

SB

189

MEMBER

TENTH ALASKA LEGISLATURE
ELEVENTH ALASKA LEGISLATURE
TWELFTH ALASKA LEGISLATURE
THIRTEENTH ALASKA LEGISLATURE
FOURTEENTH ALASKA LEGISLATURE
FIFTEENTH ALASKA LEGISLATURE
SIXTEENTH ALASKA LEGISLATURE
EIGHTEENTH ALASKA LEGISLATURE
NINETEENTH ALASKA LEGISLATURE
TWENTIETH ALASKA LEGISLATURE
TWENTY-FIRST ALASKA LEGISLATURE

ALASKA STATE SENATE



SENATOR TIM KELLY

STATE CAPITOL
JUNEAU, ALASKA 99801-1182
(907) 465-3822
FAX (907) 465-3755
1-800-770-3822
(JANUARY - MAY)
INTERNET: //http://www.state.ak.us/

716 WEST 4TH, SUITE 400
ANCHORAGE, ALASKA 99501
(907) 258-8180
FAX (907) 258-4524

SPONSOR STATEMENT

SB 189

"An Act relating to the international airports in Anchorage and Fairbanks and establishing The Alaska International Airport Authority; and providing for an effective date."

The public process surrounding the implementation of an Alaska Airport Authority combining Alaska's two international airports promises to be comprehensive. The process will allow the public and affected organizations to review the proposed legislation and begin a thorough discussion of its' merits.

Forming an Airport Authority encourages the development of trade on a statewide level and allows Anchorage International Airport and Fairbanks International Airport to benefit from the economies of scale offered by a single administrative body. The proposed board structure will give this Authority, the long term management stability it needs to more effectively and rapidly respond to fast-changing world market conditions.

Only Alaska and Hawaii currently have regional international airports that are state operated. The other 48 states international airports are run by authority systems.

Concern may rise over some elements of this legislation. The term "Authority" can be misleading and even inaccurate in implying a voracious and autonomous self-sustaining public body. Some "Authorities" do in fact meet that criterion. However, in SB 189, the governor of Alaska will appoint the members of the board of directors and the Legislature will review and appropriate the budget. All things done by the "Authority" are public and the acquisition of land by Eminent Domain may take place only with prior approval of the governor.

Responsibility to repay existing airport bonds is assumed by the "Authority" and the "Authority" also assumes repayment of new bond issues. Existing state employees transferred to the "Authority" become "Authority" employees and transfer with their collective bargaining agreements, for the duration of that contract. These employees continue to participate in their existing retirement benefit programs. The "Authority" may choose to engage in collective bargaining with its employees.

Senate Bill 189 provides for the continuation of litigation, hearings, investigations and other proceedings that were begun under a law that was amended or repealed by this Act, notwithstanding the amendment or repeal of that law. Likewise, regulations adopted under pre-existing law remain in effect for the term adopted or until repealed.

This legislation requires the "Authority" to annually prepare a concise report to the governor, legislature and the mayors of the Municipality of Anchorage, the Fairbanks North Star Borough, and the City of Fairbanks describing the operations, income, and expenditures of the "Authority" for the prior fiscal year.

###

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

January 25, 2000

SUBJECT: Sectional Summary of SB 189: An Act relating to the international airports in Anchorage and Fairbanks and establishing the Alaska International Airport Authority. (SB 189)

TO: Senator Tim Kelly
Attn: Ben Grenn

FROM: George Utermohle *GU*
Legislative Counsel

You have requested a sectional summary of SB 189: An Act relating to the international airports in Anchorage and Fairbanks and establishing the Alaska International Airport Authority.

As a preliminary matter, please note that a sectional summary only highlights significant elements of a bill and is neither a detailed review nor an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill sets out the findings of the legislature and the purpose of the bill.

Section 2 of the bill adds a new chapter to AS 02 creating the Alaska International Airport Authority.

