

ALASKA LEGISLATURE

1703

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

Governor Knowles' FY99 Capital Budget
All Projects in Capital and Mental Health Bills

Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
Natural Resources	National Historic Preservation Grants				640,000		640,000
Natural Resources	Kenai Habitat Restoration and Recreation Enhancements					462,300	462,300
Natural Resources	Reforestation and Monitoring	250,000					250,000
	Development Subtotal	2,708,000		3,415,000	45,352,500	15,509,800	66,985,300
HEALTH/SAFETY							
Administration	Pioneers' Homes Health and Safety Repairs		700,000				700,000
Administration	Pioneers' Homes Special Care Units (Anchorage, Palmer, Juneau)		200,000				200,000
Administration	Integrated Criminal Justice Information System - Public Defender	110,000					110,000
Comm & Reg Affairs	Bulk Fuel Systems Upgrades					1,600,000	1,600,000
Comm & Reg Affairs	Electrical Emergencies					392,000	392,000
Corrections	Deferred Maintenance, Repair, Renewal and Replacement	800,000					800,000
Corrections	Criminal Justice Information System Integration	449,000					449,000
Corrections	Corrections Replacement Equipment	250,000					250,000
Corrections	Data Processing Technical Support				300,000		300,000
Corrections	Community Jails Security and Expansion Projects	200,000					200,000
Education	AVTEC Food Services Building - Roof, Renovation and Upgrade			100,000			100,000
Environ Conserv	Village Safe Water Project Administration	1,723,800					1,723,800
Environ Conserv	Village Safe Water Project Feasibility Study Grants	902,700			902,700		1,805,400
Environ Conserv	Village Safe Water Grants Matched by Federal EPA	250,000	10,690,600		10,940,600		21,881,200
Environ Conserv	Village Safe Water Grants Matched by Federal RDA	4,339,600	5,660,400				10,000,000
Environ Conserv	Village Safe Water Grants without Match	865,000					865,000
Environ Conserv	Municipal Matching Water/Sewer Grants Program	14,633,600			2,117,200		16,750,800
Environ Conserv	Food Safety Laboratory	145,700					145,700
Environ Conserv	Electronic Access to Domestic Wastewater Property Files		200,000				200,000
Environ Conserv	Fine Particulate Monitoring				778,800		778,800

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Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
Environ Conserv	Local Response Agreements					500,000	500,000
Environ Conserv	Upgrade, Closure or Replacement of State-Owned Underground Storage Tanks					2,782,400	2,782,400
Environ Conserv	Cleanup of State-Owned Contaminated Sites					1,539,000	1,539,000
Environ Conserv	Upgrade, Closure or Replacement of Privately-Owned Underground Storage Tanks					5,123,500	5,123,500
Environ Conserv	Upgrade of State-Owned Above Ground Storage Tanks					1,600,000	1,600,000
Environ Conserv	State Hazardous Materials Response					300,000	300,000
Environ Conserv	Investigation and Cleanup of Privately-Owned Contaminated Sites					2,340,000	2,340,000
Environ Conserv	Cook Inlet Water Quality Monitoring Database					340,000	340,000
Environ Conserv	Natural Resources Damage Assessment Protocol and Guidelines					325,000	325,000
Governor	Americans with Disabilities Act Compliance Projects	500,000					500,000
Health & Soc Svcs	Stop-Gap Repairs at Alaska Psychiatric Institute	225,000					225,000
Health & Soc Svcs	Deferred Maintenance, Renewal, Replacement and Equipment	750,000			192,300		942,300
Health & Soc Svcs	Public Health Laboratory Non-Bondable Costs	275,000					275,000
Health & Soc Svcs	Welfare Reform Information System and Office Automation	1,458,600			1,458,600		2,917,200
Health & Soc Svcs	Vital Statistics Archive Imaging and System Replacement	340,000					340,000
Health & Soc Svcs	Emergency Medical Services Communications Equipment	341,600					341,600
Health & Soc Svcs	Deferred Maintenance - Competitive Grants for Trust Beneficiary Program Facilities	200,000				200,000	400,000
Mil & Vet Affairs	New Phone Switch - Integrated Switch Digital Network Compliance	96,000					96,000
Mil & Vet Affairs	National Warning System Upgrade Phase II	102,900			148,000		250,900
Mil & Vet Affairs	Emergency Wireless Phase II	200,000					200,000
Mil & Vet Affairs	VHF Radio Replacement - Division of Emergency Services	146,400					146,400

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Mil & Vet Affairs	Emergency Communication Response Team - Equipment	56,000					56,000
Mil & Vet Affairs	Juneau Armory Design and Construction	544,000			6,360,000		6,904,000
Mil & Vet Affairs	Army Guard Deferred Maintenance, Renewal & Replacement	150,000			84,000		234,000
Mil & Vet Affairs	Nome Armory Design and Construction	662,000			5,712,500		6,374,500
Mil & Vet Affairs	Army Guard Statewide Planning and Construction				2,000,000		2,000,000
Natural Resources	State Parks Emergency Repairs			400,000			400,000
Natural Resources	Wildland and Urban Interface Fire Training and Certifications	120,000					120,000
Natural Resources	Federal Excess Property - Fire Vehicles	150,000					150,000
Natural Resources	Fairbanks Facility Maintenance, Repair and Construction	200,000					200,000
Natural Resources	Fire Management Plan Map Atlas Updating	60,000					60,000
Natural Resources	Abandoned Mines Lands Reclamation				1,500,000		1,500,000
Public Safety	Fish and Wildlife Protection Aircraft and Vessel Repair	1,221,500					1,221,500
Public Safety	Fish and Wildlife Protection Equipment	375,000					375,000
Public Safety	Trooper Law Enforcement Equipment	353,500					353,500
Public Safety	Trooper Dispatch Console Replacement - Fairbanks	250,000					250,000
Public Safety	Statewide Academy Expansion (Plus \$1.4m reapprop)	700,000					700,000
Public Safety	APSIN Statewide Data Communications	150,000					150,000
Public Safety	APSIN Redesign and Implementation	300,000			300,000		600,000
Public Safety	APSIN NCIC-2000 Analysis and Design	150,000					150,000
	Health/Safety Subtotal	34,746,900	17,451,000	500,000	32,794,700	17,041,900	102,534,500
HOUSING							
Education	Vocational Rehabilitation Home Modifications for Individuals with Disabilities		150,000				150,000
Health & Soc Svcs	Beneficiary and Special Needs Housing Program		1,800,000				1,800,000
Revenue	Supplemental Housing Development Program		9,000,000				9,000,000
Revenue	Anchorage - Central Terrace/Fairmount Phase II		864,000		1,300,000		2,164,000
Revenue	AHFC Mainframe Software Upgrade		165,000		250,000		415,000
Revenue	Mountain View - Phase I (Senior Units)		2,120,000				2,120,000
Revenue	Park View Manor		2,500,000		1,000,000		3,500,000
Revenue	Alaska Craftsman & Home Energy Rating Programs		450,000				450,000

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Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
Revenue	Low Income Housing Weatherization		6,500,000		1,200,000		7,700,000
Revenue	Senior and Statewide Housing Deferred Maintenance		3,700,000		450,000		4,150,000
Revenue	Senior Housing Predevelopment Grants		202,185				202,185
Revenue	Dillingham Senior Housing Project		900,645				900,645
Revenue	Anchorage Senior Housing Project		228,520				228,520
Revenue	Nome Senior Housing Project		718,650				718,650
Revenue	Homeless Assistance Program		1,250,000				1,250,000
Revenue	Housing and Urban Development Comprehensive Grant Program				2,900,000		2,900,000
Revenue	Housing and Urban Development Federal HOME Grant		750,000		3,000,000		3,750,000
Revenue	Public Housing Environmental Cleanup and Abatement		1,000,000				1,000,000
Revenue	Energy Conservation Retrofit		500,000				500,000
Revenue	Federal and Other Competitive Grants		1,250,000		3,000,000		4,250,000
Revenue	Transitional Housing		250,000				250,000
Revenue	Competitive Grants for Public Housing		250,000		750,000		1,000,000
Revenue	Oil Overcharge Settlement				2,500,000		2,500,000
Revenue	Housing Subtotal		34,549,000		16,350,000		50,899,000
PUBLIC SUPPORT TECHNOLOGY/SERVICE							
Administration	Electronic Commerce and Purchasing System			195,000			195,000
Administration	Enterprise Message Brokering and Data Exchange Capability	200,000					200,000
Administration	Lease Data Base System Replacement			175,000			175,000
Administration	DMV Microfilming and Indexing	230,000					230,000
Administration	AKPAY Time and Attendance System	175,000					175,000
Administration	DMV Digital Photo Identification Process	300,000					300,000
Administration	Juneau Support Relocation Planning	100,000					100,000
Administration	Retirement & Benefits Space Consolidation Furniture					325,000	325,000
Administration	Information Services Fund Equipment Replacement					2,768,000	2,768,000
Education	Alaska Commission on Postsecondary Education Computer Replacement					171,500	171,500
Education	Library- Statewide Electronic Doorway (SLED)	100,000					100,000

