SB165

SENATE FINANCE COMMITTEE REPORT

DATE: 4/5/91

FURTHER:

DATE TURNED INTO OFFICE: 5-1-91

The Finance Committee considered SENATE BILL NO. 165

"An Act relating to acquisition of vessels of the Alaska marine highway system having the capacity to assist in responding to spills of oil and hazardous substances."

and recommended:

[✓] replace with ______ CS SB 165 (Trans)
[ ] or adopt ______ CS ______

[✓] same title
[ ] new title
[ ] technical title change (HB only)

[ ] attached amendment(s)
[ ] ______ letter of intent adopted

[✓] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to ______

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

[✓] fiscal note(s) DOTPF 4/1/91
Cap. 500.0

[✓] zero fiscal note(s) 3/15/91
DEC 0

[ ] appropriation-no fiscal note

APPROVES PREVIOUS:

Dept/Date:

[ ] fiscal note(s) ______

[ ] zero fiscal note(s) ______

SIGNING DO PASS:

[signature]
[signature]
[signature]

OTHER RECOMMENDATIONS:

[signature] (NO REC.)
[signature] Do Not Pass

1. [signature] do pass
2. [signature] Do pass

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 165

Revision Date:
Department Affected: DEC
Title: AMHS vessels with Spill response capabilities
BRU: Environmental Quality
Sponsor: Senator Jay Kerttula
Component: EQ Projects
Requestor:

COMPONENT SERIAL NO. 1 1 0 | 1 1 6

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: NONE

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Janice Adair
Phone: 465-2600
Division: Commissioner's Office
Date:

Approved by Commissioner:
Agency: Dept. of Environmental Conservation
Date: 5/14/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor

Changes in CSSB 165 (Trans) have no fiscal impact. This fiscal note is appropriate.

5-1-91
date

Comte Aide (initial)

Rev. 10/90

4/3/91 S(Trsp); SFC

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NUMBER: SB 165

FISCAL NOTE

Revision Date:
Title: Ferries with Oil Spill Response Ability

Department Affected: DOT&PF
BRU:

Sponsor:
Requestor:

Component:
Component Serial Number:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
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	500.0	14,500.0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUNDS	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	500.0	14,500.0*	0	0	0	0
TOTAL FUNDING:	500.0	14,500.0	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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)
In FY92, $0.5 million would be appropriated from the oil and hazardous response fund to the Alaska Marine Highway System for preliminary engineering to develop plans for both a new vessel and modifications to one or more vessels currently in the fleet. In FY93, $14.5 million would be appropriated to the AMHS Vessel Replacement Fund to finance new ship construction and/or modifications to one or more vessels of the fleet.
*The actual cost may be less depending on final results of reconnaissance and engineering.

Prepared by: John Halterman — Phone: 465-3900

Division: Alaska Marine Highway System — Date: April 1, 1991

Approved by Commissioner: _____ — Phone: 465-3900
Frank G. Turpin

Agency: Department of Transportation and Public Facilities — Date: April 1, 1991

Distribution By Preparer: Legislative Finance, Legislative Sponsor, Requestor, OMB, Impacted Agency(ies).

REV 2/7/91

CS FOR SENATE BILL NO. 165 (TRANSPORTATION)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE TRANSPORTATION COMMITTEE

Offered: 4/5/91
Referred: Finance

Sponsor(s): SENATORS KERTTULA, Menard, Duncan

A BILL

FOR AN ACT ENTITLED

"An Act relating to acquisition of vessels of the Alaska marine highway system having the capacity to assist in responding to spills of oil and hazardous substances."

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

*** Section 1.** AS 19.65 is amended by adding a new section in article 1 to read:

Sec. 19.65.025. VESSEL DESIGN AND CONSTRUCTION. Under the authority provided in AS 44.42.020(a)(1) to plan, design, construct, and maintain modes of transportation, the commissioner of transportation and public facilities shall, subject to legislative appropriation for the purpose, plan, design, and retrofit or construct vessels of the Alaska marine highway system that, in addition to providing the freight and passenger services customarily provided by the state's marine highway vessels, have the capability to assist in responding to, containing, and cleaning up spills of oil and hazardous substances into the marine waters of the state.

*** Sec. 2.** AS 46.08.005 is amended to read:

Sec. 46.08.005. PURPOSE. The legislature finds and declares that the release of oil or hazardous substances into the environment presents a real and substantial threat to the public

health and welfare, to the environment, and to the economy of the state. The legislature therefore concludes that it is in the best interest of the state and its citizens to provide a readily available fund for the payment of the expenses incurred by the Department of Environmental Conservation **and the Department of Transportation and Public Facilities** in the protection of the environment of the state from the release of oil or hazardous substances.

