

**SB**

**21**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/4/97

FURTHER: 4/25/97

DATE TURNED  
IN TO OFFICE: 4/25/97

Finance Committee considered SENATE BILL NO. 21

"An Act relating to ferries and ferry terminals, establishing the Alaska Marine Highway Authority, and relating to maintenance of state marine vessels; and providing for an effective date."

and recommends:

- be replaced with CS SB 21 (FIN)
- adopt previous CS ( )
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:**
- same title
  - new title
- House Bill:**
- same title
  - technical change
  - new: SCR# \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Roll S. 100</i>	✓	<i>Sean Paul</i>	✓		
<i>John Ferguson</i>	✓	<i>Al Gales</i>		X	
		<i>Dave Donley</i>	✓		
Co-Chair: <i>Peace</i>	✓	Co-Chair:			
Co-Chair:		Co-Chair: <i>Bob...</i>			

**NEW FISCAL NOTE(S):**

Department Date Zero Fiscal


**PREVIOUS FISCAL NOTE(S):\***

Department Date Zero Fiscal


*forthcoming CS  
and appropriate  
fiscal notes.*

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

**FISCAL NOTE**

**STATE OF ALASKA  
1997 LEGISLATIVE SESSION**

**BILL NO. CSSB 21 (FIN)**

REPORTED ON  
9/23/97

Revision Date: 04/11/97  
 Title: An Act...establishing Alaska Marine Highway Authority  
and relating to maintenance of state marine vessels...  
 Sponsor: Senator Robin Taylor, Pearce  
 Requester: Senate Transportation

Dept. Affected: DOT/PF  
 BRU: Marine Administration  
 Component: Administration  
 Component Serial No.: 621

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services						
Travel	52.6	101.4	77.5	77.5	77.5	77.5
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>62.6</b>	<b>101.4</b>	<b>77.5</b>	<b>77.5</b>	<b>77.5</b>	<b>77.5</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES [ ]</b>						
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	62.6	101.4	77.5	77.5	77.5	77.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
<b>TOTAL</b>	<b>62.6</b>	<b>101.4</b>	<b>77.5</b>	<b>77.5</b>	<b>77.5</b>	<b>77.5</b>

Estimate of any current year (FY97) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The following assumptions were used:

- (1) On or after 1/1/98, appointed authority directors will begin meetings. Assume 50 business days of meetings during first year of operations, dropping to 30 business days thereafter.
- (2) Travel and per diem expenses calculated based on 4 of 6 appointed directors traveling to Juneau from Ketchikan, Seward and Anchorage; however, actual locations are unknown at this time. Travel and per diem expenses calculated using existing airfares, lodging and meal allowances; no inflationary increases included.
- (3) Assumes chief executive officer's annual compensation at same level as current Marine Highway System director.

Prepared by \_\_\_\_\_ Prepared by Sponsor \_\_\_\_\_  
 Division \_\_\_\_\_  
 Approved by \_\_\_\_\_  
 Agency \_\_\_\_\_

Phone \_\_\_\_\_  
 Date \_\_\_\_\_  
 Date \_\_\_\_\_

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FISCAL NOTE

No. 3  
 Bill Version: CSSBZ1(FIN)  
 (S) Publish Date: 4/25/97

STATE OF ALASKA  
 1997 LEGISLATIVE SESSION

4/25/97

Revision Date: 04/11/97  
 Title: An Act...establishing Alaska Marine Highway Authority and relating to maintenance of state marine vessels...  
 Sponsor: Senator Robin Taylor, Pearce  
 Requester: Senate Transportation

Dept. Affected: DOT/PF  
 BRU: Marine Administration  
 Component: Administration  
 Component Serial No.: 621

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services						
Travel	62.6	101.4	77.5	77.5	77.5	77.5
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>62.6</b>	<b>101.4</b>	<b>77.5</b>	<b>77.5</b>	<b>77.5</b>	<b>77.5</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES [ ]						
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FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 GF	62.6	101.4	77.5	77.5	77.5	77.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
<b>TOTAL</b>	<b>62.6</b>	<b>101.4</b>	<b>77.5</b>	<b>77.5</b>	<b>77.5</b>	<b>77.5</b>

Estimate of any current year (FY97) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The following assumptions were used:

- (1) On or after 1/1/98, appointed authority directors will begin meetings. Assume 50 business days of meetings during first year of operations, dropping to 30 business days thereafter.
- (2) Travel and per diem expenses calculated based on 4 of 6 appointed directors traveling to Juneau from Ketchikan, Seward and Anchorage; however, actual locations are unknown at this time. Travel and per diem expenses calculated using existing airfares, lodging and meal allowances; no inflationary increases included.
- (3) Assumes chief executive officer's annual compensation at same level as current Marine Highway System director.