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Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
Education	Library Materials	100,000					100,000
Natural Resources	Completion of Land Status GIS System			250,000			250,000
Natural Resources	Recorder's Office Equipment Upgrade			200,000			200,000
Natural Resources	Recorder's Office Aperture Card Filming and Digitizing			165,000			165,000
Natural Resources	Oil & Gas Royalty Accounting System Phase II			150,000			150,000
Revenue	Permanent Fund Dividend System Design, Phase II					1,000,000	1,000,000
Revenue	Telecommunications Disaster Recovery System					492,800	492,800
	Public Support Technology/Service Total	1,205,000		1,135,000		4,757,300	7,097,300
TRANSPORTATION							
Transportation	Airport Deferred Maintenance			900,000			900,000
Transportation	Alaska Marine Highway System Overhaul and Rehabilitation	4,000,000					4,000,000
Transportation	Emergency and Non-Routine Repairs			1,000,000			1,000,000
Transportation	Facilities Deferred Maintenance and Critical Repairs			750,000			750,000
Transportation	Federal Transit Administration Grants	30,000			900,000		930,000
Transportation	Highway Deferred Maintenance	200,000		1,350,000			1,550,000
Transportation	Harbors Deferred Maintenance			900,000			900,000
Transportation	Secondary Road Paving	800,000					800,000
Transportation	State Equipment Fleet Replacement Program					11,800,000	11,800,000
Transportation	Unalaska Small Boat Harbor			500,000			500,000
Transportation	Coordinated Transportation Service Transit Grants	150,000				150,000	300,000
Transportation	State Equipment Fleet Equipment Management System					119,900	119,900
Transportation	Federal Aid Aviation Program			5,000,000	80,000,000		85,000,000
Transportation	Federal Aid Highway Program	26,500,000			258,300,000		284,800,000
Transportation	Anchorage Intl Airport Advance Project Design					600,000	600,000
Transportation	Anchorage Intl Airport Airfield Blast Protection Reconstruction Phase 1				1,530,000	370,000	1,900,000
Transportation	Anchorage Intl Airport Annual Improvements					650,000	650,000
Transportation	Anchorage Intl Airport Equipment					650,000	650,000
Transportation	Anchorage Intl Airport Escalator Replacement					350,000	350,000
Transportation	Anchorage Intl Airport Flight Tracking and Noise Monitoring System				1,080,000	120,000	1,200,000
Transportation	Anchorage Intl Airport Lake Hood Sewer and Water					2,500,000	2,500,000
Transportation	Anchorage Intl Airport Runway 6L-24R Reconstruction				15,300,000	1,700,000	17,000,000
Transportation	Anchorage Intl Airport Taxiway S Tug Road					300,000	300,000
Transportation	Anchorage Intl Airport Terminal Expansion 2005					191,000,000	191,000,000

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Transportation	Fairbanks Intl Airport Annual Improvements					200,000	200,000
Transportation	Fairbanks Intl Airport Equipment				300,000	279,000	579,000
Transportation	Fairbanks Intl Airport Terminal Area Roads and Parking Construction				710,000	2,840,000	3,550,000
Transportation	Fairbanks Intl Airport Terminal Improvements Phase I Construction				1,565,700	464,300	2,030,000
Transportation	U. S. Army Corps of Engineers Projects			900,000			900,000
	Transportation Subtotal	31,680,000		11,300,000	359,685,700	214,093,200	616,758,900
UNIVERSITY							
University	Systemwide Deferred Maintenance and Code Compliance	7,000,000					7,000,000
University	Small Business Development Programs			450,000			450,000
University	Physical Education Facility Design and Construction - Juneau Campus					4,000,000	4,000,000
	University Subtotal	7,000,000		450,000		4,000,000	11,450,000
	TOTAL STATE AGENCIES	77,339,900	52,000,000	16,800,000	454,182,900	255,402,200	855,725,000
	CAPITAL MATCHING GRANTS PROGRAMS	15,000,000					15,000,000
TOTAL EXECUTIVE BRANCH		92,339,900	52,000,000	16,800,000	454,182,900	255,402,200	870,725,000
	ALASKA COURT SYSTEM	7,858,000					7,858,000

HB

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HFIN

FILE

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

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February 24, 1998

The Honorable Mark Hanley
Alaska State Legislature
State Capitol, Room 507
Juneau, Alaska 99801-1182

Dear Representative Hanley:

In response to your February 18 letter, the following information addresses each of the questions you asked. The numbering conforms to that in your letter.

- 1) *How much has been spent on the upgrade or repair of this vessel this fiscal year?*

What previously appropriated capital projects/funding sources were utilized for upgrade/repair and in what amount?

Was a general fund match required, and if so, what was the source of these funds?

A total of \$750,000 will be spent to maintain or repair the Malaspina by the end of FY 98. The capital portion of that amount, \$389,909, for overhaul of the main engines and diesel generators, is being accomplished under legislative authorization Chapter 208, SLA 90, page 72, line 22, Mainline Repower. Of that total, \$35,209 is GF match. The source is Chapter 100, SLA 1997, page 58, line 9. The balance of the \$750,000 will be used to drydock the ship and complete minor repairs in April or May.

- 2) *What adjustments, if any, have been made to revenue projections on other vessels which will be impacted by the additional competition provided by the Malaspina?*

The revenue projections for all other mainline vessels for FY 98 and FY 99 have been adjusted downward by about 5% to account for the competition provided by the Malaspina operating in the Lynn Canal.

- 3) *What adjustments, if any, have been made to revenue projections system wide to account for additional dayboat vessels being run by Goldbelt and Greyline Tours in Lynn Canal?*

No adjustments have been made to revenue projections system-wide to account for operations by Goldbelt and Greyline. Those operations are directly linked to a different traveler. Goldbelt, for example, will target cruise ship passengers who arrive in Juneau by air to meet their ship. During the days that the passenger is awaiting his/her ship, the cruise line will provide them an opportunity to visit Skagway, and Goldbelt will provide transportation. Inevitably, there will be some "spill-over," to both AMHS and the private operators, but those operators are not competing for the Marine Highway's "rubber tire" traffic.

- 4) *Commissioner Perkins, in his May 2, 1997 letter to OMB Director McConnell, requested an amendment to the capital budget of \$2,456,000 for modifications to this vessel, and stated:*

"The revenues generated by this additional capacity is projected to cover the cost of the services. Therefore we have not sought to change our operating budget. However if the general fund support continues to go down, the System will not have sufficient money to continue to meet the overall costs of providing basic ferry services. Therefore, if there is not adequate funding in the operating budget, the department will have to seriously reconsider this expanded service."

What has changed to make this vessel not self supporting today?

The principal differences in the current proposal from that which Commissioner Perkins discussed are in the manning of the ship and the operating days per week. The May 1997 proposal was based on four operating days per week at a manning level which enhanced the prospects for financial success, but for which no union agreement could be obtained. The current proposal maximizes operating days and revenue potential. It begins with a manning level which may be higher than the demand requires but which can be adjusted downward, based on experience.

We expect that well before the Malaspina is scheduled to begin operating (29 May), the level of bookings and cabin reservations will give us an indication of the prospects for the use of the hotel and cafeteria service. Maximum utilization rates can not be expected before school ends in mid-June. Passengers who have not booked cabins will be encouraged to do so after they are on board. The combination of bookings plus the actual revenue earned each week, versus costs incurred, will provide the basis for determining crew levels.

- 5) *How many new positions are required system wide with the continued deployment of this vessel and the Kennicott coming on?*

The initial crew size of the Malaspina will be 38. Based on a 2-crew, week on and week off system, this would represent 76 new positions. Adjustments will be made downward from that figure. The crew for the Kennicott will number 50, similar to that of the "old" Malaspina (49). The new positions thus will initially total 78.

- 6) *How do operational costs and staffing levels compare between the existing "main line" Malaspina and those projected for the Kennicott?*

Once fully operational, the crew size of the Kennicott will be almost identical to that of the former "mainline" Malaspina. That figure will be 50 in the summer, with a reduced crew in the winter. Total operational costs should also be similar. However, the Kennicott has a number of design advantages over her sister ships (streamlined underwater hull form, power takeoff generators) which should produce savings after she has been "broken in."

- 7) *When do you plan to review cost/revenue generated by the hotel and cafeteria and adjust staffing if necessary?*

What are the costs projected for the hotel and cafeteria for FY 98 and FY 99 and the associated projected revenues?

The first cost revenue review would occur on or about 2 July, and be based upon the May-June revenue figures plus the reservations in place for the remainder of the summer. Any necessary crew adjustments would be made in the light of that information.

Costs associated with the hotel and cafeteria for the 18.8 week period which covers FY 98 and FY 99 are projected to be as follows:

Personal Services	\$330,000
Food	100,000
Laundry	15,000
Other	<u>5,000</u>
Total	\$450,000

We are also projecting \$450,000 in revenue from the above services.

