBSTANTIAL AMOUNTS OF MONEY (APPROXIMATELY \$48 MILLION IN FISCAL 75-76) WITH NO TURNAROUND IN SIGHT. IN ADDITION, EMPLOYEE MORALE WAS POOR, THE LABOUR RELATIONS CLIMATE WAS ALSO POOR AND THE SYSTEM HAD A REPUTATION FOR WILDCAT STRIKES. I BELIEVE FROM LOOKING AT THE RECORDS OF THE DAY, THAT THE GOVERNMENT HOPED THAT BY GIVING THE CORPORATION CONTROL OVER ITS OPERATING PRACTICES, THE DIRECTORS AND MANAGEMENT OF THE NEW CORPORATION WOULD BE ABLE TO TAKE UP THE CHALLENGE AND SOLVE THE PROBLEMS WHICH THE STRUCTURE OF GOVERNMENT WAS NOT ABLE TO ADDRESS. THAT WAS THE BASIC SITUATION IN 1976.

CONSEQUENCES

THERE IS NO QUESTION IN MY MIND THAT THE CORPORATE STRUCTURE HAS BEEN BENEFICIAL FOR THE OPERATION OF A SYSTEM SUCH AS BC FERRIES. THE APPOINTMENT OF AN INDEPENDENT BOARD OF DIRECTORS, COMPOSED OF PRIVATE CITIZENS, HAS GIVEN THE CORPORATION A POLICY-MAKING BODY WHICH ACTS AS A BUFFER BETWEEN MANAGEMENT AND THE POLITICAL SYSTEM, AND ALSO PROVIDES A FILTER FOR PUBLIC INPUT. THIS

INDEPENDENCE ON THE PART OF THE BOARD EMPHASIZES THE INDEPENDENCE OF MANAGEMENT TO CONSIDER AND RECOMMEND POLICIES FOR THE CORPORATION WHICH MAY NEVER HAVE BEEN CONSIDERED BY INDIVIDUAL MINISTERS (AS WOULD HAVE BEEN TRUE UNDER THE "DEPARTMENTAL" STRUCTURE).

PROBABLY THE GREATEST ADVANTAGE THAT HAS ARISEN FROM THIS, HAS BEEN THE ABILITY OF THE CORPORATION TO MANAGE ITS LABOUR RELATIONS MORE EFFECTIVELY. THE CORPORATION HAS NOT LOST TIME DUE TO STRIKES IN THE LAST 10 YEARS AND HAS, GENERALLY SPEAKING, NEGOTIATED ITS LABOUR CONTRACTS SUCCESSFULLY BEFORE THE EXPIRATION OF THE PREVIOUS CONTRACT. WE HAD SOME TENSE MOMENTS IN 1988 WHEN THE DEAL WAS EVENTUALLY SIGNED, I BELIEVE, 36 HOURS AFTER THE PREVIOUS CONTRACT HAD EXPIRED. MANAGEMENT HAS COME TO EXPECT GOOD AND HONEST LABOUR RELATIONS AND I BELIEVE WE HAVE ACHIEVED THAT, PRIMARILY THROUGH GOOD MOTIVATION. BEYOND THE ACTUAL LABOUR RELATIONS ISSUE, THE MOTIVATION OF BOTH MANAGEMENT AND HOURLY EMPLOYEES IS FOSTERED BY A SENSE OF IDENTITY AND A SENSE OF SERVICE THAT WE HAVE SOUGHT TO ENCOURAGE. IT IS INTERESTING TO NOTE THAT ON THE VERY DAY IN 1976 THAT THE LEGISLATION WAS INTRODUCED TO INCORPORATE BC FERRIES, THE GOVERNMENT ALSO ANNOUNCED THE APPOINTMENT OF AN INDUSTRIAL INQUIRY COMMISSIONER TO HELP CALM THE BITTER LABOUR RELATIONS CLIMATE OF THAT TIME. THIS IS GENERALLY CONSIDERED TO BE A VERY SERIOUS STEP AND IS ONE OF THOSE STAGES BEYOND MEDIATION WHEN THE PARTIES HAVE FAILED TO AGREE TO ARBITRATION. AS I SAID, THINGS HAVE PROGRESSED TREMENDOUSLY SINCE THAT TIME.

THE CORPORATION'S PUBLIC RESPONSIVENESS HAS ALSO IMPROVED TREMENDOUSLY. WHILE THE CORPORATION AVOIDS DISCUSSING WITH THE PUBLIC ISSUES WHICH ARE NOT SOLELY WITHIN ITS CONTROL (WHICH INCLUDES FARE LEVELS), IT CONSULTS ON A REGULAR BASIS WITH THE ISLANDS IN ESTABLISHING SCHEDULES OF SERVICE. THERE ARE LOCAL TRANSPORTATION COMMITTEES THROUGHOUT THE SERVICE AREAS, WITH WHICH MANAGEMENT DISCUSSES ANY CHANGE IN SCHEDULE, WHETHER

MOTIVATED BY THE CORPORATION OR BY THE COMMUNITIES. THE TRANSPORTATION COMMITTEES ARE GIVEN THE OPPORTUNITY TO DISCUSS PROPOSALS WITH THE RESIDENTS AND, WHEREVER POSSIBLE, SCHEDULES ARE PROMULGATED WITH THE APPROVAL OF THE ISLAND TRANSPORTATION COMMITTEES. THIS DOES NOT IMPLY THAT EXCESSIVE CAPACITY IS PROVIDED OR THAT UNAFFORDABLE SERVICE IS PROVIDED. IT DOES, HOWEVER, GIVE LOCAL REPRESENTATIVES OPPORTUNITIES TO UNDERSTAND A LITTLE MORE ABOUT THE CORPORATION'S BUSINESS, AND MAINTAINS THE LINES OF COMMUNICATION ON ISSUES OF MUTUAL CONCERN.