CHAPTER 45. ALASKA INTERNATIONAL AIRPORT AUTHORITY. ARTICLE 1. CREATION AND ORGANIZATION.

Sec. 02.45.010 creates the Alaska International Airport Authority as a public corporation and instrumentality of the state in the Department of Transportation and Public Facilities. The authority is the exclusive state agency responsible for the state-owned and state-operated international airports at Anchorage and Fairbanks. The powers of the authority are vested in the board of directors of the authority.

Sec. 02.45.020 creates the board of directors of the authority. The board consists of seven voting members. The commissioner of transportation and public facilities serves as a nonvoting member of the board. The voting members of the board are appointed by the Governor from among persons qualified to serve on the board. Two members of the board shall reside in the Municipality of Anchorage and two members of the board shall reside in the Fairbanks North Star Borough.

Appointed members of the board serve staggered, four-year terms that begin on January 1.

Members of the board are subject to AS 39.50, relating to public official financial disclosure. Members of the board may not be employed by the state or hold elective state or municipal office.

Sec. 02.45.030 describes the grounds and procedure for removing appointed members of the board.

Sec. 02.45.040 sets the maximum amount of compensation for appointed members of the board at \$400 per day while performing the duties of the board for a maximum of 60 days per year. Appointed members of the board are also entitled to per diem and travel expenses authorized under AS 39.20.180.

Sec. 02.45.050 requires the board to hold at least four regular meetings each year and to alternate the location of the regular meetings between Anchorage and Fairbanks. The board may hold special meetings as the chair or three members consider necessary.

Sec. 02.45.060 describes the officers of the board, sets the quorum of the board at four members, prohibits voting by proxy, and allows members of the board to participate in meetings by electronic means.

Sec. 02.45.070 provides that the board may employ officers and employees necessary for the efficient operation of the airports and the authority. The board shall employ an airport manager for each airport at Anchorage and Fairbanks.

Sec. 02.45.080 authorizes the board to adopt rules and emergency rules as necessary to carry out its functions and the purpose of AS 02.45. Procedures for adopting rules and emergency rules are set out.

ARTICLE 2. POWERS AND DUTIES.

Sec. 02.45.100 sets out the powers and duties of the authority.

Sec. 02.45.110 states that the activities of the authority in regard to the international airports are governmental functions and are exercised for a public purpose.

Sec. 02.45.120 provides that the authority has the power to acquire land and easements in land necessary for the purposes of the authority. The authority may exercise this power to abate airport hazards and to obtain sand, gravel, rock, and other materials.

Sec. 02.45.130 provides that the authority has the power to acquire land for the purpose of exchange for other land needed by the authority.

Sec. 02.45.140 provides that the authority has the power to acquire land by eminent domain. The governor must approve the exercise of eminent domain by the authority.

Sec. 02.45.150 provides that the authority may indemnify certain persons associated with the authority for costs incurred in connection with a civil or criminal action arising out of the person's affiliation with the authority. The authority may also purchase insurance to protect its employees, agents, and board members from actions arising out of their performance of duties for the authority.

Sec. 02.45.160 requires the authority to protect its assets, employees, and services by purchasing insurance or by providing for self-insurance retentions. The authority shall also obtain other insurance necessary to protect the authority and state from claims against the authority.

Sec. 02.45.170 requires the authority to obtain a fidelity bond for boards members and each executive officer responsible for accounts and finances.

ARTICLE 3. INTERNATIONAL AIRPORT FACILITIES.

Sec. 02.45.200 grants the authority the power to enter into long term agreements (up to 55 years) for the use of airport facilities or for the privilege of supplying goods, services, and facilities at an airport or air navigation facility. The authority may set the terms, charges, rents, and fees for the use of airport facilities and airport services. The authority may not deny to the public the right to equal use of the airports and air navigation facilities. Procedures for renewal or extension of land leases at the airports are set out. Procedures for disposition of permanent improvements to land leased from the authority are set out.