- 8) *Department projections show the AMHS Fund balance dropping by over \$10 million from FY96 to FY99. What is an appropriate amount to maintain in this fund? What comments do you have concerning the proposed draw down of this fund?*

An analysis of the Marine Highway Fund experience since its establishment is provided as enclosure (1).

The AMHS has for some years maintained an informal revenue target of \$41 million/year. That target was based on the concept that a \$30 million GF contribution, combined with the \$41 million revenue, would provide for annual operating expenses of \$71 million, while maintaining the Fund balance at about the \$41 million figure. A simultaneous decline in both revenue and funding, together with steadily rising expenditures, have combined to produce the present situation.

The declining balance in the Marine Highway Fund has been recognized as a issue which requires detailed examination. The results of that study will be provided to the Committee as soon as it is completed.

- 9) *A statement was made that crew will be maintained on this dayboat 24 hours a day. If this is correct, please comment on why this is appropriate and cost effective for a dayboat.*

A nominal crew employment schedule is provided in enclosure (2). (For simplicity, the engineering department is not shown.) All crew members will work only a 12-hour day, and those not required after the ship arrives in Juneau may depart or sleep on board, at their choice. The only crew who will be required on board after arrival in Juneau will be security and engineering watchstanders and those who have not completed their 12 hours of work.

The Malaspina will require security and operating watchstanders, even in port. Also, the System is required to conform to the major features of the existing labor contracts, especially in regard to wages and hours of pay; thus, the "minimum guarantee" provisions in the contracts limit our flexibility in regard to pay and hours worked.

- 10) *Historically, what percent of hotel space has been booked during the summer in Lynn Canal?*

Data for CY 1997 are being compiled. The Traffic Volume Reports for CY 95 & 96 provide the numbers shown below. (Figures for "summer only" have not been calculated; those given are for the entire year, but the bulk of passengers are, of course, summer travelers.)

For 1996:

City Pair, by <u>Embarking</u> Port	Stateroom Capacity Ratio
Juneau-Haines	45.3%
Haines-Juneau	50.0%

For 1995:

Juneau-Haines	45.6%
Haines-Juneau	54.4%

- 11) *There was some discussion about running the dayboat four times a week versus the planned seven days a week. Why was seven days a week selected?*

Efforts in the Spring of 1997 to achieve a four-day union agreement were not successful because the employees would not accept a limitation to four days of pay per week. Since the traffic demand appears to justify a seven-day operation, especially after the introductory summer of 1998, a seven-day alternative has been proposed.

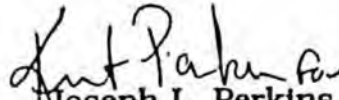
- 12) *If this bill is approved, will the Department be submitting a revised capital budget request to keep this vessel operational during FY99? If so, how much? Will other projects "fall off" the STIP to pay for this?*

The capital budget request will include additional work for the Malaspina. This work is already included in the STIP. No additional projects will "fall off."

FFY 98	Malaspina Service Life Extension, Phase B	\$150,000 (design)
FFY 99	Malaspina Service Life Extension, Phase B	\$2,307,000 (construction)

I trust that these responses are satisfactory. Please advise if you require additional information.