* **Sec. 3.** AS 46.08.010(c) is amended to read:

(c) The fund shall be used for actual expenses incurred under AS 46.08.040. **Except as provided in AS 46.08.040(d)(2), the** [THE] fund may not be used for capital improvements.

* **Sec. 4.** AS 46.08.040(c) is amended to read:

(c) Notwithstanding other provisions of this section, money from the fund may not be used for a purpose specified in (a)(2) - (7) **and (d)(2)** of this section unless **money is** [FUNDS ARE] available from an appropriation made specifically for that purpose.

* **Sec. 5.** AS 46.08.040(d) is amended to read:

(d) Upon a request from

(1) the Alaska Legislative Council, the commissioner shall use money from the fund to reimburse the Alaska Legislative Council for expenditures that it makes for the operation of the Citizens' Oversight Council on Oil and Other Hazardous Substances, established under AS 24.20.600**; and**

(2) the commissioner of transportation and public facilities, the commissioner shall transfer money from the fund to the Department of Transportation and Public Facilities to pay for the construction or refurbishment of one or more vessels of the Alaska marine highway system that have the capability to assist in responding to spills of oil and hazardous substances; in expending money in the fund whose use for vessels of the marine highway system is authorized by AS 19.65.025 and this paragraph, the commissioner shall give priority to construction of one or more new vessels that have the characteristics required by this paragraph.

Alaska State Legislature

Senate

Committee on Finance

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

APR 23 1991

MEMORANDUM

TO: Sen. Pouchot, Co-Chairman
Senate Finance
Committee

RE: Senate Bill 165-
Oil Spill Res-
ponse Ferries

FR: Senator Kerttula

D: April 22, 1991

I would appreciate the scheduling of Senate Bill 165. Senate Bill 165 has a dual purpose -- to add to Alaska's oil spill response capability and to provide for funding of vessels to replace the Alaska Marine Highway System's aging fleet.

Senate Bill 165 provides for the construction of these vessels from the fund established by five-cents a barrel surcharge on North Slope crude which I sponsored, and which was approved by the legislature following the Exxon Valdez disaster. This bill will allow the state to use funds from this oil spill account to build a new breed of vessels which will be outfitted not only for passenger and cargo service, but for oil spill response as well. A new ocean-certified ferry could be built under provivisions of this bill designed to deploy containment booms, house workers, serve as a communications and command center, store cleanup materials and perform other cleanup duties.

I believe that construction of ferries with oil spill response capabilities is an eminently suitable use of the oil spill response fund and urge favorable consideration of this bill.

JK:kh

Department of Transportation and Public Facilities

POSITION PAPER

BILL NO: SB 165 APPROVED:

TITLE: Ferries with Oil Spill Response Ability DATE: April 1, 1991

Senate Bill 165 authorizes the Commissioner of the Department of Transportation and Public Facilities, subject to legislative appropriation, to either design and construct a vessel of the Alaska Marine Highway System which is capable of assisting in the clean-up of spills of oil and hazardous substances into the marine waters of the state. Alternatively, the legislation would also allow the modification of existing vessels in the fleet to achieve the same purpose. The discussion below outlines in general terms the operational and spill response capabilities which would be considered in designing a new vessel, or modifying existing vessels, which would meet the needs contemplated in the legislation.

The legislation also authorizes the payment of partial expenses required to keep vessels in operation so as to be available to respond to a release of oil or hazardous substances. It is estimated that the annual operating and overhaul costs of this vessel, chargeable to the fund, would be approximately $500 thousand dollars. These expenses would be for annual training, as well as overhaul of the spill response equipment. The direct expenses incurred in responding to a spill would also be paid by the fund. A new or modified vessel is not expected to be in service until after fiscal year 1997.

General Requirements

All Alaska Marine Highway System vessels must have unrestricted highway vehicle and passenger carrying capacity - as the highway function is the basic mission of the Alaska Marine Highway System. The vessel must provide safe, comfortable accommodations for passengers,

with reasonable priced meals and lodging. The vessel must be family oriented, with special accommodations for children and for the physically challenged. The Alaska Marine Highway System must further provide passengers the benefit of riding a vessel with excellent safety equipment for fire fighting and damage control, including a state of the art sprinkler system throughout the vessel, and an enclosed method of safely evacuating the vessel in case of emergency.

Should a new vessel be constructed, regulatory concerns dictate that it must be American flagged, inspected by the U.S. Coast Guard, and operated by American crews. A vessel must be designed for a 50 or 60 year life, through the use of planned refurbishments. It is not contemplated that all or even 50% of the costs of a new vessel would be allocated to the fund. The State would defray most costs through other means.