THE FINANCIAL SIDE OF THE EQUATION WAS PROBABLY THE MOST SIGNIFICANT ISSUE FOR THE GOVERNMENT. JUST BEFORE INTRODUCING THE FERRY CORPORATION LEGISLATION IN 1976, THE GOVERNMENT INCREASED FARES BY 100%. AS YOU CAN IMAGINE THIS GENERATED AN ENORMOUS OUTCRY. THESE INCREASES, HOWEVER, HAD COME AFTER 16 YEARS OF NO INCREASES WHATSOEVER. MANY COMMENTS ON THE SITUATION INCLUDED THE FACT THAT, HAD THE GOVERNMENT INCREASED THE RATES YEAR BY YEAR, THERE WOULD HAVE BEEN NOTHING LIKE THE RESPONSE THAT OCCURRED. SO THE FINANCIAL REPORTING ISSUES WERE OF MAJOR SIGNIFICANCE. ONE OF THE COMPONENTS OF THIS IS THE ISSUE OF DEPRECIATION. DEPRECIATION IS NOT A FACTOR IN GOVERNMENT ACCOUNTING, INASMUCH AS EVERY EXPENDITURE, REGARDLESS OF ITS NATURE, IS AN EXPENSE IN THE YEAR IN WHICH IT'S INCURRED. HOWEVER, THE FERRY CORPORATION IS REQUIRED BY ITS ACT THAT, I QUOTE, "IN FIXING FARES, TOLLS AND OTHER CHARGES [IT] SHALL GIVE CONSIDERATION TO THE COSTS OF OPERATING AND MAINTAINING FERRY TERMINALS AND OTHER PROPERTIES AND ASSETS AND THE AMOUNT REQUIRED ANNUALLY TO MEET DEPRECIATION AND INTEREST CHARGES". IN THIS WAY THE CORPORATION IS FIRSTLY REQUIRED TO DEPRECIATE ITS ASSETS, BUT IT IS ALSO REQUIRED TO PAY FOR ITS ASSETS ON ITS OWN ACCOUNT THAT IS, THE GOVERNMENT DOESN'T BUY NEW ASSETS FOR THE CORPORATION. ANOTHER PART OF THE PROBLEM HAD BEEN THAT WITHIN THE MINISTRY ACCOUNTING SYSTEMS, SERVICES THAT WERE PROVIDED BY OTHER MINISTRIES WERE NOT ACCOUNTED FOR, AND THEREFORE, COULD AMOUNT TO

HIDDEN SUBSIDIES. VARIOUS THINGS COULD FALL INTO THIS CATEGORY INCLUDING:

- TRAFFIC CONTROL WORKERS SUPERVISING THE FLOW OF TRAFFIC OUTSIDE THE FERRY TERMINALS,
- THE SERVICES OF PURCHASING OFFICERS WORKING IN THE GOVERNMENT-WIDE PURCHASING COMMISSION,
- THE SERVICES OF THE PERSONNEL OFFICERS EMPLOYED BY THE PUBLIC SERVICE COMMISSION,
- OR THE ENGINEERING AND CONTRACT SUPERVISION SERVICES PROVIDED BY THE MINISTRY OF HIGHWAYS ON THE CONSTRUCTION OF TERMINALS.

IN TOTAL THESE COULD REPRESENT SIGNIFICANT EXPENDITURES WHICH WOULD NOT BE ACCOUNTED FOR IN THE RECORDS OF THE FERRY SERVICE. THERE WAS CONCERN THAT NO ONE REALLY KNEW THE TRUE COST OF OPERATING THE FERRY SERVICE, FIRSTLY BECAUSE OF THE NATURE OF GOVERNMENT ACCOUNTING WITH BOTH CAPITAL AND OPERATING EXPENSES THROWN TOGETHER AND DISTORTING YEAR TO YEAR COSTS, AND THE POSSIBLY SIGNIFICANT HIDDEN SUBSIDIES FLOWING FROM OTHER AREAS OF GOVERNMENT. OF COURSE THE BASIC QUESTION WAS HOW TO SET A REASONABLE PRICING STRUCTURE WHEN THERE WAS NO CLEAR IDEA OF HOW MUCH THE SERVICES WERE COSTING. THE CORPORATION NOW PAYS FOR ALL OF THE SERVICES IT OBTAINS, WHETHER FROM THE PRIVATE SECTOR OR FROM OTHER AREAS OF GOVERNMENT. IN ADDITION, WE HAVE PROGRESSED IN ALLOCATING COSTS TO THE VARIOUS ROUTES OPERATED SO THAT WE CAN UNDERSTAND THAT SOME ROUTES ARE MORE ECONOMIC THAN OTHERS. THAT IS WHERE THE SUBSIDY COMES IN.

WHEN THE CORPORATION WAS FORMED, IT WAS GRANTED AN "ANNUAL HIGHWAY EQUIVALENT SUBSIDY". THIS WAS TO BE BASED ON THE COST OF OPERATING AND MAINTAINING HIGHWAYS IN DIFFICULT COASTAL TERRAIN, AND AMOUNTED IN THE FIRST YEAR TO ABOUT \$25M. OVER THE COURSE OF TIME, IT ROSE WITH THE CONSUMER PRICE INDEX. HOWEVER, THIS SUBSIDY STRUCTURE HAD NO MOTIVATIONAL EFFECT AND IN FACT THE CORPORATION REPORTED SUBSTANTIAL SURPLUSES IN THE LATE 1970'S. WHEN THE RECESSION OF THE EARLY 1980'S STRUCK, THE GOVERNMENT

DETERMINED THAT A CONSTANTLY RISING SUBSIDY WAS INAPPROPRIATE, AND ACCORDINGLY A SUBSIDY LEVEL WAS "NEGOTIATED", AT A SIGNIFICANTLY LOWER LEVEL. THE FINANCIAL PICTURE OF THE CORPORATION IS NOW SUCH THAT A 10-YEAR FINANCIAL PLAN HAS BEEN DEVELOPED. THIS PLAN HAS BEEN ABLE TO ASSURE THE GOVERNMENT OF THE SOUNDNESS OF THE CORPORATION'S SITUATION AND IT HAS BEEN AGREED THAT THE GOVERNMENT WILL PROVIDE A SUBSIDY OF \$51M TO THE CORPORATION IN EACH OF THE NEXT 10 YEARS. AS INFLATION ERODES THE PURCHASING VALUE OF THE \$51M, INCREASES IN OPERATING COSTS WILL HAVE TO BE MET BY FARE-BOX REVENUE ARISING EITHER THROUGH FARES, FOR WHICH WE HAVE PROMISED INCREASES IN LINE WITH INFLATION, OR INCREASES IN TRAFFIC. ANY SHORTFALL IN TRAFFIC WILL HAVE TO BE MET BY OPERATING ECONOMIES. THIS ASSURED SUBSIDY FROM THE GOVERNMENT IS CONSIDERED TO BE A MAJOR STEP FORWARD IN THE SENSE THAT IT REMOVES ONE MORE VARIABLE FROM THE FINANCIAL PLANNING PICTURE; WHILE AT THE SAME TIME MOTIVATING THE CORPORATION TO INFLUENCE THE OTHER VARIABLES POSITIVELY. IT IS ALSO A FEATURE OF THE PLAN THAT ANY SURPLUSES THAT DEVELOP CAN BE RETAINED BY THE CORPORATION AGAINST FUTURE CAPITAL EXPENDITURES. IT HAS BEEN AN EVER-PRESENT FEAR ON THE PART OF BOTH THE BOARD AND MANAGEMENT THAT THE CORPORATION WILL BE EXPECTED TO PAY A DIVIDEND BACK TO THE GOVERNMENT WHENEVER ITS FINANCIAL PICTURE GETS TOO ROSY.