Sec. 02.45.210 requires the authority to grant an exclusive contract for the sale and delivery of in-bond merchandise at the airports. Existing contracts for the delivery and sale of in-bond merchandise at the Fairbanks and Anchorage international airports may continue until they expire, but no additional contracts for the delivery and sale of in-bond merchandise may be made. When the existing contracts for the delivery and sale of in-bond merchandise expire the authority shall enter into one exclusive agreement for the delivery and sale of in-bond merchandise at each airport.

The authority shall award the exclusive contracts for the delivery and sale of in-bond merchandise by competitive bid.

Deliveries of in-bond merchandise to airlines as cargo are exempt from this section.

Sec. 02.45.220 grants general police powers to certain officers and employees of the authority who are designated by the board.

Sec. 02.45.230 prohibits the authority from excluding ground transportation from airports.

Sec. 02.45.240 provides that the authority may enforce the payment of debts owed to the authority and that the authority has the lien rights allowed by law to collect monies owed for services provided by the authority.

Sec. 02.45.250 provides that the board shall establish an advisory committee for each airport at Anchorage and Fairbanks. Each advisory committee consists of three members of the board of directors of the authority.

ARTICLE 4. FISCAL PROCEDURES.

Sec. 02.45.300 sets out procedures for preparing the authority's program and financial plan.

Sec. 02.45.310 provides that the authority may administer its programs for the management of airports, except as limited by the governor, mission statements, appropriations, and other laws. The governor may direct the authority to withhold or reduce expenditures if external factors make the expenditure factually impossible.

Sec. 02.45.320 provides that the authority may receive money from federal agencies and other public and private sources to accomplish the purposes for which the authority was created, provided that the legislature appropriates the money to the authority. Funds received from the federal government shall be spent under the terms and conditions set out in federal laws and regulations.

Sec. 02.45.330 requires the authority to annually prepare a concise report to the governor, legislature, and the mayors of the Municipality of Anchorage, the Fairbanks North Star Borough, and the City of Fairbanks describing the operations, income, and expenditures of the authority for the prior fiscal year.

Sec. 02.45.340 requires the authority to have its financial records audited annually by a certified public accountant.

Sec. 02.45.350 provides that the authority succeeds to all rights, duties, powers, and obligations of the state bond committee regarding international airports revenue bonds.

ARTICLE 5. GENERAL PROVISIONS.

Sec. 02.45.900 provides that the employees of the authority are not employees of the state. Those employees of the authority who were state employees before they were transferred to the authority continue to participate in the supplemental benefits program under AS 39.30 and the public employee retirement system under AS 39.35 and the authority shall continue to contribute to these systems for those employees. The authority may engage in collective bargaining with its employees.

Sec. 02.45.910 exempts the authority from the State Procurement Code (AS 36.30) except as specifically provided; the Executive Budget Act (AS 37.07); AS 39, except as specifically provided; and portions of the Administrative Procedure Act (AS 44.62.010 - 44.62.300), relating to the adoption of regulations.

Sec. 02.45.990 defines the terms "airport", "authority", and other key terms.

Sec. 02.45.995 designates this chapter as the Alaska International Airport Authority Act.

Sections 3 - 23 of the bill make numerous technical amendments to AS 02.15 allocating responsibility for control, management, and operation of the state-owned and state-operated airports at Anchorage and Fairbanks between the Department of Transportation and Public Facilities and the Alaska International Airport Authority in order to conform with the substance of sec. 2 of the bill.

Sections 24 - 25 of the bill make technical amendments to AS 02.25.110 in order to clarify the responsibility of the Department of Transportation and Public Facilities and the Alaska International Airport Authority in regard to the state-owned or state-operated airports at Anchorage and Fairbanks and to conform with the substance of sec. 2 of the bill.

Section 26 of the bill amends AS 18.65.290(6) by making a technical amendment to the definition of "police officer" to include an officer or employee at an international airport who has been designated by the Alaska International Airport Authority as having general police powers.