Sincerely,

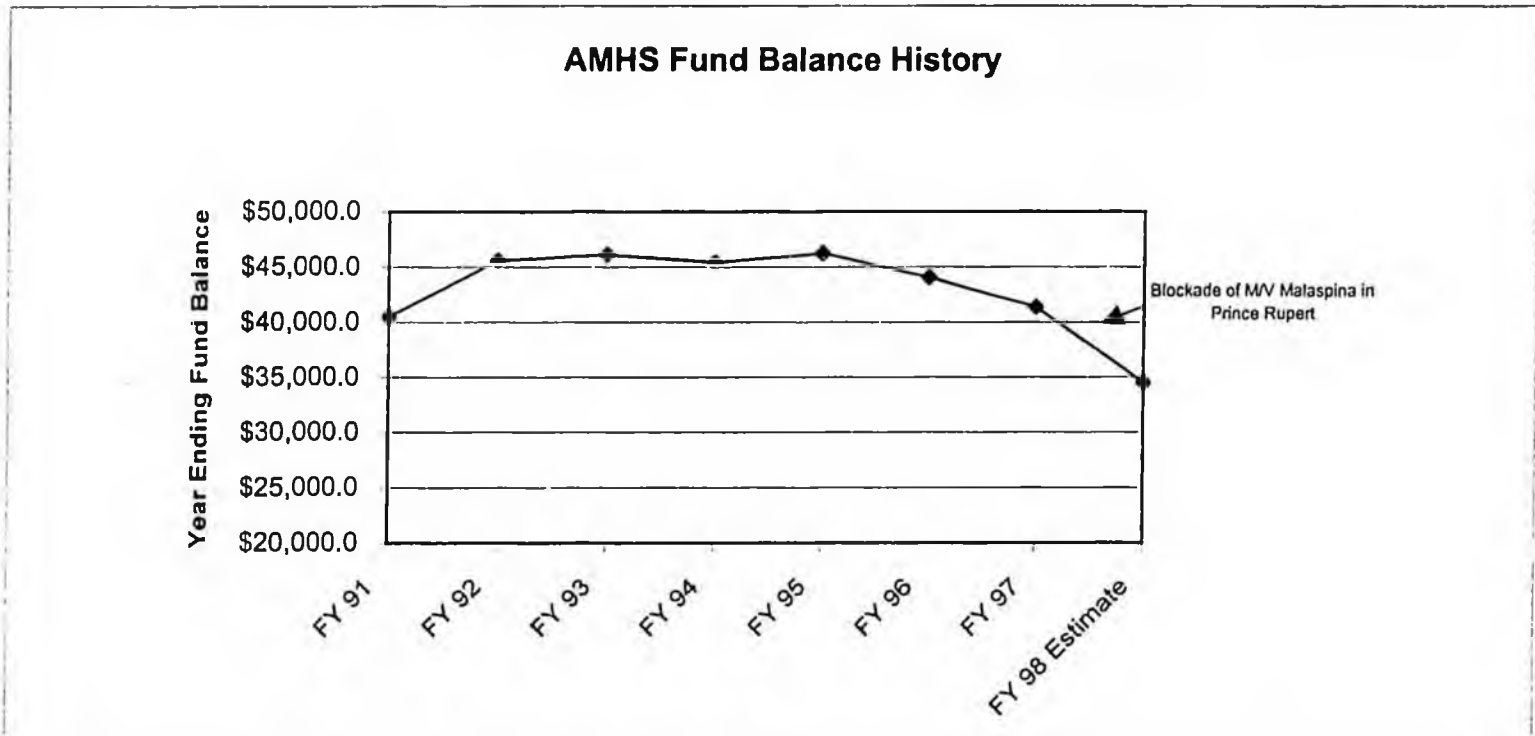

Joseph L. Perkins, P.E.
Commissioner

Enclosures

Alaska Marine Highway System Fund Analysis

Prepared February, 1998
by DOT&PF SE Region Support Services

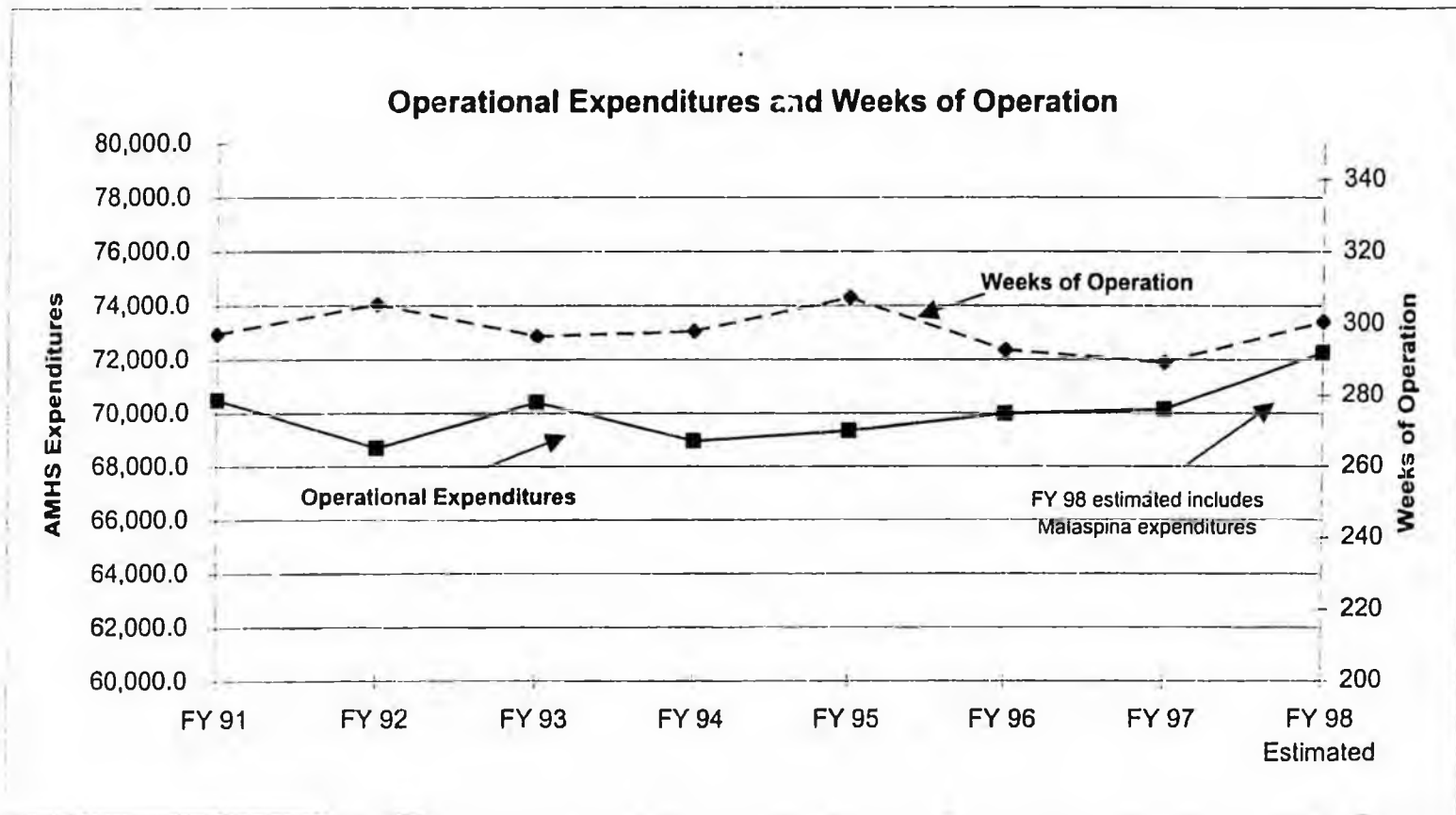
The Alaska Marine Highway System (AMHS) fund was established July 1, 1990. All gross revenues generated from the operation of the AMHS along with general fund appropriations are deposited in the fund (AS 19.65.060). The legislature may make yearly appropriations from the fund to operate the AMHS. During its first year in existence, FY 91, there were no appropriations from the fund, thus at the end of the fiscal year a total of \$40,053.0 had accumulated in the fund from the gross revenue generated by AMHS operations. This could be termed 'seed' money for the fund. Changes to the AMHS fund balance occur when the revenues to the fund do not equal expenditures from the fund. Since 1995 the fund balance has been on the decline. A graph of the fiscal year-ending fund balances follows:



Expenditures from the AMHS fund have remained relatively constant

Expenditures from the fund, since its inception in FY91, have remained relatively constant. In fact, all inflationary, salary increases, risk management and other cost increases have been absorbed while the level of service as measured in operational weeks of service has also remained relatively constant. Expenditures have been lower than the FY 91 level until this year. Two major events have caused the increase in estimated expenditures this year. First, the blockade of the M/V Malaspina and subsequent legal challenges have added over \$500.0 in expenditures. Second, the addition of the Malaspina operating as a day boat in the Lynn canal, if approved, will add \$800.0 of expenditures.

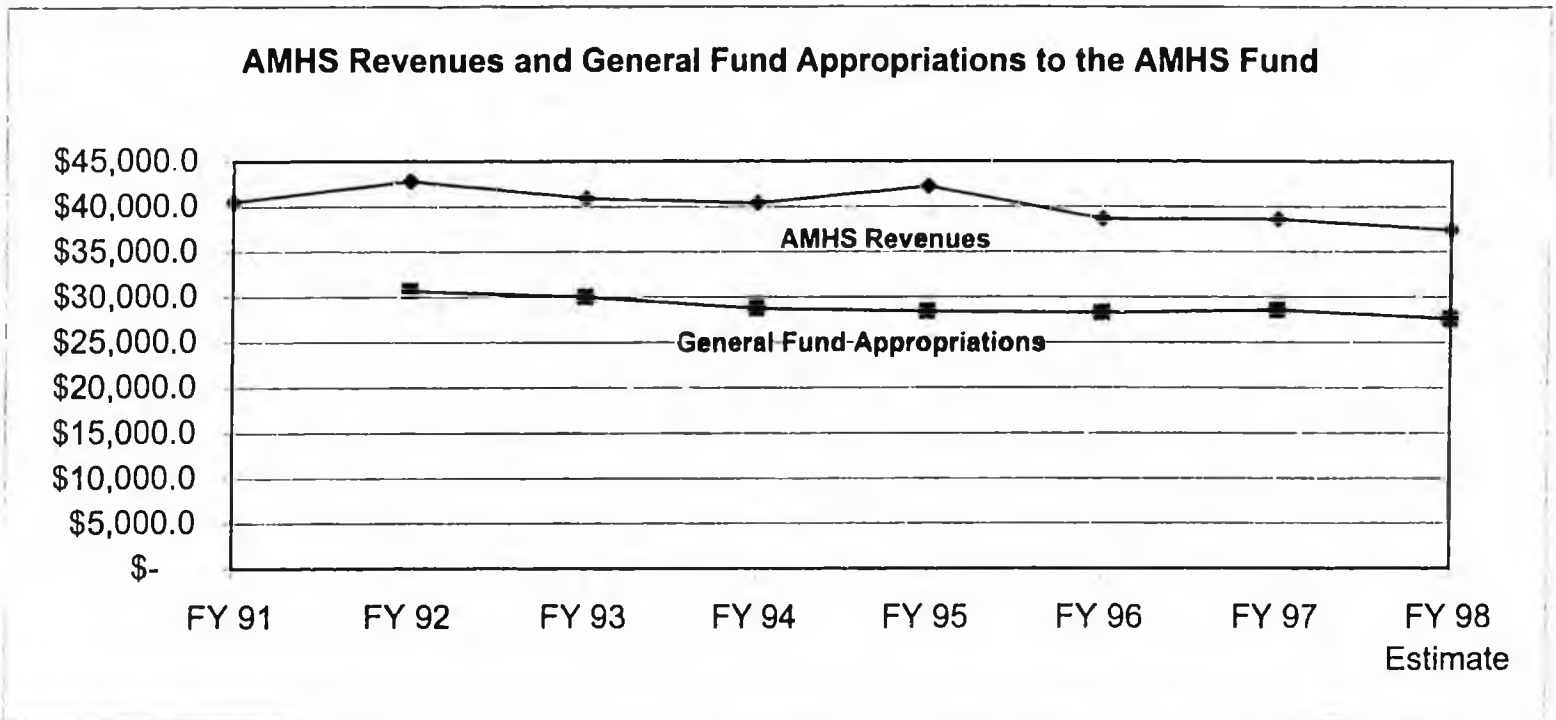
In order to maintain the level of service to the public AMHS administration has reduced positions and services in shoreside components. Twenty positions were deleted from AMHS in FY 98, with several others currently being held vacant. An administrative reorganization was instituted in October of 1997 which further streamlines shoreside services by combining AMHS with the Southeast Region of DOT. All attempts are being made to limit expenditure increases while continuing service to the public. The following show expenditures and service levels:



GF Appropriations and Revenues to the AMHS Fund Have Decreased

General Funds appropriated to AMHS in FY 92 were about \$30.6 million. For FY 98 that number has deteriorated to an estimated \$27.6 million. If the yearly general fund appropriation had been consistently kept at \$30.6 million since FY 92, the FY98 estimated fund balance would be \$12.4 million higher than it currently is, or about \$47 million. Additionally, the fund has generated about \$12 million in interest over its life, none of which it was allowed to retain. All earnings have been deposited in the general fund.