COMMENTS ON THE LEGISLATION

I WOULD LIKE NOW TO MAKE A FEW BRIEF COMMENTS ON THE DRAFT BILL. I AM VERY CAUTIOUS AT THE IDEA OF COMMENTING ON THE NATURE OF YOUR LEGISLATION AS THAT IS FAR BEYOND MY EXPERTISE. I WOULD, HOWEVER, LIKE TO MAKE SOME COMMENTS ON THE NATURE OF YOUR PROPOSED BOARD INASMUCH AS THAT IS A SUBJECT WHICH IS OF PASSING INTEREST TO ME.

THE CORPORATION HAS NINE DIRECTORS, ALL APPOINTED BY THE GOVERNMENT. IN CONTRAST TO YOUR BILL, THERE IS NO LEGISLATIVE CONSTRAINT ON THE QUALIFICATION OF DIRECTORS.

THE DIRECTORS OF BC FERRIES ARE ESSENTIALLY SELECTED TO REPRESENT GEOGRAPHICAL AREAS, ALTHOUGH THIS IS NOT SO SPECIFIC AS TO IMPLY THAT IF SOMEONE MOVES HE IS AUTOMATICALLY INELIGIBLE. WITHIN THE CRITERIA THERE IS A DIVERSITY OF EXPERIENCE AND BACKGROUND.

THE SPECIFICATION IN YOUR ACT OF "A MEMBER OF A MARITIME UNION" WHO IS ALSO A STATE RESIDENT MAY BE SO CLOSELY DEFINED THAT THE NUMBER OF PEOPLE WHO QUALIFY MAY BE ONLY A FEW THOUSAND OUT OF THE 600,000 ODD STATE RESIDENTS. OUR CORPORATION HAS AT THE PRESENT TIME A LABOUR REPRESENTATIVE, WHO WAS APPOINTED BY THE GOVERNMENT AS A RESULT OF THE UNION AGREEMENT MADE IN 1983. THE UNION WAS ASKED TO SUBMIT A NOMINATION LIST OF THREE NAMES FROM WHICH THE GOVERNMENT APPOINTED ONE. THAT PERSON HAS NEVER BEEN A MEMBER OF A MARITIME UNION, IN FACT HE IS FROM THE FOREST INDUSTRY, BUT HE IS TRUSTED BY OUR UNION AND IS ALSO RESPECTED BY HIS FELLOW DIRECTORS.

AT BC FERRIES, THE DIRECTORS SERVE "AT PLEASURE" - THEY HAVE NO DEFINED TERM. IN NOTING YOUR BILL'S SPECIFICATION OF A 4-YEAR TERM, I WOULD SUGGEST, IF IT IS POSSIBLE, THAT THE TERMS BE STAGGERED SO THAT THEY DO NOT ALL END SIMULTANEOUSLY. THE POSSIBILITY OF A WHOLESale CHANGE IN A BOARD PLACES THE NEW BOARD AT A DISTINCT DISADVANTAGE WHILE THE MEMBERS LEARN THE INSIDES OF THE BUSINESS THEY ARE SUPPOSED TO GOVERN.

ON THE ISSUE OF HAVING SPECIFIC OFFICE HOLDERS OF THE GOVERNMENT ON THE BOARD, I CAN SAY THAT THIS IS QUITE A COMMON PRACTICE IN BRITISH COLUMBIA, ALTHOUGH BC FERRIES HAS NEVER HAD ANY "PUBLIC SERVANT" BOARD MEMBERS. ITS MINISTER WAS FOR THE FIRST 4-1/2 YEARS ALSO ITS CHAIRMAN, BUT THIS TENDED TO BLUR THE SEPARATE RESPONSIBILITIES OF THE TWO OFFICES. 8 OF THE 9 DIRECTORS ARE PRIVATE CITIZENS (ONE IS A MEMBER OF THE LEGISLATURE) AND THEY INCLUDE PROFESSIONALS, BUSINESSMEN, RETIREES AND SEMI-RETIRES. THE CHAIRMAN IS RETIRED EXCEPT FOR SOME OTHER DIRECTORSHIPS.

THIS ARRANGEMENT WORKS WELL IN THE SENSE THAT THE CHAIRMAN HAS THE TIME TO COMMIT TO BUSINESS WHENEVER IT IS NECESSARY. I SHOULD NOTE THAT THE MINISTER RESPONSIBLE CONTINUES TO ATTEND FERRY CORPORATION BOARD MEETINGS, BUT THEIR OCCASIONAL ABSENCE HAS NOT DISRUPTED THE ESSENTIAL BUSINESS OF THE BOARD.

SUMMARY

TO SUMMARIZE, I WOULD SIMPLY LIKE TO SAY THAT I BELIEVE THAT THE CORPORATE STRUCTURE HAS BENEFITED BC FERRIES IN GIVING A WELL-DEFINED COMMERCIAL OPERATION (THE FERRY SYSTEM), AN ORGANIZATION STRUCTURE AT THE TOP WHICH PROVIDES AN EFFECTIVE ENVELOPE WITHIN WHICH THAT FERRY SYSTEM CAN GO ABOUT ITS BUSINESS, WITH THE POLITICAL SUPPORT AND FINANCIAL MECHANISMS TO PROVIDE A RESPONSIVE, ECONOMIC SERVICE TO THE PEOPLE OF BRITISH COLUMBIA. I HOPE I HAVE BEEN OF SOME ASSISTANCE IN YOUR DELIBERATIONS.

PLM/LC

12 DEC 89

Text as delivered PM

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SUMMARY

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PLM/LC

12 DEC 89

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

NEWS...

FOR IMMEDIATE RELEASE

November 27, 1989

Senate Transportation Committee Considers Marine Highway Authority

The Senate Transportation Committee, chaired by Senator Lloyd Jones (R-Ketchikan) will meet in Ketchikan December 5. Jones says the primary purpose of the meeting is to hear Senate Bill 310, which establishes a Marine Highway Authority.

"We seriously need an advocate agency protecting our Marine Highway System," Jones said. "I believe an autonomous Marine Highway Authority could be that advocate," he said. Currently the Marine Highway System is managed by the Department of Transportation and Public Facilities.

Jones has invited a representative from the British Columbia Ferry Corporation, Mr. Patrick Morris. Morris is the Corporate Secretary at B.C. Ferry Corporation. He's expected to talk about the B.C. Ferry Corporation--its history and its function.

The meeting will be held at the Ketchikan Legislative Information Office, 352 Front Street, between 7 p.m. and 9 p.m. December 5. Public testimony will be taken between 8 and 9 p.m. and it will be teleconferenced to various Southeast sites for teleconferenced testimony.

