

SB

192

**FISCAL NOTE
NOT YET AVAILABLE**

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 192

Revision Date _____ Dept. Affected DOT/PF
 Title Maintenance of State Vessels BRU _____
 Component _____
 Sponsor Senator Robin Taylor
 Requester Senate Transportation Committee Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES []						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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 Lydia A. Jones, Senate Transportation Committee Aide
 Division Senate Transportation Committee
 Approved by Senator Jerry Ward, Chairman
 Agency Senate Transportation Committee

Phone 465-6641
 Date 5/6/97
 Date 5/6/97

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A fiscal note was requested from the Department of Transportation in compliance with the five day rule. As of the date of the Transportation Committee meeting, the fiscal note had not been completed by the Department of Transportation.

In order to facilitate the continued progress of SB 192 through the legislative process, a zero fiscal note was prepared by the Senate Transportation Committee.

OVERHAUL - LAYUP

	FY97	FY96	FY95	FY94	FY93	FY92	FY91	FY90
KETCHIKAN SHIPYARD INC.								
AURORA	76,291	399,422	349,240			177,695	280,184	282,928
BARTLETT	24,600						213,242	170,612
COLUMBIA	173,999	303,221					487,916	
LECONTE *	371,139	230,405				242,348	302,821	
MALASPINA	364,085		517,343	495,969			355,083	
MATANUSKA		356,405				441,674	520,499	
TAKU*	518,005		566,965			214,781	363,738	
TUSTUMENA *	735,337							
SUBTOTAL KETCHIKAN SHIPYARD	2,263,456	1,289,453	1,433,548	495,969	0	1,076,498	2,523,483	453,540
OTHER SHIPYARDS IN ALASKA								
TUSTUMENA		7,604,758	200,050	3,579,186		761,060		
BARTLETT	149,942		253,380		228,300			
SUBTOTAL SEWARD SHIPYARD	149,942	7,604,758	453,430	3,579,186	228,300	761,060	0	0

* ONGOING CONTRACTS

Alaska State Legislature

Chairman,
Judiciary Committee

Member,
Resources Committee
Rules Committee
Committee on Committees



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Senator Robin L. Taylor
Senate Majority Leader

SPONSOR STATEMENT

SENATE BILL 192

Senate Bill 192 was introduced as back up for SB 21, the Marine Highway Authority legislation.

AS 36.90.050, the statutory requirement that state-owned vessels be maintained and repaired in Alaska, will sunset on August 30, 1997.

Provisions that eliminate this sunset clause are included in Senate Bill 21. The legislation before you addresses only the issues from SB 21 that relate to in state maintenance.

SB 192 contains the exact same language adopted by the Senate Transportation Committee and later amended in Senate State Affairs that became sections 21 and 22 of the Marine Highway Authority bill.

Passage of SB 192 will ensure that state-owned vessels will continue to be maintained in Alaska facilities.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 21(TRA)

1 Page 16, lines 12 - 16:

2 Delete "In this subsection, "commissioner of the department that operates the marine
3 vessel" includes the president of the University of Alaska with regard to a vessel operated by
4 the university and the chief executive officer of the Alaska Marine Highway Authority
5 with regard to a vessel operated by the Alaska Marine Highway Authority."

6 Insert "A detailed list of the costs and factors considered in calculating the
7 interport differential must be provided to each person who expresses an interest in
8 submitting a bid to perform maintenance or repair work on a marine vessel owned by
9 the state. [IN THIS SUBSECTION, "COMMISSIONER OF THE DEPARTMENT THAT
10 OPERATES THE MARINE VESSEL" INCLUDES THE PRESIDENT OF THE
11 UNIVERSITY OF ALASKA WITH REGARD TO A VESSEL OPERATED BY THE
12 UNIVERSITY.]"

13 Page 16, line 18, through page 17, line 1:

→ Delete all material and insert:

15 "(c) The commissioner of a department that operates a marine vessel shall
16 adopt regulations establishing the criteria that the department shall use to determine
17 whether the cost of maintenance or repair work at a shipyard facility located in the
18 state is reasonable under (a) of this section. The commissioner shall designate by
19 regulation the designated base port for each vessel operated by the department. A
20 vessel's designated base port is the vessel's delivery and redelivery port. The Alaska
21 Marine Highway Authority shall adopt regulations establishing the criteria that the
22 authority shall use in calculating the interport differential under this section. The
23 criteria for calculating the interport differential must include costs incurred from the
24 time that the vessel leaves the vessel's designated base port to enter the shipyard

*adopted in S TRA
became SEC 22 SB 21*

1 facility until the time that the vessel returns to the designated base port from the
2 shipyard facility.