It was hoped that revenues generated by fees would be sufficient to offset the general fund reductions. Unfortunately several events have occurred during the past few years to preclude an increase in revenues. First, there have been two instances of threatened strikes, which have driven customers away from the marine highway system. Second, the blockade of the M/V Malaspina in July of 1997 has done substantial damage to revenues for FY 98, as well as leaving many travelers unsure as to whether they should book passage on the system. We estimate over \$2.0 million dollars of lost revenue has resulted from the blockade so far. A summary of revenues follows:



MALASPINA OPERATION PLAN

Lv hns 1230 Lv SGY 1430

Mf HNS 1130 Mf SLY 1330 Mf HNS 1530

All Jm 2000

#	POSITION	WATCH HOURS
1	MASTER	Non-Watch 12 hr day
2	Chief Mate	Non-Watch 12 hr day
3	2 Mate	0600-1200, 1800-2400
4	3 Mate	0000-0600, 1200-1800
5	Bos'n	0600-1800
6	AB Unlimited	0000-0600, 1200-1800
7	AB Unlimited	0000-0600, 1200-1800
8	AB Unlimited	0600-1200, 1800-2400
9	AB Unlimited	0600-1200, 1800-2400
10	Ordinary Seaman	0000-0600, 1200-1800
11	Ordinary Seaman	0600-1200, 1800-2400
12	Watchman	0000-0600, 1200-1800
13	Watchman	0600-1200, 1800-2400
14	Chief Purser	Non-Watch 12 hr day
15	Assistant Purser	06-08, 11-16, 17-22
16	Chief Steward	Non-Watch 12 hr day
17	CHIEF COOK	0600-1300, 1500-2000
18	SECOND COOK	0500-0900, 1200-2000
19	SECOND COOK	0700-1400 1700-2200
20	ASST 2ND COOK	0600-1300 1600-2100
21	DINING RM CASHIER	0700-1100, 1300-2100
22	Gift shop/Bartender	0800-1200, 1400-2200
23	HEAD BR	0600-1000, 1300-2100
24	MESS STWD	0600-0900, 1000-1300, 1500-2100
25	STWD (dishwasher)	0730-1330, 1500-2100
26	STWD (Galley & Cafe)	0700-1100, 1400-2200
27	STWD	0600-1000, 1300-2100
28	STWD	0800-2000
29	STWD	0800-2100
30	STWD	0800-2100

	2400	0100	0200	0300	0400	0500	0600	0700	0800	0900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000	2100	2200	2300
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City of Skagway
P.O. Box 415
Skagway, AK 99840
(907)983-2297 Phone
(907)983-2151 Fax

February 4, 1998

Senator Jerry Mackie
 State Capitol, Room 427
 Juneau, AK 99801-1182

Dear Senator Mackie,

As you know, the City of Skagway is greatly interested in the prospect of operating the Malaspina as a day boat in the Lynn Canal. We see this as an opportunity to address a capacity bottleneck at this end of the system, provide consistent and convenient service to this highly utilized system component, and to free up other AMHS vessels for increased service to other southward ports.

We are also aware of the budgetary challenges facing the State as you consider the implementation of this service. To this end we have secured a commitment from our private dock owner, the White Pass Corporation, for free winter berthing of the Malaspina during lay-up. I am also willing to go to the City Council for additional incentives in utility services if necessary to make the retention of the Malaspina more economically viable.

We feel very strongly that the provision of dayboat service, using the Malaspina, is of sufficient impact to the City and the region that we make this offer in an attempt to overcome at least a portion of the fiscal impediments you face. I have spoken with Mr. Doll at AMHS about our offer, and am willing to speak with any legislative or administrative body to move this idea forward. Please let me know what else I can do to assist you in your efforts to secure the funding for this dayboat operation. You can contact me at 983-2250, or Bob Ward, our City Manager, at 983-2297.

I hope this gives you some ammunition as you enter into this battle.

Sincerely,



John Mielke
 Mayor

cc: Governor Knowles
 Representative Kookesh
 Senate Transportation Committee
 House Transportation Committee
 Commissioner Perkins - DOTPF
 Bob Doll, Alaska Marine Highway System

Month	Date	# of pages
Fax No.		
To	Jan Wentworth	
Fax#		
From	Mielke	
Phone#		

DRAFT OPERATING PLAN 1998-1999
Dated November 15, 1997

Vessel Operations	Svc Wks Op Plan	Weekly FY 97 Costs	Total Op Plan Op Costs	Overhaul Weeks Op Plan	Weekly Pore Costs Overhaul	Total Op Plan Overhaul	Lay-Up Weeks Op Plan B	Weekly FY 97 Costs Layup	Total Op Plan Lay-Up	Total Op Plan Overall Costs	Total Estimated Revenue
Columbia	34.8	224,328.0	7,781,879.8	6.6	57,873	378,994	10.7	65,174	898,293	8,838,908	8,857,491
Kennicott	41.8	234,700.0	8,833,930.0	6.6	55,000	361,429	0.0	0	0	10,195,359	10,829,100
Matanuka	28.8	170,087.0	4,883,918.2	23.8	32,000	754,288	0.0		0	5,618,202	5,240,150
Taku	39.0	157,932.0	6,158,348.0	8.8	40,000	344,000	0.0		0	6,503,348	6,077,020
Aurora	38.7	88,453.0	3,423,131.1	13.3	68,845	915,839	0.0		0	4,338,770	1,890,398
LeConte	45.4	88,284.0	4,462,093.0	6.6	65,368	429,568	0.0		0	4,891,661	1,828,849
Sub-total	228.2	873,782.0	38,504,098.5	65.2	318,887	3,183,915	10.7	65,174	898,293	40,388,308	34,523,820
All Vessels		20,438	1,082,778							1,082,778	
SE Vess Risk Mgmt FY 97		46,134	2,948,203							2,948,203	
SE Vess Shore Side		11,978	622,757							622,757	
SE Vess Leave		147,985	7,895,220							7,895,220	
TOTAL SE		1,200,295	48,831,055	65.2	318,887	3,183,915	10.7143	65,174	898,293	62,713,262	34,523,820
Tustumena	45.7	84,187	3,847,345.9	21.9	49,925	1,091,218	0.0	0	0.0	4,938,563.8	2,410,859.0
Bartlett	23.9	80,158	1,437,778.2	6.9	54,574	374,222	21.2	5,238	111,046.8	1,823,043.5	1,679,141.0
Sub-total	69.6	144,345	5,285,122	28.7	104,499	1,465,440	21.2	5,238	111,046	6,881,807	4,090,000
All Vessels		8,227	427,804							427,804	
SW Vess Risk Mgmt FY 97		14,164	738,551							738,551	
SW Vess Shore Side		0	0							0	
SW Vess Leave		47,167	2,452,884							2,452,884	
TOTAL SW		213,903	8,902,181	28.7	104,499	1,465,440	21.2	5238	111,046	10,478,646	4,090,000
TOTAL SYSTEM	297.0	1,414,189	67,733,215	93.9	423,386	4,649,354	31.9	70,412	809,338	63,191,908	38,613,820

	EST. EXPENSE	FUNDING	AMOUNT
VESSELS	63,191,908	FY97 REVENUE	38,872,500
SHORE COSTS	9,148,900	FY98 GF	27,440,000
		SUBTOTAL	66,312,500
TOTAL FY99	72,338,808		
SHORTFALL	(6,026,308)		

Capt. Bob Doll

10 February 1998

MALASPINA 1998

Good afternoon and thank you for the opportunity to describe this proposed legislation, which seeks your approval to operate the M/V Malaspina in the Lynn Canal. The timing of this improved service was prompted in large part by two imperatives which required prompt action.

The first was the need to publish the summer '98 schedule not later than early January. Earlier publication was desirable, but at the latest, the schedule had to be available for the travel trade shows which take place following the holidays. The advertisers who had purchased space in the schedule book, the show attendees, and individual travelers depend upon early publication in order to make their plans. We had agreed to provide the schedules to the printer on 7 September, but events following the Prince Rupert blockade prevented that. The requirement to get a schedule to the printer was urgent, and I'm glad to say that the schedule is on the street.

The second requirement was to provide for the contingency that the introduction of our new ship, the M/V Kennicott, might be delayed or interrupted by the kinds of breakdowns typical of a new ship. In the spring of 1997 the

Marine Highway Advisory Board had cited a requirement for a backup ship. We agreed that a backup ship was needed. The logical ship for that purpose, and the only one with a capability approaching that of Kennicott, is the Malaspina.

Neither of the other mainline ships has the speed or capacity to meet the backup requirement, and in any case, both would be fully employed on other demanding routes.

Like all of our ships, Malaspina must hold a US Coast Guard Certificate of Inspection, issued each year. The Certificate in the case of the Malaspina expired on 31 October. If she is to operate at all in 1998, either as a temporary replacement for the Kennicott or in the Lynn Canal, she must be drydocked and inspected. In addition, her engines and generators have reached their maximum operating hours and require overhaul. We have already begun this work, which is not intended to do anything more than to make it legally possible for her to carry passengers in 1998.

Having gone to the effort of restoring the ship's capability to operate, it seemed to me that if she were not required to substitute for the Kennicott, we would have a significant, state capital asset which would not earn any income in the summer of 1998 if we were to simply leave her alongside the pier. The most prudent choice of a site for the Malaspina to operate this summer is the Lynn Canal, where her revenues can be maximized. That choice is based on the results of studies which show a 7.3 annual growth rate in the Juneau-Skagway

city pair. The same studies show that, in calendar year 1995, ridership wholly within Lynn Canal exceeded 96,000 passengers and 27,000 vehicles, and generated nearly \$3.4 million in revenue. Additional traffic demand to/from ports of call south of Juneau generated an additional 43,000 passengers and more than 11,000 vehicles, adding another \$1.7 million in marginal fare revenue attributable to the Lynn Canal segments of these trips. Operating seven days per week this summer, I believe the Malaspina can pay her way. She will bring to the Marine Highway something that it has not had until now; daily, predictable service, on a high-demand route. Passengers, and their servicing travel agents, will be confident that they can move north or south in the Lynn Canal every day, at reasonable hours. Daily service will help move, to areas north of Juneau, those visitors who, each year, spend some \$7.4 million in the Interior and Northern regions and \$11.4 million in Southcentral. The small business, "Mom and Pop," owners who depend upon those summer travelers will be among the beneficiaries. It's the kind of service that individuals and businesses served by the Marine Highway have been seeking for years. Now the opportunity is in our grasp.