For more information, contact Glenda Carino at Senator Jones' Juneau office at 465-3743.

December 5, 1989

SB 310 -- ALASKA MARINE HIGHWAY AUTHORITY BILL

THE FOLLOWING IS THE TESTIMONY I GAVE TO SENATOR JONE'S HEARING IN KETCHIKAN ON THIS BILL.

My name is Michael Wilson, I am the Regional Director of the Inlandboatmen's Union of the Pacific, Alaska Region.

This proposal has been around for a number of years. Representing unlicensed crew members working aboard the 8 vessels of the ALASKA MARINE HIGHWAY SYSTEM, we have seen many changes in the last twenty-six years of operation. There is no doubt we will see many more in the years to come.

One of the issues this bill attempts to address is the continuity in leadership at AMHS. There have been many different leaders at the helm of the System, under a variety of titles. Our members are only too aware of a change in leadership and the resulting change in direction at that helm. Some of the previous directors have been good to the System and the employees, others have not.

The only thing we see is every four years or so with the change of governors we will see a change in the director and probably a change in the overall direction of the System. If this bill is going to be successful and change the continuity of leadership, the Board of Directors that SB 310 proposes should not serve at the pleasure of the Governor. They should be appointed by the Governor, but should not be removed except for cause. The terms must be staggered, providing the best possible change for continuity of leadership. Under this proposal, it looks to us like the entire Board of Directors could be replaced by a new Governor. This is almost the same problem with the existing system. If there is a wish to 'fix' the current management of the AMHS, there must be continuity on the Board of Directors even through a change in governors.

We are pleased to see a member of a maritime Union serve on the Board. As workers on the System, we are the experts on the day-to-day operation. We must be full partners in the decision making process. We can be much more than just workers collecting a paycheck, if one allows our input in the management process. With three maritime Unions working on the System, it will be interesting to see which Union member is chosen. We would of course like to see an unlicensed crew member selected.

As we have discussed with Senator Jones and his staff we also have concerns with our members rights to negotiate term and conditions of our contract under PERA. We would insist that our current collective bargaining rights and benefits under SRS and PERS are protected. We have reviewed Legislative Counsel Teresa Cramer's memo on SB 310. Her review seems to indicate that our PERA rights are protected.

If this bill is to be successful at truly being independent, the authority must be able to negotiate directly with the Unions. The Authority must negotiate without involvement or answering to the Department of Administration, Division of Labor Relations or the Department of Transportation. To be independent the Authority must be able sit down directly with the Unions and negotiate in good faith on the terms and conditions of the contract. The Authority must be the only ones to answer for the settlement of a contract with it's employees, not DQA or DOT.

Of course, to be independent, the Authority would then have to be able fund any increase in their labor agreements. Without that ability they would not be an independent authority, but answering to some other State agency. This is the problem with the current operation.

We are also concerned with the funding for the Authority. We view the biggest problem with the current operation of AMHS as FUNDING.

- Funding for the ability of the System to get enough money in their operation budget to provide acceptable levels of service to Alaskans yeararound.

- Funding to provide for some method to allow for replacement vessels in the years to come.

- Funding to provide for increases in employees' pay.

To be successful, SB310 must answer these financial demands. We believe one answer for these financial questions is thru the AMHS being able to use their revenues they create. We understand there is legislation being proposed this session to provide some method for the System to use their program receipts. If they had their own revenues put back into the operation of the System, we don't believe they would be in the problem they are now in, asking for another supplemental of \$1.8 million for this current year. Every year AMHS needs a supplemental just to provide basic levels of service. The managers of the System should not be blamed. They are only allowed to ask for a certain amount set by the Governor, and that amount is never enough.

If the Authority eliminates this problem, then it might be successful. If the Authority can set their own budget and fund it thru their own receipts and some level of State support, SB 310 might work.

At this point we are neutral on our support of SB 310. Anytime one changes from one management system to another, there is bound to be hesitation and concern. With all of its faults, we know and understand the current management system. This bill would create a whole new playing field with an entire new set of rules.

We believe the best, most immediate fix that would have a direct impact on the operation of AMHS is their use of their program receipts. AMHS would then look at ways to maximize their revenues, which means more service, rather than laying up vessels to save money in their budget.

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

December 5, 1989

MEMORANDUM

To: Senate Transportation Committee Members

From: Senator Lloyd Jones, Chair
Senate Transportation Committee *LJ*

Subj: SB 310 - Establishing a Marine Highway Authority

Since introducing Senate Bill 310 last May, there has been discussions both pro and con on establishing a Marine Highway Authority. Over the summer, a report, commonly known as the Akres Report, was circulated in Southeast Alaska which was highly critical of the present scenario. The Toronto-based marine engineering firm strongly urged the creation of a separate autonomous board which oversees the Marine Highway System of Alaska. This report is included in your packet for your perusal.

On the other side of the coin, please read Commissioner Mark Hickey's memorandum to Governor Steve Cowper regarding the Marine Highway Authority. As you may know, the Governor is against changing the current system over to a Marine Highway Authority. However, the Governor is drafting a bill which would allow the Marine Highway System to keep its revenue receipts. I plan to include a similar provision in SB 310, while continuing to promote SJR 22 which calls for a vote of the people on a constitutional amendment allowing dedication of fuel taxes and fees.

Other informational material included:

- background on the B.C. Ferry Corporation -- Mr. Patrick Morris, corporate secretary of B.C. Ferry Corporation will be available for questions and answers and I thought this information might useful to you.
- 1989 S.E. Conference resolution which supports the idea of a separate management system
- Washington statute which shows how the ferry system is run there

I personally support SB 310 because I think we need a change in the management system for the Marine Highway in Alaska. We lack continuity in upper management at the Department of Transportation. The Commissioner serves at the whim of the governor, and in doing so, the management styles and direction of the system has changed many times over the years, much to the detriment of the Marine Highway System.

Senate Transportation Committee Members
SB 310
Page 2
December 5, 1989

SB 310 is similar to HB 81, however it was modeled more after the railroad authority to give it the maximum amount of management powers. The measure comes as close to setting up a business operation as we can go, while keeping it within state purview.

I expect to hold numerous hearings to gather as much input as we can. There will be new drafts forthcoming as we work through the questions that will surely arise. In the meantime, I ask you to support the concept of Senate Bill 310. It is a catalyst for positive change.

LJ:gmc

STATE OF ALASKA THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 5, 1990

SUBJECT: Role of the Alaska Marine Highway System in
the State's Federal-Aid Highway Program

TO: Senator Lloyd Jones
Chair, Senate Transportation Committee

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum discusses the role of the Alaska Marine Highway System in the State's federal-aid highway program.