3 (d) In this section,

4 (1) "commissioner of the department that operates the marine vessel"
5 includes the president of the University of Alaska with regard to a vessel operated by
6 the university and the chief executive officer of the Alaska Marine Highway Authority
7 with regard to a vessel operated by the Alaska Marine Highway Authority;

8 (2) "interport differential" includes all costs related to the performance
9 of the maintenance or repair work of a marine vessel at a shipyard located outside of
10 the state, including travel costs incurred moving the vessel from its designated base
11 port to the shipyard outside of the state; additional fuel consumption; cost of
12 consumables including lubricants and other engine and deck stores; maintenance costs
13 incurred during running time; cost of crew transfers including airfare between Alaska
14 and the shipyard; wages in travel status; crew room and board; and other interport
15 costs identified by the Alaska Marine Highway Authority."

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* Sec. 20. AS 36.30.990(1) is amended to read:

(1) "agency"

(A) means a department, institution, board, commission, division, authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of the executive branch of state government;

(B) does not include

(i) the University of Alaska;

(ii) the Alaska Railroad Corporation;

(iii) the Alaska Housing Finance Corporation;

(iv) a regional Native housing authority created under AS 18.55.996 or a regional electrical authority created under AS 18.57.020;

(v) the Alaska Marine Highway Authority [DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES], in regard to the repair, maintenance, and reconstruction of vessels, docking facilities, and passenger and vehicle transfer facilities of the Alaska marine highway system;

(vi) the Alaska Aerospace Development Corporation;

(vii) the Alaska State Pension Investment Board;

(viii) the Alaska Seafood Marketing Institute;

* Sec. 21. AS 36.90.050(a) is amended to read:

(a) Marine vessels owned by the state shall be maintained and repaired at a shipyard facility located in the state unless the commissioner of the department that operates the marine vessel determines in writing that there is no shipyard facility located in the state that is equipped or qualified to perform the particular maintenance or repair required, or, after taking into consideration the Alaska bidder preference set out in AS 36.30.170 and the interport differential, as determined by the Alaska Marine Highway Authority under this section [MARINE HIGHWAY SYSTEM], that the proposed cost of the maintenance or repair work is unreasonable. In making the determination, the commissioner shall consider, and document in writing, the direct and indirect benefits to the economy and labor force in the state that would

1 be derived by performing the vessel maintenance and repair at a facility in the
2 state. A detailed list of the costs and factors considered in calculating the
3 interport differential must be provided to each person who expresses an interest
4 in submitting a bid to perform maintenance or repair work on a marine vessel
5 owned by the state. [IN THIS SUBSECTION, "COMMISSIONER OF THE
6 DEPARTMENT THAT OPERATES THE MARINE VESSEL" INCLUDES THE
7 PRESIDENT OF THE UNIVERSITY OF ALASKA WITH REGARD TO A VESSEL
8 OPERATED BY THE UNIVERSITY.]

9 * Sec. 22. AS 36.90.050 is amended by adding new subsections to read:

10 (c) The commissioner of a department that operates a marine vessel shall adopt
11 regulations establishing the criteria that the department shall use to determine whether
12 the cost of maintenance or repair work at a shipyard facility located in the state is
13 reasonable under (a) of this section. The commissioner shall designate by regulation
14 the designated base port for each vessel operated by the department. A vessel's
15 designated base port is the vessel's delivery and redelivery port. The Alaska Marine
16 Highway Authority shall adopt regulations establishing the criteria that the authority
17 shall use in calculating the interport differential under this section. The criteria for
18 calculating the interport differential must include costs incurred from the time that the
19 vessel leaves the vessel's designated base port to enter the shipyard facility until the
20 time that the vessel returns to the designated base port from the shipyard facility.

21 (d) In this section,

22 (1) "commissioner of the department that operates the marine vessel"
23 includes the president of the University of Alaska with regard to a vessel operated by
24 the university and the chief executive officer of the Alaska Marine Highway Authority
25 with regard to a vessel operated by the Alaska Marine Highway Authority;

26 (2) "interport differential" includes all costs related to the performance
27 of the maintenance or repair work of a marine vessel at a shipyard located outside of
28 the state, including travel costs incurred moving the vessel from its designated base
29 port to the shipyard outside of the state; additional fuel consumption; cost of
30 consumables including lubricants and other engine and deck stores; maintenance costs
31 incurred during running time; cost of crew transfers including airfare between Alaska

1 and the shipyard; wages in travel status; crew room and board; and other interport
2 costs identified by the Alaska Marine Highway Authority.

3 * Sec. 23. AS 37.05.550 is amended to read:

4 Sec. 37.05.550. Alaska Marine Highway Authority [MARINE HIGHWAY
5 SYSTEM] vessel replacement fund. (a) There is in the general fund the Alaska
6 Marine Highway Authority [MARINE HIGHWAY SYSTEM] vessel replacement
7 fund. The fund consists of money appropriated to it by the legislature. Money
8 appropriated to the fund does not lapse. The Department of Revenue shall manage the
9 fund. Interest received on money in the fund shall be accounted for separately and may
10 be appropriated into the fund annually. The legislature may appropriate money from
11 the fund for refurbishment of existing state ferry vessels, acquisition of additional state
12 ferry vessels, or replacement of retired or outmoded state ferry vessels.