Prepared by \_\_\_\_\_ Prepared by Sponsor \_\_\_\_\_  
 Division \_\_\_\_\_  
 Approved by Robin L. Taylor  
 Agency \_\_\_\_\_

Phone \_\_\_\_\_  
 Date 4/25/97  
 Date \_\_\_\_\_

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# FISCAL NOTE

**STATE OF ALASKA**  
**1997 LEGISLATIVE SESSION**

No. 1  
 Bill Version: SB21  
 (S) Publish Date: 3/7/97

Revision Date: \_\_\_\_\_ Dept. Affected: DOT/PF  
 Title: An Act . . . establishing Alaks Marine Highway System Authority BRU: Office of the Commissioner  
 Component: Commissioner's Office  
 Sponsor: Senators Robin Taylor, Pearce  
 Requester: \_\_\_\_\_ COMPONENT SERIAL NO. 530

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES		35.0	40.0	45.0	50.0	55.0
TRAVEL	75.2	121.7	93.0	93.0	93.0	93.0
CONTRACTUAL	451.5	451.5	451.5	451.5	451.5	451.5
SUPPLIES						
EQUIPMENT		300.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>526.7</b>	<b>908.2</b>	<b>584.5</b>	<b>589.5</b>	<b>594.5</b>	<b>599.5</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	526.7	908.2	584.5	589.5	594.5	599.5
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>526.7</b>	<b>908.2</b>	<b>584.5</b>	<b>589.5</b>	<b>594.5</b>	<b>599.5</b>

Estimate of any current year (FY97) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Gary L. Hayden, System Director  
 Division: Alaska Marine Highway System  
 Approved by: Joseph L. Perkins, Commissioner  
 Agency: Department of Transportation and Public Facilities

Phone: 465-3959  
 Date: 2/20/97  
 Date: 2/20/97

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The following assumptions were used:

- (1) On or after 1/1/98, authority directors appointed will begin meetings. Assume 50 business days of meetings during first year of operations, dropping to 30 business days of meetings thereafter.
- (2) Travel and per diem expenses calculated based on 4 of 6 appointed directors traveling to Juneau from Seattle, Ketchikan, Seward and Anchorage. Travel and per diem expenses calculated using existing airfares, lodging and meal allowances; no inflationary increases included.
- (3) Assumes chief executive officer annual compensation at \$150,000 per year (pay and benefits) beginning 7/1/98, with annual increases of \$5.0 thousand per annum thereafter. FY99 expenses are less existing director's personal services costs at \$118,000 (pay and benefits)
- (4) Assumes requirement of accounting, payroll, revenue and other data management software and hardware to assist the authority in developing business efficient systems and reports not currently available on existing mainframe systems.
- (5) Assumes necessity of leased office space at 1.91 per square foot for 19,700 sq.ft (currently is provided free of charge to AMHS). This is based on current space utilization for Juneau based employees.

This does not include any costs associated with employment of consultants or advisors, which might be contracted by the authority. It does not include any costs that may be associated with performing vessel maintenance repair in Alaska as provided in Section 21. It does not include any warehouse costs which must be absorbed 7/1/99 (est. @ \$60.0 thousand per annum).