The Alaska Marine Highway System is eligible to participate in the federal-aid highway program under 23 U.S.C. 129(f) and (g). These provisions allow federal funds to be expended for approaches to ferries and for construction of ferries. See attached for full text of 23 U.S.C. 129(f) and (g).

An important condition for use of federal-aid highway funds for ferry projects is that the State dedicate the revenues from ferries to the operation and construction of ferries. The State has thus far received a waiver from this requirement from the federal government. The exact basis for such a waiver is not known but is probably related to the fact that the State is paying more to operate the Alaska Marine Highway System than the system is generating in revenue. In such a case, a dedicated fund would be a futile and unnecessarily bureaucratic requirement.

The Alaska Marine Highway System does not receive a specific allocation of federal-aid highway funds. The Alaska Marine Highway System receives federal-aid highway funds from the State's allocation of federal-aid highway funds based on priorities among competing highway projects developed by the Department of Transportation and Public Facilities. Since 1961 the State has expended over \$100,000,000 of federal-aid highway funds for Alaska Marine Highway System projects.

FEB 05 1990

Approximately 1500 route miles served by the Alaska Marine Highway System have been designated as part of the primary or secondary highway systems in the state. The Alaska-Seattle route and certain in-state routes, such as the Kodiak-Aleutian route, are not designated as part of the primary or secondary highway systems.

The route miles of the Alaska Marine Highway System are not included in the mileage of public roads used to determine the State's allocation of federal-aid highway funds. The State does not receive credit under the federal allocation system for the miles covered by the Alaska Marine Highway System.

The enactment of a marine highway authority such as that proposed by SB 310 should not alter the eligibility of the Alaska Marine Highway System for federal-aid highway funds or the total eligibility of the State for such funds.

Under 23 U.S.C. 129(f) federal funds may be used to construct approaches for ferries provided that the route of ferries using the approach has been designated as part of the State's primary or secondary highway system. The ferries themselves may be publicly or privately owned, but the operating authority and control of fares for passage must be under the control of a state agency and all revenues derived from publically owned ferries must be dedicated to payment of ferry construction and operating costs.

Under 23 U.S.C. 129(g) federal funds may be used to construct a ferry if it is not feasible to construct a road to serve the route served by the ferry, the ferry route is included in the primary or secondary highway system, the ferry is publicly owned, fares for passage are subject to State control, and revenues derived from the ferry are dedicated to payment of ferry operating costs.

The provisions of SB 310 would not change any of the factors that must exist in order for the Alaska Marine Highway System to use federal-aid highway funds. The vessels will still be State-owned and fares will be controlled by the State, because the authority itself will be a State agency. The current waiver from the dedicated fund requirement that the State has received will not be affected by SB 310. If the federal government should ever rescind the waiver, the proposed marine highway authority will be able to comply with such a requirement just as well as the existing marine highway system.

Senator Lloyd Jones

Page 3

February 5, 1990

SB 310 will not affect the amount of federal-aid highway funds received, because the route miles of the Alaska Marine Highway System are not used to determine the State's allocation of funds. Even if they were used to determine the State's allocation, there would not be a change because the proposed authority will still be a State agency that is an element of the State's comprehensive transportation agency.

If I may be of further assistance, please advise.

GU:pl
WKP1/096

(f) Notwithstanding the provisions of section 301 of this title, the Secretary may permit Federal participation under this title in the construction of a project constituting an approach to a ferry, whether toll or free, the route of which has been approved under section 103(b) or (c) of this title as a part of one of the Federal-aid systems and has not been designated as a route on the Interstate System. Such ferry may be either publicly or privately owned and operated, but the operating authority and the amount of fares charged for passage shall be under the control of a State agency or official, and all revenues derived from publicly owned or operated ferries shall be applied to payment of the cost of construction or acquisition thereof, including debt service, and to actual and necessary costs of operation, maintenance, repair, and replacement.

(g) Notwithstanding section 301 of this title, the Secretary may permit Federal participation under this title in the construction of ferry boats, whether toll or free, subject to the following conditions:

(1) It is not feasible to build a bridge, tunnel, combination thereof, or other normal highway structure in lieu of the use of such ferry.

(2) The operation of the ferry shall be on a route which has been approved under section 103(b) or (c) of this title as a part of one of the Federal-aid systems

within the State and has not been designated as a route on the Interstate System.

(3) Such ferry shall be publicly owned and operated.

(4) The operating authority and the amount of fares charged for passage on such ferry shall be under the control of the State, and all revenues derived therefrom shall be applied to actual and necessary costs of operation, maintenance, and repair.

(5) Such ferry may be operated only within the State (including the islands which comprise the State of Hawaii and the islands which comprise the Commonwealth of Puerto Rico) or between adjoining States. Except with respect to operations between the islands which comprise the State of Hawaii and operations between the islands which comprise the Commonwealth of Puerto Rico and operations between any two points in Alaska and between Alaska and Washington, including stops at appropriate points in the Dominion of Canada, no part of such ferry operation shall be in any foreign or international waters.

(6) No such ferry shall be sold, leased, or otherwise disposed of without the approval of the Secretary. The Federal share of any proceeds from such a disposition shall be credited to the unprogrammed balance of Federal-aid highway funds of the same class last apportioned to such State. Any amount so credited shall be in addition to all other funds then apportioned to such State and available for expenditure in accordance with the provisions of this title.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
SNEAU ALASKA 99811
907 465 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 15, 1990

SUBJECT: Review of proposed Governor's bill relating to
the funding of the Alaska Marine Highway
System (Work Order No. 6-1904)

TO: Senator Lloyd Jones

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum is in response to the request of Charlie Miller, of your staff, for a review of potential constitutional problems posed by a proposed Governor's bill relating to funding of the Alaska Marine Highway System.

For the most part, the bill does not suggest any constitutional problems. However two provisions of Sec. 19.65.-060(a) do deserve some discussion. Sec. 19.65.060(a) reads:

- (a) There is created, as a special account in the general fund, the Alaska marine highway system fund, into which shall be deposited
- (1) the gross revenue of the Alaska marine highway system
 - (2) money that is appropriated to the Alaska marine highway system fund by the legislature in an amount that is consistent from year to year and is the amount necessary, after consideration of gross revenue, to provide the services to the public consistent with the provisions of AS 19.65.050, which appropriations are not one-year appropriations and the balance of which does not lapse under AS 37.25.010; and
 - (3) any other money that is appropriated to the Alaska marine highway system fund by the legislature, which appropriations are not one-year appropriations and the balances of which do not lapse under AS 37.25.010.