Southwest System Specific Requirements

The S.W. System must be serviced by a vessel that is ocean rated and must be able to transit the Gulf of Alaska year round. This vessel must have a vehicle transfer system that will enable it to service docks with no transfer ramps, and have a stern car door. The vessel length is constrained to a length no greater than 400 ft, due to the confined harbors it must serve; preferably the length should be no greater than 380 ft.

Southeast System Specific Requirements

The S.E. Mainline System is optimally served by a vessel with a forward car door, at main deck height. All other S.E. needs are met by the general and S.W. requirements.

Oil Spill Response Requirements

Members of the legislature and the public have identified the importance of the state having an emergency response capability for containing, and cleaning up oil spills as a result of the Exxon Valdez experience. Therefore, a new mainline vessel or modified vessel from the existing fleet should be able to respond to the oil spills in the following capacities:

A. Communication/Command Center
B. Work/Machine Shop for Equipment Repair
C. Room and Board for Spill Response Team
D. Helicopter Support
E. Boom Deployment
F. Loading/Storage Spill Response Material
G. Storage of Liquids, Dispersant/Oil
H. Training Center

New Vessel Description

The list of mission requirements above, and the conceptual design work done for the Tustumena replacement project in 1982, provides enough data to assemble the major characteristics of a mainline vessel that would meet the above requirements.

A new vessel would be a steel displacement vessel, 380 feet in length by 65 feet in beam, designed and constructed in the United States. The vessel would carry approximately 450 people, 75 standard vehicles, and 100 berths. The vessel would be diesel- powered with twin controllable pitch propellers. Propulsion machinery would be augmented by the addition of bow thrusters and fin stabilizers. This vessel should have a large vehicle elevator/transfer system located near the stern. This vessel would also have a stern door and stern ramp, and a crane above the stern door for handling the rescue boat and emergency stores or gear. Emergency evacuation would occur through covered lifeboats, boarded from inside the boat deck. The vessel would have a sprinkler system throughout.

A new mainline vessel would be well suited to oil spill response efforts, as it could respond anywhere in the Pacific Ocean in a matter of days. The bridge of the vessel would have the necessary electronic gear to act as a control/command center. The vessel would have the unique ability to travel to any dock and load containerized vans full of response gear, without assistance. The vessel's machine shop, adequate working space, and accommodations would be available for use by the clean-up crew. The aft upper-most deck could support a helicopter pad. The stern ramp would

be easily converted to deploy oil containment booms underway, or act as a small vessel dock when anchored. The crane above the ramp could be used to move gear from the vessel to boats moored off the stern. The vessel would have large integral tanks able to hold spill response chemicals or recovered oil.

Vessel Design and Construction

To obtain a new vessel or perform necessary refurbishments to one or more existing vessels, the Alaska Marine Highway System must go though three design phases: conceptual, preliminary, and construction. Design time would be on the order of 18-24 months for a new vessel and from 6-12 months for modifications to an existing ship. Construction time would be on the order of 30-36 months for new construction and 6-12 months for major modification to an existing ship.

Department of Transportation and Public Facilities

POSITION PAPER

BILL NO: SB 165 APPROVED:

TITLE: Ferries with Oil Spill Response Ability DATE: March 19, 1991

Senate Bill 165 authorizes the Commissioner of the Department of Transportation and Public Facilities, subject to legislative appropriation, to design and construct a vessel of the Alaska Marine Highway System which is capable of assisting in the clean-up of spills of oil and hazardous substances into the marine waters of the state. The discussion below outlines in general terms the operational and spill response capabilities which would be considered in designing a new vessel, or modifying existing vessels, which would meet the needs contemplated in the legislation.

The legislation also authorizes the payment of partial expenses required to keep vessels in operation so as to be available to respond to a release of oil or hazardous substances. It is estimated that the annual operating and overhaul costs of this vessel, chargeable to the fund, would be approximately $500 thousand dollars. These expenses would be for annual training, as well as overhaul of the spill response equipment. The direct expenses incurred in responding to a spill would also be paid by the fund. A new or modified vessel is not expected to be in service until after fiscal year 1997.

General Requirements

All Alaska Marine Highway System vessels must have unrestricted highway vehicle carrying capability - as the highway function is the basic mission of the Alaska Marine Highway System. The vessel must provide comfortable accommodations for passengers, with reasonable priced meals and lodging. The vessel must be family-oriented, with special accomodations for children and for the physically challenged. The Alaska Marine Highway System must further provide passengers the benefit of

riding a vessel with excellent safety equipment for fire fighting and damage control, including a state of the art sprinkler system throughout the vessel and an enclosed method of safely evacuating the vessel in case of emergency.

