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<TARGET><BILL>HB 117</BILL><SUBJECT>HB
117</SUBJECT><COMM>HTRA30</COMM></TARGET>



30th Alaska State Legislature

House Transportation Committee

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Sponsor Statement

HB 117 "ART PUBLIC FACILITIES: EXEMPT ST. FERRIES"

AS 35.27.020 mandates that at least 1% of the construction cost of public buildings and facilities be reserved for the design, construction, mounting and administration of works of art. This requirement includes new Alaska Marine Highway System vessels.

The intent of this legislation is to eliminate the statutory 1% of construction cost set aside for artwork on the two new Alaska Class Ferries (ACF) vessels and the Tustumena replacement vessel project.

The two ACF vessels are being funded exclusively with state funding. The total construction contract cost for these vessels is \$101,513,651.00, meaning that a \$1,015,136.51 set aside for artwork is required.

The artwork from the Motor Vessel Taku has been removed and placed into climate controlled storage in Ketchikan prior to the Taku being placed into unmanned layup status. That art is available for reuse on the ACF vessels.

The future Tustumena replacement vessel project, a federal aid project, is estimated to cost \$237M to complete. Like construction of the two new ACFs, this project is subject to AS 35.27.020 and would call for \$2.37M of artwork on the vessel.

The legislation avoids spending nearly \$3.5M of construction budget funding on art, which could otherwise go toward necessary vessel outfitting of marine equipment on the two new ACF vessels and the Tustumena replacement vessel

The statute exists to mandate a 1% set aside for art. Failing to alter that requirement through this legislation means compliance with the art requirement will come at the same time the vessels are not completely outfitted with essential equipment necessary to safely operate the vessel in passenger service.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 117
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB117-DOT-MVO-2-16-17
Title: ART PUBLIC FACILITIES: EXEMPT ST. FERRIES
Sponsor: TRANSPORTATION
Requester: (H) TRA

Department: Department of Transportation and Public Facilities
Appropriation: Marine Highway System
Allocation: Marine Vessel Operations
OMB Component Number: 2604

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

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Agency: DOT&PF

Phone: (907)465-4772
Date: 02/16/2017 02:05 PM
Date: 02/16/17

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB 117

Analysis

If this proposed legislation does not become law, the AMHS would be required under AS 35.27.020 to expend 1% for artwork, which is \$1.02M for the two new Alaska Class Ferry (ACF) vessels and approximately \$2.37M for the future Tustumena replacement vessel. If passed, this legislation would allow the department to expend the capital funding for the ACF's on necessary navigational and lifesaving equipment, as current construction funding is insufficient to properly equip each vessel. While sufficient funding for the Tustumena replacement vessel can be secured through legislative authority via federal-aid/state matching funds, this proposed legislation exempts the future build of the Tustumena's replacement from the 1% for art requirement.

1% for Art on Ferries Q&A

Why is this legislation necessary?

- AS 35.27.020 mandates that at least 1% of the construction cost of public buildings and facilities be reserved for the design, construction, mounting and administration of works of art. This requirement includes new Alaska Marine Highway System vessels. The intent of this legislation is to eliminate the statutory 1% of construction cost set aside for artwork on the two new Alaska Class Ferry (ACF) vessels and the Tustumena replacement vessel project.
- The Alaska Class Ferry (ACF) vessels are being funded exclusively with state funding (no federal aid). The total construction contract cost for the two ACF vessels is \$101,513,651.00, meaning that a \$1,015,136.51 set aside for artwork is required (in accordance with AS 35.27.020).
- The ACFs are scheduled to be delivered in 2018. The construction contract, in a money saving effort to stay within the allowed state budget, provides for state furnished equipment to be taken off other vessels being decommissioned or otherwise procured in order to fully outfit the new ACF vessels. This includes such items as the Marine Evacuation Slides (MES), Rigid Inflatable Rescue Boats (RIB), and for the second ACF, numerous pieces of electronic equipment such as radars, depth sounder, compasses, Automatic Identification System (AIS), Differential Global Positioning System (DGPS) and others. The available funding to construct the vessels is inadequate to fully outfit them, relying on state furnished equipment (salvaged or otherwise purchased) to complete the vessels and make them functional. Setting aside over \$1 million dollars for artwork on a totally state funded project during the midst of a state financial crisis does not make solid fiscal sense.
- Additionally, the artwork from the Motor Vessel Taku has been removed and placed into climate controlled storage in Ketchikan prior to the Taku being placed into unmanned layup status. That art is available for reuse on the ACF vessels.
- The future Tustumena replacement vessel project, a federal aid project, is estimated to cost \$237M to complete. Like construction of the two new ACFs, this project is subject to AS 35.27.020 and would call for \$2.37M of artwork on the vessel. Federal participation would cover approximately 90% and state match (GF) would cover the remainder of that \$2.37M, i.e., \$237K. The Department proposes to move the existing artwork from the decommissioned, original Motor Vessel Tustumena, or some other decommissioned AMHS ferry, to the new, replacement vessel Tustumena.

What are the benefits of passing this legislation?

- Avoids spending nearly \$3.5M of construction budget funding on art, which could otherwise go toward necessary vessel outfitting of marine equipment on the two new ACFs and the Tustumena replacement vessel.

What are the consequences if legislation is not passed?

- The statute exists to mandate a 1% set aside for art. Failing to alter that requirement through this legislation means compliance with the art requirement will come at the same time the vessels are not completely outfitted with essential equipment necessary to safely operate the vessel in passenger service. A negative public perception regarding state spending priorities on the project is a real possibility.