ONE: Paragraph (a)(1) of this subsection requires that the gross revenue of the Alaska Marine Highway System be depos-

Legal Services - Fed. Hwy Funding

ited into the Alaska marine highway system fund. This requirement would potentially violate the Alaska Constitution prohibition against dedicated funds (Article IX, sec. 7), but for the fact that the revenue deposited into the fund must be appropriated out of the fund by the legislature before it can be used. Though the language of Sec. 19.65.-060(b) is useful in that it states that the bill does not dedicate money for a specific purpose, the significant language is contained in Sec. 19.65.080 which states that "the legislature may appropriate amounts from the Alaska marine highway system fund to the Alaska marine highway system." (Emphasis added.) The use of the permissive term "may" allows the legislature to appropriate the revenue for marine highway expenditures, but it does not require the legislature to do so; the legislature may appropriate the revenue for any public purpose. Thus the bill does not create a dedicated fund.

Under the dedicated funds clause of the Alaska Constitution, a dedicated fund exists when the proceeds of any tax or license may be expended only for a specific purpose. The proceeds of a tax or license has been construed by the Alaska Supreme Court to include virtually any state revenue. (Alex v. State, 646 P.2d 203 (Alaska 1982)) The revenue of the Alaska Marine Highway System is among those state revenues subject to the prohibition against dedicated funds. None of the exceptions to the prohibition against dedicated funds (revenue dedicated to the permanent fund, dedicated funds existing at statehood, or dedicated funds required by federal law) apply to revenue of the Alaska Marine Highway System. A dedicated fund does not exist when the funds are placed into the general fund or otherwise available for appropriation by the legislature for any public purpose.

TWO: Paragraph (a)(2) of this subsection is an ambiguous provision requiring that money appropriated to the fund be placed into the fund. The other language of this paragraph relating to the amount to be appropriated to the fund is either one: precatory language suggesting that the legislature should appropriate enough money to the fund to provide the desired degree of ferry service; or two: mandatory language requiring the legislature to appropriate enough money to make up for any shortcoming of marine highway system revenue necessary to provide the desired degree of ferry service. If the latter is intended then the language is an invalid attempt to bind future legislatures to appropriate money for ferry service.

Senator Lloyd Jones
Page 3
January 15, 1990

The primary problem with this paragraph is that it attempts to say too many things. The paragraph should be rewritten. Each issue addressed in the paragraph should be treated separately, so that the intent is clear.

If I may be of further assistance, please advise.

GU:lmb
L9/050

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
707 465 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 16, 1990

SUBJECT: Amendments to SB 310, relating
to the establishment of the Alaska Marine
Highway Authority

TO: Senator Lloyd Jones

FROM: George Utermohle *GU*
Legislative Counsel

Enclosed are the four amendments that you requested.

Also enclosed is a fifth amendment (6-1110Ae) for your consideration. This amendment makes a technical correction to Section 6 of the bill. (Page 9, lines 11 - 13) Section 6 amends AS 39.25.110 in order to establish that the employees of the Alaska Marine Highway Authority are part of the exempt state service. The amendment merely places the exemption of the Authority's employees in an existing paragraph of AS 39.25.110 that contains the list of commissions, boards, and authorities whose employees are in the exempt service and repeals a redundant and obsolete provision of AS 39.25.110 relating to certain employees of the Division of Marine Transportation. The amendment does not change the effect of the bill, but does achieve the goal of the bill in regard to the status of the Authority's employees in a more correct and concise manner.

If I may be of further assistance, please advise.

GU:gc
G13/040

Enclosure

Legal Services - Amendments

A M E N D M E N T # (

OFFERED IN THE SENATE

BY SEN. JONES

TO: SB 310

Page 4, line 6, after "conduct":

Insert "or designate a representative to conduct"

A M E N D M E N T #2

OFFERED IN THE SENATE

BY SEN. JONES

TO: SB 310

Page 8, following line 19:

Insert a new bill section to read:

"* Sec. 3. AS 23.40.040 is amended to read:

Sec. 23.40.040. COLLECTIVE BARGAINING AGREEMENT. The Alaska Marine Highway Authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] or an authorized representative, in accordance with AS 23.40.020 - 23.40.030, may negotiate and enter into collective bargaining agreements concerning wages, hours, working conditions, and other employment benefits with the employees of the authority [DIVISION OF MARINE TRANSPORTATION] engaged in operating the state ferry system as masters or members of the crews of vessels or their bargaining agent. A collective bargaining agreement entered into by the authority is not final without the concurrence of the commissioner of transportation and public facilities. The authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] may make provision in the collective bargaining agreement for the settlement of labor disputes by arbitration."

Renumber the following bill sections accordingly.

A M E N D M E N T

#3

OFFERED IN THE SENATE

BY SEN. JONES

TO: SB 310

Page 10, following line 1:

Insert a new bill section to read:

"* Sec. 10. INITIAL APPOINTMENT OF MEMBERS OF THE ALASKA MARINE HIGHWAY AUTHORITY. Notwithstanding AS 19.70.020(b), enacted by sec. 2 of this Act, the terms of the initially appointed members of the Alaska Marine Highway Authority shall be staggered as set out in AS 39.05.055(4)."

Renumber the following bill section accordingly.

A M E N D M E N T

#4

OFFERED IN THE SENATE

TO: SB 310

Page 9, lines 11 - 13:

Delete all material and insert:

"* Sec. 6. AS 39.25.110(11) is amended to read:

(11) the officers and employees of the following boards, commissions, and authorities:

(A) Alaska Gas Pipeline Financing Authority;

(B) Alaska Permanent Fund Corporation;

(C) [REPEALED

↙ (D)] Alaska Industrial Development and Export Authority;

(D) [(E)] Alaska Commercial Fisheries Entry Commission;

(E) [(F)] Alaska Commission on Postsecondary Education;

(F) Alaska Marine Highway Authority;"

Page 10, line 2:

Delete "and AS 19.65"

Insert ", AS 19.65, and AS 39.25.110(16)"

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

TO: Ron B. Lind, Director
Plans, Programs and Budget

DATE: February 5, 1990

FILE NO:

TELEPHONE NO: 465-2171

FROM: Robin Smith *RS*
Budget Analyst

SUBJECT: AMHS Position Analysis

As requested, I have reviewed the historical changes in the number of Alaska Marine Highway System (AMHS) shoreside positions who provide non-direct services. For this analysis I have excluded all vessel personnel as well as positions budgeted in the Southeast and Southwest Shore components, who are located at ferry terminals throughout the system and provide services directly related to vessel operations. I have also excluded those positions in the Customer Services Management component who perform reservation or traffic services.

The FY82 equivalent positions providing AMHS shoreside non-direct service, was 68 permanent full-time (PFT) and 14 permanent part-time (PPT) positions. Of these, 54 PFT and 7 PPT were general fund positions and 14 PFT and 7 PPT were CIP funded positions. As a comparison, the FY91 Governor's budget for AMHS includes 87 PFT and 1 PPT non-direct service positions. This includes 69 PFT and 1 PPT general fund positions, and 18 PFT CIP funded positions.