Earlier efforts to develop a Lynn Canal service had foundered on the issue of labor agreements. While we were not successful in reducing manning levels as much as had once been hoped, we were able to obtain agreement that if the ship's hotel services did not earn revenue adequate to justify the initial

employment levels, those shipboard positions might be reduced proportionally. In other words, we are able to monitor revenue and if that income is not sufficient, adjust the crew level in the hotel area. I would like to take this opportunity to congratulate all of the unions involved in reaching a Malaspina agreement, but most especially the Inland Boatmen's Union, for the vision and imagination they have displayed. That willingness to break new ground will, I trust, prompt a similar response to this legislation.

I think it is important to point out that the Malaspina labor agreement is the first example of a labor-management document that does not increase shipboard labor costs in the entire history of the Alaska Marine Highway System, and perhaps in the history of the State of Alaska. The agreement creates an ongoing relationship between shipboard manning and the vessel's success as a business venture. This is, to say the least, a rare provision in any labor contract. This agreement is the first, to my knowledge, which establishes a relationship between the profitability of a Marine Highway operation and the number of jobs it supports.

The Malaspina labor agreement is unique. It is a stand-alone document, intended only for the special circumstances surrounding the Malaspina in the Lynn Canal setting. But I'd like to suggest that it is in the best interests of the State to encourage imaginative approaches to labor issues and to welcome the profitability concepts embodied in the proposed Malaspina operations.

Finally, the Malaspina/Lynn Canal proposal is offered as an innovation in meeting our transportation needs. It provides an opportunity to test, at minimum cost, one approach to a possible future System, namely the "dayboat." If our operational experience so indicates, it is possible that the Malaspina could be replaced by a purpose-built ship, one designed for the Lynn Canal and offering even greater economic advantages. The conceptualization and design of that ship could be accomplished using the data we have gained from operating the Malaspina for a time in this role. This proposal will collect real data, in a controlled environment, in a kind of clinical setting.

In researching this proposal, I noted that every recent study of AMHS operations had one element that appeared repeatedly: a dayboat in the Lynn Canal. Many other conclusions of those studies were in conflict with one another, but the Lynn Canal dayboat idea was persistent. I believe that this concept is persistent because it makes both economic and operational sense.

In summary, the Malaspina/Lynn Canal proposal offers an opportunity to:

- Obtain maximum use of a capital asset.
- Provide long-sought daily service on a heavy demand route.
- Establish a profit-related basis for AMHS operations.
- Implement an innovative, lower-cost labor agreement.
- Test and evaluate the potential for dayboat operations.
- Operate the ship on a revenue-neutral basis.

I am aware that this proposal is viewed by some as radical and that it has evoked alarm in some quarters. The mere fact that it contemplates a ninth ship in the Marine Highway inventory is enough to cause some to object. I would like to suggest that this proposal is in fact consistent with the legislature's stated objectives to reduce AMHS costs while augmenting service. Those objectives can not be met unless we alter our current operating concepts. The Malaspina/Lynn Canal proposal can point the way to the future. I hope the legislature will make a start in that direction by approving this legislation and I look forward to cooperating with both houses as you examine this proposal.

Thank you for your time and for the opportunity to make this statement. I look forward to answering your questions.

AMHS FUND SUMMARY

	FY92 Actual	FY93 Actual	FY94 Actual	FY95 Actual	FY96 Actual	FY97 Actual	FY98 Estimated	FY99 Estimated
Beginning Fund Balance	40,538.3	45,601.0	46,136.7	45,424.2	40,249.1	44,046.8	\$41,677.6	\$38,209.1
AMHS General Fund Appropriation	30,670.0	30,000.0	28,715.6	28,397.2	28,283.2	28,433.2	\$30,840.0	\$28,200.0
CIP Receipts/Interagency Receipts	1,063.3	1,288.0	1,320.0	1,341.0	1,768.0	1,028.1	\$1,157.4	\$1,227.4
AMHS Expenditures	(69,709.0)	(71,624.0)	(71,124.0)	(71,138.0)	(71,351.4)	(70,851.9)	(\$73,203.9)	(\$72,338.8)
AMHS Building				(500.0)				
AMHS Overhaul				500.0				
Other Fund Transfers Out(DOT/PF)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	0.0	\$0.0	\$0.0
Cash In Transit or Due from Other Fund	207.0				468.0	149.1		
AMHS Revenues	42,837.7	40,878.0	40,372.5	42,231.0	38,658.0	38,872.5	\$37,638.0	\$38,613.8
Ending Fund Balance	45,601.0	46,136.7	45,422.7	46,249.1	44,046.8	41,677.6	\$38,209.1	\$33,911.5

NOTE: Beginning with FY96 CIP and I/A Receipts and associated expenditures are not included in the annual financial Balance Sheet or Statement of Activity in the Annual Financial Report. This is due to changes in GAAP.

The figures on this document for FY92 thru FY96 balance to the Alaska Marine Highway System Fund Trial Balance.

These figures include CIP receipts and associated expenditures. Since the AMHS Administrative Building and AMHS Overhaul appropriations are a part of the fund, expenditures and or re-appropriations are reflected.

AMHS Historical Data

FY	Revenue	General Fund Appropriation	Operating Expenditures	Passenger Traffic	Vehicle Traffic	Service Weeks			
						Total AMHS	Mainline	Feeder	Southwest
76	\$ 15,165	\$ 13,541	\$ 28,706	270,039	68,608	(Data unavailable)			
77	17,640	15,943	33,584	283,123	71,204	326.1	150.1	93.5	82.6
78	16,163	18,247	34,410	229,879	59,354	352.3	143.6	126.1	82.6
79	19,280	18,698	37,978	280,561	69,238	350.1	141.4	121.8	87.0
80	21,165	24,755	45,920	300,971	72,459	341.5	137.1	117.4	87.0
81	24,746	26,384	51,130	337,635	80,510	337.1	119.7	130.4	87.0
82	29,069	27,154	56,223	350,379	85,466	356.6	139.2	130.4	87.0
83	29,925	30,139	60,064	364,358	91,721	344.0	133.0	125.0	86.0
84	32,510	29,752	62,262	368,613	93,544	358.0	144.0	129.0	85.0
85	33,708	31,603	65,310	366,910	99,164	369.0	148.0	133.5	87.5
86	33,601	32,301	65,902	363,881	95,880	372.7	151.6	136.7	84.4
87	33,128	29,949	63,075	358,375	96,104	343.9	139.3	118.3	86.3
88	34,308	28,863	63,171	325,449	84,796	308.8	138.5	85.9	84.4
89	35,907	29,254	65,171	338,258	88,789	313.5	135.3	96.9	81.3
90	36,122	31,800	67,037	354,258	92,991	307.5	137.5	88.7	81.3
91	42,561	37,100	73,250	366,026	94,517	297.1	142.3	88.8	66.0
92	42,838	30,670	68,993	374,001	96,863	305.4	141.0	91.9	72.5
93	40,879	30,000	70,950	351,525	92,561	296.4	128.9	89.7	79.8
94	40,373	28,716	69,123	350,200	93,962	297.7	140.4	80.0	77.3
95	42,231	28,397	69,938	345,030	91,026	307.2	142.1	83.6	81.5
96	38,537	28,263	68,714	329,398	88,823	292.6	136.8	85.2	70.6

NOTES:

Weeks of service for FY's 77-92 is based on "months of service" listed in historical records and may be inexact.

The MV Aurora came on line late in FY 77.

The MV Chilkat served Hollis and Metlakatta year-round through FY 87, then provided limited winter service in FY 88 and in FY 90, its last year of operation for the State.