Section 27 of the bill makes a technical amendment to AS 19.10.270 relating to the responsibility for approving construction of highways near the airports managed by the Alaska International Airport Authority.

Section 28 of the bill makes a technical amendment to AS 23.10.037(b), relating to the use of lie detectors, by substituting a reference to the Alaska International Airport Authority for a reference to the Department of Transportation and Public Facilities.

Sections 29 - 30 of the bill amend AS 35.27 (art in public places) to make the Alaska International Airport Authority responsible for complying with the chapter as it affects the buildings and facilities of the authority.

Section 31 of the bill makes a technical amendment to AS 36.10.180(a) in order to subject the Alaska International Airport Authority to the preferential hiring requirements for contracts subject to AS 36.10.150 - 36.10.175.

Section 32 of the bill makes an amendment to AS 36.30.015(e) in order to allow the Alaska International Airport Authority to adopt a procurement code that is substantially equivalent to the state procurement code (AS 36.30).

Section 33 of the bill amends AS 36.30.050(c) in order to allow the authority to use the list of contractors compiled by the commissioner of administration under AS 36.30.050.

Section 34 of the bill makes a technical amendment to AS 36.30.850(b)(8) in order to conform with sec. 2 of the bill.

Section 35 of the bill amends AS 36.30.990(l) in order to exempt the Alaska International Airport Authority from the definition of agencies subject to the state procurement code (AS 36.30).

Section 36 of the bill amends AS 37.05 (Fiscal Procedures Act) in order to allow the commissioner of administration to delegate some of the commissioner's functions under AS 37.05 to the Alaska International Airport Authority.

Sections 37 - 53 of the bill make numerous amendments to AS 37.15.415 - 37.15.550 in order to transfer authority from the commissioner of transportation and public facilities and the state bond committee to the board of directors of the Alaska International Airport Authority in regard to international airports revenue bonds.

Sections 54 - 55 of the bill amend AS 38.05.030 in order to exempt land held by the Alaska International Airport Authority from the jurisdiction of the Department of Natural Resources under AS 38.05.

Section 56 of the bill amends AS 39.35 by adding a new section providing that state employees who are transferred to the Alaska International Airport Authority continue to participate in the public employees retirement system. The authority may elect to include new employees of the authority within the coverage of the public employees retirement system.

Section 57 of the bill amends AS 39.50.200(b) in order to make members of the board of the Alaska International Airport Authority subject to AS 39.50 (public official financial disclosure).

Sections 58 - 60 of the bill amend definitions used in the AS 39.52 (Alaska Executive Branch Ethics Act) in order to include the Alaska International Airport Authority within the definition of "agency" and "board or commission" and "instrumentality of the state."

Section 61 of the bill amends AS 44.42.020(a)(7) relating to the duties of the commissioner of transportation and public facilities in order to clarify the responsibility of the commissioner for the state-operated and state-owned airports at Anchorage and Fairbanks and to conform with sec. 2 of the bill.

Section 62 of the bill amends AS 44.88.080(25) in order to authorize the Alaska Industrial Development and Export Authority to enter into agreements with the Alaska International

Airport Authority regarding facilities at the international airports at Anchorage and Fairbanks.

Section 63 of the bill provides for the transfer of real and personal property used or controlled by the Anchorage International Airport and the Fairbanks International Airport to the Alaska International Airport Authority. Employees from the Department of Transportation and Public Facilities that are involved in the management, operation, and maintenance of the international airports at Anchorage and Fairbanks are transferred to the Alaska International Airport Authority. Employees of the Alaska International Airport Authority are no longer state employees on the expiration date of the collective bargaining agreements covering those employees that are in effect on the effective date of certain provisions of the bill.

Section 64 of the bill provides for the interim management of the Alaska International Airport Authority by the commissioner of transportation and public facilities pending the first meeting of the board of directors of the authority.