There were 21 PFT and 5 PPT positions within AMHS providing non-direct services in FY82. However, at that time all accounting, supply, personnel, planning and engineering services were provided by positions budgeted elsewhere in the Department. In order to make a comparison possible between the current structure of AMHS and that which was in place in FY82, the FY82 figures on the attached worksheet have been adjusted to reflect the functional transfers of responsibilities that occurred in FY85 during a departmental reorganization. This reorganization elevated AMHS to a status equivalent with the Department's regional organizations, headed by a Deputy Commissioner and Division Director's, as well as made AMHS responsible for the system's support functions.

There were two major position transfers in this reorganization. The first was the transfer of 27 PFT and 2 PPT positions from Headquarters and Central Region Administrative Services to perform the accounting, personnel and supply functions. The second transfer was 4 PFT general fund and 14 PFT and 7 PPT Capital Improvement Project (CIP) funded positions from Southeast Region Design and Construction (D&C), Southeast Planning, and Central Planning to perform the planning and design and construction services for AMHS.

To complete the adjustments for functional transfers affecting AMHS positions, the FY82 position count is also adjusted for the recent transfer of 2 PFT positions from Southeast Region Maintenance and

Operations to AMHS to perform the ferry terminal maintenance program.

In an attempt to identify what changes have occurred since the FY85 reorganization, I have identified major position changes since that time. No adjustments were made, since these are additions and deletions to AMHS, as opposed to restructuring of the budget.

FY86: 7 new PFT CIP positions added

FY87: 3 PFT positions deleted by legislature from Marketing Management

FY88-FY89: Departmental restructuring reduces level of management at AMHS to System Director and program managers

FY90: 5 PFT positions deleted as part of legislative miscellaneous Admin and D&C reductions

The number of non-direct service positions increased from 82 positions (68 PFT and 14 PPT) in FY82 to 88 positions (87 PFT and 1 PPT) in FY91, for an overall increase of 6 positions. While it is also an increase of 21 PFT positions, most of those were due to an upgrade in the time status of part-time positions. A number of these time status changes occurred during the FY85 reorganization and also involved the conversion of some CIP funded positions to general fund positions.

Please let me know if additional information is needed.

cc: June Arkoulis-Sinclair, Support Services Manager, AMHS

COMPARISON OF MARINE HIGHWAY POSITIONS FY82 - FY91GOV

COMPONENT	FY82		PAGE/YEAR SHORTFORM BOOK
	PFT	PPT	
ADMINISTRATION	30	5	1 CIP pages 139-141/FY82
ADJUSTMENT SHORE "OPS" #	-9		

FUNCTIONAL TRANSFER *	21	5	
	27	2	

FUNCTIONAL TRANSFER **	48	7	
	4		GF
FUNCTIONAL TRANSFER **	14	7	CIP

FUNCTIONAL TRANSFER ***	66	14	
	2		

EQUIVALENT TOTAL NON-DIRECT SERVICE POSITIONS	68	14	(adjusted for functional transfers in later years)
SE SHORE	26	15	pg 131/FY82
SW SHORE	5	8	pg 137/FY82
SE VESSELS OPERATIONS	541.7	99.8	pg 127/FY82
SE VESSELS OVERHAUL	34		pg 129/FY82
SW VESSELS OPERATIONS	64	44.6	pg 133/FY82
SW VESSELS OVERHAUL	7.8		pg 135/FY82

ADJUSTMENT SHORE "OPS" #	678.5	167.4	
	3		
=====			
EQUIVALENT TOTAL "OPERATIONS" POSITIONS	687.5	167.4	

Traffic Manager, 3 Asst. Traffic Managers, Ferry Services Manager, 4 Reservation Specialists considered "operations" shoreside positions.

* FY85 transfer of financial/personnel/supply functions from HQ and Central Admin to AMHS.

** FY85 transfer of design & construction and planning functions from SE D&C, SE Planning, and Central Planning.

** FY91 transfer of shoreside maintenance function from SE M&O.

COMPARISON OF MARINE HIGHWAY POSITIONS FY82 - FY91GOV

COMPONENT	FY91GOV			PAGE/YEAR SHORTFORM BOOK
	PFT	PPT		
ADMINISTRATION	46	1	1 CIP	pg 102/FY91
CUSTOMER SERVICES MANAGEMT	15	17		pg 104/FY91
ADJUSTMENT SHORE "OPS" #	-11	-17		
	-----	-----		
	4	0		
OPERATIONS MANAGEMENT	15			pg 106/FY91
MARINE FACILITIES ENGR MGT	5			pg 110/FY91
MFE CIP PROGRAM	17		CIP	pg 112/FY91
	=====	=====		
EQUIVALENT TOTAL NON-DIRECT SERVICE POSITIONS	87	1		
SE SHORE	19	15		pg 202/Fy91
SW SHORE	3	2		pg 204/FY91
SE VESSELS OPERATIONS/OVER	518	109		pg 208/FY91
SW VESSELS OPERATIONS/OVER	63	35		pg 210/FY91
	-----	-----		
	603	161		
ADJUSTMENT SHORE "OPS" #	11	17		
	=====	=====		
EQUIVALENT TOTAL "OPER- ATIONS" POSITIONS	614	178		

2 Asst Traffic Managers, 2 Ferry Services Managers, 19 Clerks (reservations), and 5 Reservations Specialists considered "operations" shoreside positions.

STATE OF ALASKA THE LEGISLATURE

AGENCY STATE CAPITAL
BUREAU ALASKA 975-1
907 465 3600

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 1, 1989

SUBJECT: SB 310; An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority

TO: Senator Lloyd Jones, Chairman
Senate Transportation Committee

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum contains a sectional summary of SB310, as requested by Terry Orness of your staff.

A summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill sets out the purpose of the bill.

Section 2 of the bill amends AS 19 by adding a new chapter creating the Alaska Marine Highway Authority.

CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

ARTICLE 1. CREATION AND ORGANIZATION.

Sec. 19.70.010 establishes the Alaska Marine Highway Authority as a public corporation of the state within the Department of Transportation and Public Facilities.

Sec. 19.70.020 relates to the directors of the authority. There are seven directors of the authority: the commissioner of transportation and public facilities and six other persons appointed by the governor. The qualifications for the directors are set out.

The directors appointed by the governor serve at the pleasure of the governor for four year terms.

Senator Lloyd Jones
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The directors of the authority are subject to conflict of interest laws under AS 39.50.