Major refurbishment projects, affecting the level of service, occurred as follows:

FY 79 Taku minor upgrade, 10/78 - 3/79

FY 81 Taku refurbishment 10/80 - 8/81

FY 83 Malaspina re-engine 10/82 - 5/83

FY 85 Matanuska re-engine 11/84 - 6/85

FY 89 Taku in overhaul, 9/25/88 - 2/2/89

FY 90 Malaspina in overhaul 3/1/90 - 6/13/90

FY 91 Tustumena refurbishment 10/17/90 - 5/17/91

FY 92 Malaspina refurbishment 10/11/91 - 2/14/92; Bartlett aux refurbishment 9/15/91 - 1/19/92

FY 93 Columbia aux refurbishment (Because Columbia normally in layup during winter, this did not affect service.)
Taku repower and overhaul 9/30/92 - 6/28/93)

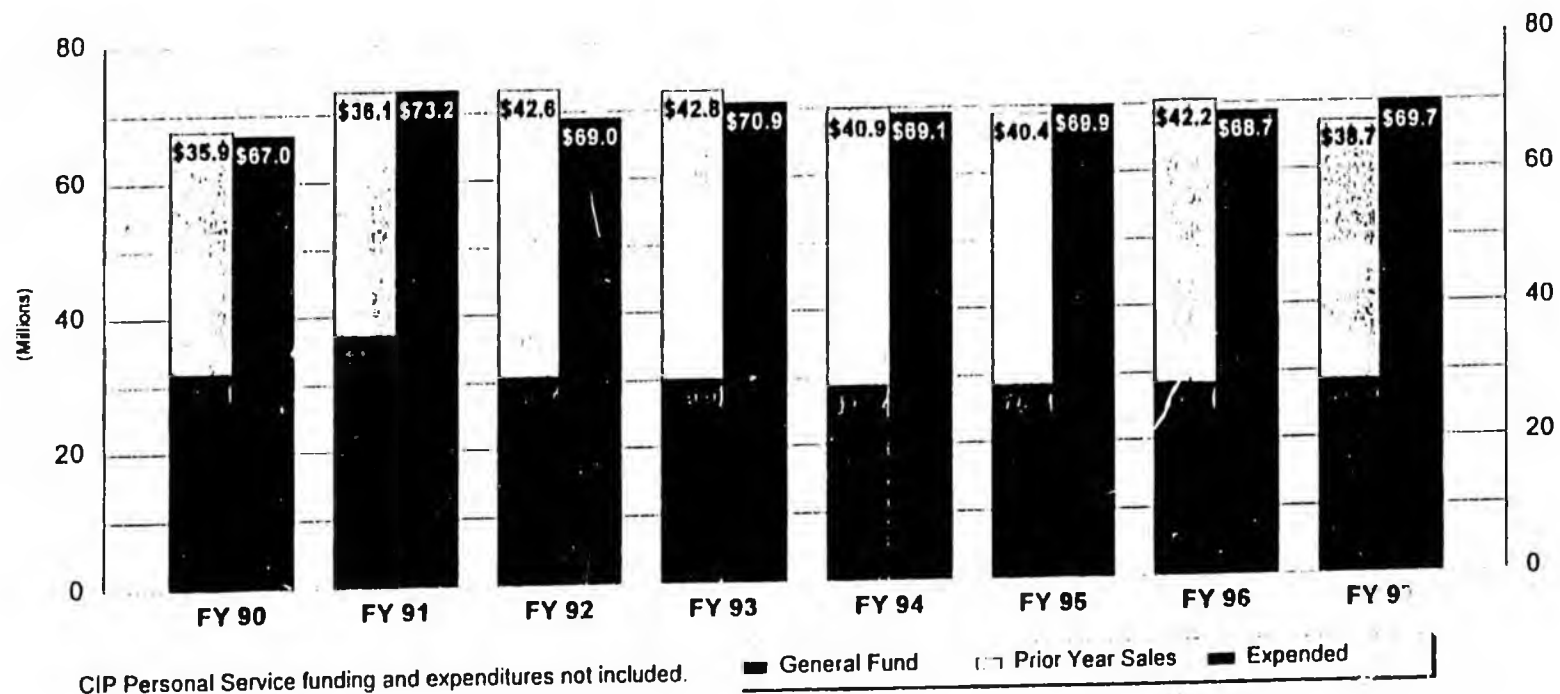
FY 94 Aurora elevator project 1/4 - 5/9/94; Tustumena propulsion refurbishment 12/6/93 - 4/30/94

FY 95 Matanuska project 9/30/94 - 2/5/95; LeConte elevator project 12/28/94 - 4/10/95

FY 96 Matanuska galley refurbishment 1/10 - 5/14/96; Taku Life Raft & SOLAR Fire Safety upgrade 11/6/95 - 6/2/96
Tustumena overhaul and repower project 10/30/95 - 5/5/96

Funding and Expenditures

FY 90 - 97



M/V MALASPINA FY-99 SERVICE LIFE EXTENSION PROGRAM

The DOT&PF Alaska Marine Highway System has initiated action to utilize Federal Highway Administration funding to accomplish the following projects in order to utilize the services of Malaspina for North Lynn Canal service in FY-99 and beyond.

- The vessel will require the replacement of deteriorated steel curtain plate to continue service. The replacement of curtain plate is the subject of an 835 citation by the USCG requiring action by November 1997. Temporary repairs are planned and a one year extension of time to correct this deficiency is being sought.
- To continue safe and reliable service the vessel will require replacement of the side and stern doors similar to the work already completed on the MATANUSKA and the TAKU. The issue is a safety concern in operating the vessel in a following sea where there is water coming onto the main deck through the leaking stern doors.
- The solarium windows leak and require replacement with new windows similar to work accomplished on other AMHS vessels. Without this work the solarium space becomes limited in use during the wet weather.
- The vessel's exterior paint is badly in need of blasting and painting. The scope of work includes blasting ten to fifteen percent of the surfaces to near white metal condition and application of two coats of primer and a final new coating to current standards. The scope of work includes from the sponson guard to the stack (blue, white, yellow, and weather decks).
- The mooring winch requires replacement and is a safety issue for continued reliable service. Due to equipment age, replacement parts are no longer available for components of this deck machinery.
- There is asbestos in the overheads of the cafeteria, both boat deck foyers and the forward lounge. While encapsulation may be possible, removal is the proper solution particularly in these high traffic public spaces.
- In order for the vessel to provide extended service, phase 2 design funding is required. Candidate projects include main engine replacement, required SOLAS / CFR upgrades, lube oil recovery system, public space upgrades including a potential day boat conversion, and lead paint abatement.

In order to accomplish the above work the vessel is in immediate need of the following funding:

Description	Amount
1. Curtain plate replacement	\$207,000.00
2. Side and stern door replacement	\$600,000.00
3. Solarium refurbishment	\$130,000.00
4. Exterior painting, vessel guard and up	\$600,000.00
5. Mooring winch machinery replacement	\$250,000.00
6. Asbestos abatement	\$320,000.00
7. Design (Phase 2) funding future upgrades	\$350,000.00
Total Funding	\$2,457,000.00

SUMMARY OF SIGNIFICANT CONTRACT CHANGES

M/V MALASPINA SUPPLEMENTA AGREEMENT

(NORTH LYNN CANAL SERVICE)

1. Provides a meet & confer process for timely adjustments to crew sizes based upon traffic volumes and available funding levels.
2. Eliminates most/all travel expenses associated with crew change-outs.
3. Limits State's "unearned wage" liability for injury/illness to max. 12 hrs. pay.
4. Provides 24-hr. grace period prior to "split wage" liability resulting from absent crew members.
5. Eliminates 84-hour "minimum guarantee" pay for Relief employees; paid only for actual time worked.
6. Provides for daily (rather than weekly) annual/medical leave usage.

MALASPINA LYNN CANAL SERVICE

- Service Demand (internal Lynn Canal only)
 - ▶ 96,000 passengers annually
 - ▶ 27,000 vehicles annually
 - ▶ 5.3% - 7.3% annual growth rate
 - ▶ \$5,011,300. revenue

- Business Concept
 - ▶ Restore Coast Guard Certificate. winter '98 (\$750,000.)
 - ▶ Depart Juneau 7:00 AM, return 10:00 PM daily. *summer* only.
 - ▶ Initially, offer cafeteria service & staterooms.
 - ▶ Adjust hotel crew size to meet demand and maintain profitability.
 - ▶ Market the service aggressively and maximize ridership.

- Operating Costs
 - ▶ \$816,541. 29 May to 30 June
 - ▶ \$3,979,600. 1 July to 7 Sept., and June 1999
 - ▶ Includes \$710,000. layup winter 98-99

- Revenues
 - ▶ \$642,146. 29 May to 30 June
 - ▶ \$2,215,157. 1 July to 7 Sept., and June 1999

- Net GF requirement
 - ▶ \$174,395. FY 98
 - ▶ \$1,764,443. FY99

- Opportunities
 - ▶ Obtain maximum use of a capital asset.
 - ▶ Provide long-desired daily service on heavy demand route.
 - ▶ Establish a profit-related basis for AMHS operations.
 - ▶ Implement an innovative and reduced-cost labor agreement.
 - ▶ Test and evaluate the potential for dayboat service.
 - ▶ Operate the ship on a revenue-neutral basis.