13 (b) The legislature may appropriate to the fund money received by the state
14 as Alaska Marine Highway Authority [MARINE HIGHWAY SYSTEM] program
15 receipts or from a settlement or final judicial determination of the Dinkum Sands case
16 (United States v. Alaska) [AND THE NORTH SLOPE ROYALTY CASE (STATE V.
17 AMERADA HESS, ET AL.)) and not deposited into the Alaska permanent fund under
18 AS 37.13.010(a)(1) or (2) or into the public school trust fund under AS 37.14.150.

19 (c) The Department of Revenue shall prepare a written report, no later than the
20 10th legislative day of each regular legislative session, regarding the earnings of the
21 Alaska Marine Highway Authority [MARINE HIGHWAY SYSTEM] vessel
22 replacement fund during the prior fiscal year and projected earnings of the Alaska
23 Marine Highway Authority [MARINE HIGHWAY SYSTEM] vessel replacement
24 fund for the current fiscal year and the next fiscal year. The Department of Revenue
25 shall notify the legislature that the report is available.

26 * Sec. 24. AS 39.20.310(8) is amended to read:

27 (8) persons employed by the Alaska Marine Highway Authority
28 [DIVISION OF MARINE TRANSPORTATION] as masters and members of the crews
29 operating the state ferry system who are covered by collective bargaining agreements
30 as provided in AS 23.40.040, except as expressly provided by law;

31 * Sec. 25. AS 39.25.110(11) is amended to read:

ORIGINAL 1986 LAW

Chapter 57

AN ACT

Relating to the maintenance of marine vessels of the state;
and providing for an expiration of the Act.

Section 1. AS 36.20 is amended by adding a new section to read:

Sec. 36.20.020. MAINTENANCE OF STATE MARINE VESSELS. (a) A marine vessel owned by the state may not be transported outside of the state for the purpose of maintenance or repair unless the commissioner of transportation and public facilities determines that there is no facility in the state able to perform the maintenance at a price that is in the state's best interests. In making this determination, the commissioner shall consider, and document through written findings

- (1) the amount of money the state has granted to, or otherwise invested in, marine vessel maintenance facilities in the state;
- (2) the amortization, overhead, and start-up costs of the facilities in the state; and
- (3) the direct and indirect benefits to the economy and labor force of the state that may be obtained by contracting with a facility in the state.

(b) AS 37.05.230 and the competitive bidding provisions of any other law do not apply to a contract for the maintenance or repair of a marine vessel owned by the state if the contract is awarded to a facility in the state.

Sec. 2. The provisions of this Act expire six years after the date it

LAW AS AMENDED IN 1992

Chapter 94

1 repair, maintenance, and reconstruction of vessels, docking facilities, and passenger and vehicle
2 transfer facilities of the Alaska marine highway system. The regulations must be based on
3 principles of competitive procurement consistent with this chapter to satisfy the operational
4 requirements of the Alaska marine highway system as determined by the Department of
5 Transportation and Public Facilities.

6 * Sec. 3. AS 36.30.990(1) is amended to read:

7 (1) "agency"

8 (A) means a department, institution, board, commission, division, or other administrative
9 authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of
10 the executive branch of state government;

11 (B) does not include

12 (i) the University of Alaska;

13 (ii) the Alaska State Housing Authority;

14 (iii) the Alaska Railroad Corporation;

15 (iv) the Alaska Housing Finance Corporation;

16 (v) a regional Native housing authority created under AS 18.55.996, or a regional electrical authority created under AS 18.57.020;

17 (vi) the Department of Transportation and Public Facilities, in
18 regard to the repair, maintenance, and reconstruction of vessels, docking
19 facilities, and passenger and vehicle transfer facilities of the Alaska marine
20 highway system;

21 (vii) the Alaska Aerospace Development Corporation;

22 * Sec. 4. AS 36.90.050 is repealed and reenacted to read:

23 Sec. 36.90.050. MAINTENANCE OF STATE MARINE VESSELS. (a) Marine
24 vessels owned by the state shall be maintained and repaired at a shipyard facility located
25 in the state unless the commissioner of the department that operates the marine vessel
26 determines in writing that there is no shipyard facility located in the state that is equipped
27 or qualified to perform the particular maintenance or repair required, or, after taking into
28 consideration the Alaska bidder preference set out in AS 36.30.170 and the interport
29 differential, as determined by the Alaska marine highway system, that the proposed cost
30 of the maintenance or repair work is unreasonable. In this subsection, "commissioner of
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Chapter 94

1 the department that operates the marine vessel" includes the president of the University
2 of Alaska with regard to a vessel operated by the university.

3 (b) The competitive bid provisions of AS 36.30 do not apply to a contract for the
4 maintenance or repair of a marine vessel owned by the state if the contract is awarded to
5 a shipyard facility in the state.

6 * Sec. 5. AS 36.90.050 is repealed August 30, 1997.

7 * Sec. 6. Secuon 2, ch. 57, SLA 1986, is repealed.

8 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).