# FISCAL NOTE

No. 2  
 Bill Version: CSSB 21 (TRA)  
 (S) Publish Date: 3-18-97

**STATE OF ALASKA**  
**1997 LEGISLATIVE SESSION**

Revision Date: 3/17/97 Dept. Affected: DOT/PF  
 Title: An Act . . . establishing AMHS Authority and BRU: Office of the Commissioner  
relating to maintenance of state marine vessels Component: Commissioner's Office  
 Sponsor: Senators Robin Taylor, Pearce  
 Requester: Senate Transportation COMPONENT SERIAL NO. 530

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES		35.0	40.0	45.0	50.0	55.0
TRAVEL	75.2	121.7	93.0	93.0	93.0	93.0
CONTRACTUAL SUPPLIES	451.5	451.5	451.5	451.5	451.5	451.5
EQUIPMENT		300.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>526.7</b>	<b>908.2</b>	<b>584.5</b>	<b>589.5</b>	<b>594.5</b>	<b>599.5</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	526.7	908.2	584.5	589.5	594.5	599.5
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>526.7</b>	<b>908.2</b>	<b>584.5</b>	<b>589.5</b>	<b>594.5</b>	<b>599.5</b>

Estimate of any current year (FY97) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Gary L. Hayden, System Director Phone: 465-3959  
 Division: Alaska Marine Highway System Date: 2/20/97  
 Approved by: [Signature] Date: 3/17/97  
 Agency: Department of Transportation and Public Facilities

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The following assumptions were used:

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- (3) Assumes chief executive officer annual compensation at \$150,000 per year (pay and benefits) beginning 7/1/98, with annual increases of \$5.0 thousand per annum thereafter. FY99 expenses are less existing director's personal services costs.
- (4) Assumes requirement of accounting, payroll, revenue and other data management software and hardware to assist the authority in developing business efficient systems and reports not currently available on existing mainframe systems.
- (5) Assumes necessity of leased office space at 1.91 per square foot for 19,700 sq.ft (currently is provided free of charge to AMHS). This is based on current space utilization for Juneau based employees.

This does not include any costs associated with employment of consultants or advisors, which might be contracted by the authority. It does not include any costs that may be associated with performing vessel maintenance repair in Alaska as provided in Section 21. It does not include any warehouse costs which must be absorbed 7/1/99 (est. @ \$60.0 thousand per annum).

The Senate Transportation Committee substitute language regarding the interport differential (Section 22 (c)(d)) potentially will have a cost to the system. However, an estimate is not attempted here.

The recent AIEDA report estimated the cost to perform work on the vessels in Ketchikan was on average 20 per cent higher. Using their 20 per cent, the system could face at a minimum an additional \$500.0 thousand annually.

The implications of Section 22 (c) (d) are with competitive bids on an FHWA funded project, it will increase costs that AMHS will not be able to receive reimbursement for under the federal project. The department's policy and procedure for calculating interport differential already includes items which are not eligible for reimbursement, i.e. per diem during the project. The language in this committee substitute would further increase that amount. These would include

employee wages during the voyage, since you would have to prove the wages would not have been paid but for the project. This is impossible to support given crew minimum guarantees. This case can be made when taking the vessel beyond California, such as with the Taku going to Mobile, Alabama. The other items are prorated maintenance and consumables cost. The department's policy and procedure on interport differential and how it has been applied has been reviewed by Legislative Audit. An audit was performed on two (2) past vessels projects and found that in both cases the interport differential was above the actual cost.

moved Sen. Torgerson  
adopted w/o objection

P.02

O-LS01841F.1  
Utermohle  
4/24/97

AMENDMENT

OFFERED IN THE SENATE  
TO: CSSB 21(STA)<sup>TRA</sup>

SENATE FINANCE  
COMMITTEE  
Amendment Number: 1  
Bill Number: SB 21  
Sponsor: Torgerson Date: 4/20/97  
Logged In By: J. Colanni

- 1 Page <sup>21</sup>20, line <sup>10</sup>30:
- 2 Delete "the department is not responsible for"
- 3 Insert "departmental"
- 4 Page <sup>21</sup>21, line <sup>12</sup>1, following "Authority":
- 5 Insert "is subject to direction by the Alaska Marine Highway Authority"
- 6 Page 21, lines <sup>17-19</sup>6-8:
- 7 Delete all material.
- 8 Insert "responsible for management or operation of transportation facilities under
- 9 the jurisdiction of the Alaska Marine Highway Authority or for management, operation,
- 10 or maintenance of vessels or equipment under the jurisdiction of the Alaska Marine
- 11 Highway Authority;"