Regulator concerns dictate that the new vessel must be American flagged, inspected by the U.S. Coast Guard, and operated by American crews. The vessel must be designed for 50 or 60 year life, through the use of planned refurbishments. It is not contemplated that all or even 50% of the costs would be allocated to the fund. The state would defray those costs through other means.

Southwest System Specific Requirements

The S.W. System must be serviced by a vessel that is ocean rated and must be able to transit the Gulf of Alaska year-round. This vessel must have a vehicle transfer system that will enable it to service docks with no transfer ramps, and have a stern car door. The vessel length is constrained to a length no greater than 400 feet, due to the confined harbors it must serve; preferably the length should be no greater than 380 feet.

Southeast System Specific Requirements

The S.E. Mainline System is optimally served by a vessel with a forward car door at main deck height. All other S.E. needs are met by the general and S.W. requirements.

Oil Spill Response Requirements

Members of the legislature and the public have identified the importance of the state having an emergency response vessel capable of responding to, containing, and cleaning up oil spills as a result of the Exxon Valdez experience. Therefore, the new mainline vessel must be able to respond to the oil spills in the following capacities:

1. Communication/Command Center.
2. Work/Machine Shop for Equipment Repair.
3. Room and Board for Spill Response Team.
4. Helicopter Support.
5. Boom Deployment.
6. Loading/Storage of Spill Response Material.

7. Storage of Liquids, Dispersant/Oil.
8. Training Center.

Vessel Description

The list of mission requirements and the conceptual design work done for the Tustemena replacement project in 1982, provides enough data to assemble the major characteristics of a mainline replacement vessel that meets the previously mentioned requirements.

The new vessel will be a steel displacement vessel, 380 feet in length by 65 feet in beam, designed and constructed in the United States. The vessel will carry approximately 450 people, 75 standard vehicles, and 100 berths. The vessel will be diesel-powered with twin controllable pitch propellers. Propulsion machinery will be augmented by the addition of bow thrusters and fin stabilizers. This vessel will have a large vehicle elevator/transfer system located near the stern. This vessel will also have a stern door and stern ramp, and a crane above the stern door for handling the rescue boat and emergency stores or gear. Emergency evacuation will occur through covered lifeboats, boarded from inside the boat deck. The vessel will have a sprinkler system throughout the vessel.

The new mainline vessel will be well suited to oil spill response efforts, as it could respond anywhere in the Pacific Ocean in a matter of days. The bridge of the vessel will have the necessary electronic gear to act as a control/command center. The vessel will have the unique ability to travel to any dock and load containerized vans full of response gear, without assistance. The vessel's machine shop, adequate working space, and accommodations will be available for use by the clean-up crew. The aft upper-most deck will support a helicopter pad. The stern ramp will be easily converted to deploy oil containment booms underway, or act as a small vessel dock when anchored. The crane above the ramp can be used to move gear from the vessel to boats moored off the stern. The vessel will have large integral tanks able to hold spill response chemicals or recovered oil.

Vessel Construction

To obtain this vessel, the Alaska Marine Highway System must go through three design phases: conceptual, preliminary, and construction. Design time would be on the order of 18-24 months. Construction time

would be on the order of 30-36 months. It would be possible to shorten the construction design and building phase if modern ship construction methods were employed, but this might require statutory change in the procurement policy. Total cost for the entire project would be approximately $80 million dollars.

No. 6

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Bill Version: SB 165

FISCAL NOTE

(S) Publish Date: 4/5/91

Revision Date:
Title: Ferries with Oil Spill Response Ability

Department Affected: DOT&PF
BRU:

Sponsor:
Requestor:

Component:
Component Serial Number:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
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	500.0	14,500.0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUNDS	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	500.0	14,500.0	0	0	0	0
TOTAL FUNDING:	500.0	14,500.0	0	0	0	0

POSITIONS

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

Changes in CSSB 165 (Trans) have no fiscal impact. This fiscal note is appropriate.

4/4/91 date — Comte Aide (initial)

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary)
In FY92, $0.5 million would be appropriated from the oil and hazardous response fund to the Alaska Marine Highway System for preliminary engineering to develop plans for both a new vessel and modifications to one or more vessels currently in the fleet. In FY93, $14.5 million would be appropriated to the AMHS Vessel Replacement Fund to finance new ship construction and/or modifications to one or more vessels of the fleet.

Prepared by: John Halterman — Phone: 465-3900

Division: Alaska Marine Highway System — Date: March 19, 1991

Approved by Commissioner: Frank G. Turpin — Phone: 465-3900

Agency: Department of Transportation and Public Facilities — Date: March 27, 1991

Distribution By Preparer: Legislative Finance, Legislative Sponsor, Requestor, OMB, Impacted Agency(ies).