The appointed directors of the authority are entitled to compensation in the amount of \$300 for each day they are engaged in the business of the authority. The directors also receive travel and per diem expenses.

Sec. 19.70.030 provides for the election of officers by the directors of the authority and sets the quorum for meetings of the directors.

Sec. 19.70.040 authorizes the authority to employ executive and administrative officers who serve at the pleasure of the authority. All executive and administrative officers and other employees of the authority are in the exempt service. The authority may also employ consultants and advisors.

ARTICLE 2. POWERS AND DUTIES.

Sec. 19.70.050 sets out the powers of the authority.

Sec. 19.70.055 sets out the duties of the authority.

Sec. 19.70.060 authorizes the authority to operate a ferry system under the name "Alaska Marine Highway System".

Sec. 19.70.070 requires the authority to prepare a long-range plan for development and improvement of the ferry system, in cooperation with the Department of Transportation and Public Facilities, at least every five years.

ARTICLE 3. ACQUISITION OF PROPERTY.

Sec. 19.70.080 provides that the authority may acquire land and material necessary for the construction, maintenance, or improvement of the marine highway system.

Sec. 19.70.090 provides that the authority may acquire land for the purpose of exchanging the land for other land that the authority needs to acquire.

Sec. 19.70.100 provides that the authority may vacate land or rights in land held by the authority. The authority may also transfer its surplus lands to the Department of Natural Resources for disposal. The proceeds of the disposal shall

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be returned to the source of funds from which the original purchase of the land was made.

ARTICLE 4. FERRY TERMINAL FACILITIES.

Sec. 19.70.111 authorizes the authority to construct, purchase, or lease ferry terminal facilities and to maintain these facilities.

Sec. 19.70.120 authorizes the authority to connect ferry terminal facilities with local highway systems.

Sec. 19.70.130 authorizes the authority to adopt regulations regarding the use of ferry terminal facilities by the public.

Sec. 19.70.140 exempts ferry terminal facilities that were in existence on January 1, 1959 from AS 19.70.110 - 19.70.140.

ARTICLE 5. GENERAL PROVISIONS.

Sec. 19.70.150 provides that the authority shall annually submit a report to the governor and legislature regarding its operations, income, and expenditures for the preceding fiscal year.

Sec. 19.70.160 provides that the authority shall have its financial records audited annually and that the legislative auditor may prescribe the form and content of the financial records of the authority.

Sec. 19.70.170 provides that the authority is subject to the Executive Budget Act, like other state agencies, and that the expenditures of the authority are subject to appropriation by the legislature.

Sec. 19.70.180 provides that the vessels of the authority shall be named by law.

Sec. 19.70.199 sets out the definitions of "authority", "capital improvement", and "ferry".

Sec. 19.70.200 provides that this chapter may be cited as the Alaska Marine Highway Authority Act.

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Sections 3 - 5 of the bill amend AS 35.27 to provide that the Alaska Marine Highway Authority is solely responsible for implementation of the "art in public places" program for vessels and facilities of the authority.

Section 6 of the bill amends AS 39.25.110 to provide that the officers and employees of the Alaska Marine Highway Authority are in the exempt service.

Section 7 of the bill amends AS 39.50.200(b) to provide that directors of the authority are subject to the conflict of interest law (AS 39.50).

Sections 8 and 9 of the bill amend AS 44.42.020 in order to transfer the authority of the Department of Transportation and Public Facilities over the planning, design, construction, maintenance, management, and operation of the facilities, vessels, and equipment of the marine highway system to the Alaska Marine Highway Authority.

Section 10 of the bill repeals AS 19.60 (Ferry Terminal Facilities) and AS 19.65 (Alaska Marine Highway System), which have been replaced by AS 19.70 as contained in sec. 2 of this bill.

GU:kb
wkk4/067

As you want
 I have taken the liberty to outline *important*
 a few issues which you should be ~~aware~~ *made aware.*
~~These are~~ *I have been* these will be included
 in my legislative agenda this coming session
 and I will need your help to get them
 accomplished

September 14, 1989

All Mayors, Southern
 Southeast Mayor's Conference
 #1 Freeman Drive
 Thorne Bay, Alaska 99919

Dear Mayors:

It is good to know you have all taken the time to meet prior to the upcoming Southeast Conference in order to derive the maximum benefit from next week's meeting. There are several current issues of particular importance to us in Southern Southeast that I have been working on. Perhaps this is a good time to let you know of my progress.

Tongass National Forest
 1. *Revenues*

Currently, approximately 31% of the money returned to the State of Alaska by the federal government from revenues generated by the Tongass National Forest is allocated back to the organized boroughs which are within the forest. This percentage is based on the geographic area of the forest contained within the boundaries of the organized boroughs. The remainder of these funds go directly to the general fund to be allocated to roads and schools in the unorganized borough state-wide. I would like to see these funds focused more on the areas from which the timber is harvested. I have been working with the department of community and regional affairs, which administers these funds, the department of revenue, the forest service, and our congressional delegation to seek a more equitable solution to the distribution of these monies. In addition, legislative legal counsel has indicated there may possibly be a legislative answer available on the state level. Should legislation be developed to change current law, it will certainly be necessary for us all to be involved in convincing the legislature to take action.

Marine Hwy. Revenue

Our Marine Highway system, which is so basic to our way of life in Southern southeast, suffers from chronic budgetary and scheduling problems. One solution I have proposed is to return the revenues earned by the ferry system back to the marine highway. This will provide an incentive for the system to be run more efficiently and will give management an additional incentive to provide more comprehensive, and cost-effective scheduling. I have also introduced legislation to create a marine highway authority which would be charged with providing comprehensive marine transportation for all of Southeast and Southwest Alaska. The Marine Highway is our only road system used for both commerce and pleasure, and it is imperative that it be run like the \$65 million transportation system that it is. The authority concept would provide some autonomy to the management of the system while keeping the entire system a public entity. That the public nature of the system be retained is absolutely necessary to allow for the continuation of federal dollars to be used for operation and maintenance of the system, and to provide for continuity of employment for the employees of the system.

I am also hopeful that the southeast conference will reach a consensus on power issues such as priority funding for the southeast intertie project. In addition to the intertie, I have been working with local officials and our congressional delegation to emphasize the need to pass federal legislation which would allow us to tap Lake Grace in the Misty Fjord national monument to allow additional hydro generation capability at Swan Lake near Ketchikan. It has been suggested that this proposal could come as part of an overall economic diversification package for our region of the state. This economic diversification package may be tied to Tongass legislation now pending in Congress.

It is obvious that each of these subjects can be gone into in much greater detail. However, I will be seeing most of you in Skagway next week and will look forward to speaking with you about these projects personally. Thank you for taking the time to focus on these important issues.

Sincerely,

Lloyd Jones
Alaska State Senate