Section 65 of the bill prescribes the terms of the initial appointments to the board of directors of the Alaska International Airport Authority.

Section 66 of the bill provides for the transfer of responsibility for international airports revenue bonds under AS 37.15.410 - 37.15.550 from the state bond committee to the Alaska International Airport Authority.

Section 67 of the bill is the saving clause. This section provides for the continuation of litigation, hearings, investigations, and other proceedings that were begun under a law that was amended or repealed by this Act, notwithstanding the amendment or repeal of that law. Likewise, regulations adopted under preexisting law remain in effect for the term adopted or until repealed.

Section 68 of the bill repeals AS 02.15.091, 02.15.260(13), and AS 39.25.120(c)(11).

Section 69 of the bill repeals AS 37.15.550(5) - (7).

Section 70 of the bill provides that certain provisions of the bill take effect on the day when the board of directors of the Alaska International Airport Authority convenes its first meeting.

Section 71 of the bill provides that certain sections of the bill, relating to responsibility for international airports revenue bonds, take effect on January 1 after the first meeting of the board of directors of the Alaska International Airport Authority.

Section 72 of the bill provides that, except as provided under secs. 70 and 71, the bill takes effect July 1, 2001.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 189

Revision Date/Time (Note if correction) _____ Dept. Affected DOT&PF
 Title International Airport Authority BRU International Airports
 Component International Airports System
 Sponsor Senator Kelly
 Requester (S) TRA Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	168.0	168.0	84.0	84.0	84.0	84.0
Travel	33.6	33.6	16.8	16.8	16.8	16.8
Contractual	200.0	200.0	100.0	100.0	100.0	100.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	401.6	401.6	200.8	200.8	200.8	200.8

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other	401.6	401.6	200.8	200.8	200.8	200.8
TOTAL	401.6	401.6	200.8	200.8	200.8	200.8

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See Attached.

Prepared by: Dennis Poshard, Special Assistant to the Commissioner

Phone 465-3904

Division Commissioner's Office

Date/Time 1/26/00 11:06 AM

Approved by Commissioner

Date _____

Agency Joseph E. Perkins, DOT&PF

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

SB 189 Attachment

Additional Costs

*Board of Directors Cost (Assume 60 days for first two years, thereafter 30 days – 4 members traveling).

1 st and 2 nd years \$400/day x 60 days x 7 members =	\$168,000.00
Following years \$400/day x 30 days x 7 members =	84,000.00

Per diem for four (4) members:

1 st and 2 nd years \$100/day x 60 days x 4 members =	24,000.00
Following years \$100/day x 30 days x 4 members =	12,000.00

Travel cost (between Anchorage and Fairbanks):

1 st and 2 nd years (assume monthly meetings) \$200 x 6 months x 4 members =	9,600.00
---	----------

Following years (assume bi-monthly meetings) \$200 x 6 months x 4 members =	4,800.00
--	----------

Subtotal Board of Directors Cost:

1 st and 2 nd years \$201,600	\$201,600.00
Following years \$100,800	\$100,800.00

*Transition Costs:

These costs are difficult to estimate without some in-depth studies but would include items such as:

-Development of bylaws, rules of conduct, code of ethics, personnel rules, procurements;

-inventories and transfer of land, equipment and facilities;

Rough Estimate:	\$200,000.00
-----------------	--------------

*Long Term Potential Costs (again these costs are difficult to estimate without some in-depth studies):

Developing and maintaining systems, which are presently provided by other branches of state government. For example; risk management and insurance, bonding committee, personnel and labor relations, computer costs, AKSAS and AKPAY.

Rough Estimate	\$100,000.00
----------------	--------------

RECAP:

1 st and 2 nd years:	\$201,600.00
Board	<u>200,000.00</u>
Transition Costs	\$401,600.00

Following years:	\$100,800.00
Board	<u>100,000.00</u>
Long Term Costs	\$200,800.00