FY98 ESTIMATE M/V M/V MALASPINA LYNN CANAL SERVICE

M/V MALASPINA Lynn Canal Service Only - 4.7 WEEKS

(May 29 thru June 30, 1998)

(Operates with reduced crew only under modified contract terms)

PROJECTED EXPENDITURES	
Personal Services	\$ 521,725
Travel	2,050
Contractual	78,875
Supplies	215,891
Equipment	-
Estimated Cost	\$ 816,541

PROJECTED TRAFFIC	TOTAL	PER/WK	REV/WK	TOTAL
Passengers	22,668	4,823.0	\$ 130,221	\$ 533,906
Vehicles	2,068	440.0	\$ 26,400	\$ 108,240
			Estimated Revenue	\$ 642,146

Net GF Requirement (174,395)

- > As a point of reference, the internal Lynn Canal traffic in 1995 was 96,487 passengers and 27,186 vehicles. This generated \$3,400,000 in revenue. It is important to note that this traffic and revenue was over an entire calendar year and served by by all the mainline vessels during the summer months.
- > External traffic added another \$1,569,900 in revenue, and 43,439 passengers/ 11,138 vehicles. External traffic is defined as that traffic originating from points other than Juneau/Haines/Skagway. Other mainline vessels will still be handling external traffic.
- > Revenue estimates assume a total from all sources (tariff & onboard sales) of approximately \$32.50 per passenger.
- > Expenditure estimates do not include additional non-permanent support staff at the terminals, reservations, fiscal and payroll sections. They do include increased supply and utility costs at the Haines, Skagway and Juneau terminals.

FY99 ESTIMATE M/V M/V MALASPINA LYNN CANAL SERVICE

M/V MALASPINA Lynn Canal Service Only - 14.1 WEEKS
(JULY-SEPT 7, 1998 & JUN 1999)

(Operates with reduced crew only under modified contract terms)

PROJECTED EXPENDITURES	
Personal Services	\$ 2,038,000
Travel	8,000
Contractual	375,000
Supplies	850,000
Equipment	-
Layup	710,600
Estimated Cost	\$ 3,979,600

PROJECTED TRAFFIC	TOTAL	PER/WK	REV/WK	TOTAL
Passengers	68,000	4,823.0	\$ 130,703	\$ 1,842,917
Vehicles	6,200	440.0	\$ 26,400	\$ 372,240
			Estimated Revenue	\$ 2,215,157

Net GF Requirement (1,764,443)

- > As a point of reference, the internal Lynn Canal traffic in 1995 was 96,487 passengers and 27,186 vehicles. This generated \$3,400,000 in revenue. It is important to note that this traffic and revenue was over an entire calendar year and served by by all the mainline vessels during the summer months.
- > External traffic added another \$1,569,900 in revenue, and 43,439 passengers/ 11,138 vehicles. External traffic is defined as that traffic originating from points other than Juneau/Haines/Skagway. Other mainline vessels will still be handling external traffic.
- > Revenue estimates assume a total from all sources (tariff & onboard sales) of approximately \$32.50 per passenger.
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

rrD 3-0

January 16, 1998

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker ^{Gail}Phillips:

The public has indicated strong support for keeping the Motor Vessel Malaspina working for Alaska and its visitors. I am, therefore, transmitting this bill to provide financing for the continued operation of the Malaspina.

With the anticipated arrival of the Motor Vessel Kennicott this summer, the state has a golden opportunity to alleviate the chronic congestion in North Lynn Canal. By operating the Malaspina as a day boat between Juneau, Haines, and Skagway, we will be able to transport residents and travelers to road routes leading to Alaska's interior. The daily service provided by the Malaspina in North Lynn Canal will result in 14 additional weeks of ferry service for Southeast travelers on a leg that is currently lacking in transportation assets. It also makes practical sense to keep the Malaspina in operation so it will be available as a backup vessel during service disruptions. This will be especially important as we incorporate the Kennicott into the system.

According to the April 1995 McDowell Group report titled "Economic Benefits of the Alaska Marine Highway System," visitors arriving via the marine highway annually spend \$11.4 million in Southcentral Alaska, \$7.4 million in Interior and Northern Alaska, and \$13.3 million in Southeast Alaska. Maintaining the Malaspina in addition to the Kennicott provides a potential for increasing these economic benefits statewide.

The Alaska Municipal League recently urged the state to "fully support the Alaska Marine Highway System through administrative policies and a funding level that allows the operation of a nine vessel fleet beginning in June 1998." This bill allows us to meet that challenge.

The Honorable Gail Phillips
January 16, 1998
Page 2

The Malaspina can continue to provide excellent service to Alaska's residents, businesses, and visitors. If this appropriation is in place by February 15, the state will be able to confirm reservations on the Malaspina for summer travel. I urge your favorable and swift consideration of this bill so we can help Alaskans and visitors plan their journeys.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Knowles". The signature is written in a cursive style with a large, sweeping initial "T".

Tony Knowles
Governor

From the office of . . . Representative John J. Cowdery

State Capitol Bldg., Room 416

Juneau, AK 99801

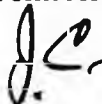
907-465-3879 phone

907-465-2069 fax

MEMORANDUM

TO: House Finance Committee Members

FROM: Representative Cowdery



DATE: February 3, 1998

RE: HB 328

CC:

Notes:

Please find attached an estimate of the present value of the M/V Malaspina as appraised by a New York marine brokerage firm. The \$95,000.00 number is based on the estimated scrap value of the hull and materials. According to the brokerage firm, this is the most we could expect from a domestic sale. The 1.5 million amount is a rough estimate based on a number of variables that could affect the sum a foreign entity would be willing to pay. Towing and insurance expenses, as well as the renovation cost assessments of any potential buyer could lower the actual value of the vessel considerably.

It was my intent to raise these concerns in the Transportation committee but the DOT has just recently made this information available. In view of the high costs of repair and operational expenses of the Malaspina, I would urge you to take the actual value of the vessel in to consideration as you discuss HB 328.

Thank you for you time.

FOUNDED 1884

JACQ. PIEROT JR. & SONS, INC.



BROKERS FOR THE SALE, PURCHASE AND CONSTRUCTION OF SHIPS • APPRAISALS

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TELEX

INTERNATIONAL 420442 (ITT)

222886 (RCJ)

62740 (WU)

000 212 482-2420

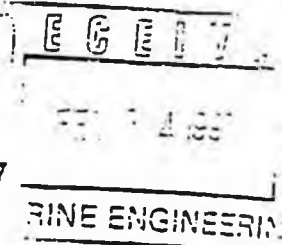
000 212 482-2431

FAX 212 843-6058

FAX 212 843-7394

CABLE: PIEROTJACO

29 BROADWAY
NEW YORK, N. Y. 10006



21st February 1997

Mr. David Tran
Alaska Marine Highway System
Marine Engineering
3132 Channel Drive
Juneau, Alaska 99802-5535

SEP 21 1997

Dear Mr. Tran:

M/V "Malaspina"

Enclosed please find our Valuation Certificates setting forth our opinions of the value of the above passenger/car ferry under the following 2 conditions:

1. United States flag: \$ 95,000.00 "as is" condition
2. Foreign flag: \$ 1,500,000.00 "sound" condition

Our opinion as United States flag is virtually her scrap value since, having examined the work necessary to keep the vessel operating for AMHS including SOLAS work -- estimated in region \$27,000,000, we do not believe this investment is justified for a 1963-built hull. To assist us in evaluating the Condition Survey and Report prepared by The Glosten Associates, Inc. we engaged, at our expense, the services of Martin, Ottaway, van Hemmen & Dolan, Inc. whose report is enclosed.

We must caution you that vessel's scrap value is also dependent upon the amount of asbestos content and the higher the content, the lower the value will become.

SOUTHEAST CONFERENCE

An Alaska Regional Development Organization and USDA Resource Conservation and Development Council

A RESOLUTION SUPPORTING THE ALASKA MARINE HIGHWAY SYSTEM

(Resolution 98-19)

- WHEREAS the strength of an economy is found in diversity, and
- WHEREAS a strong diversified economy relies on an effective transportation system, and
- WHEREAS Alaska's economy is dependent upon transportation, and
- WHEREAS Alaska's unique and complex geography demands/requires a unique efficient transportation network, and
- WHEREAS the Alaska Marine Highway is an integral part of the state transportation system and the state-wide economy, and
- WHEREAS Southeast Alaska, Southwest Alaska, and Prince William Sound are directly dependent on the Alaska Marine Highway System, and
- WHEREAS all Alaskans benefit from transportation of independent travelers and goods and services on Alaska Marine Highway System vessels, and
- WHEREAS the Alaska Marine Highway System is an integral part of Alaska's transportation infrastructure and best managed as an integral part of Alaska's transportation system, and
- WHEREAS the stability of Southeast Alaska's transportation infrastructure directly and immediately affects the economy, and
- WHEREAS consistent, reliable funding is a crucial element of the stability of the transportation system.

NOW THEREFORE BE IT RESOLVED THAT:

The Alaska Marine Highway System must remain an integral part of Alaska's transportation system and the Alaska Department of Transportation and Public Facilities.

Southeast Conference urges the Department, the Legislature, and the Governor to recognize the importance of stable, sufficient and reliable funding of the Alaska Marine Highway System.

Southeast Conference hereby commits to actively participating with the Alaska Department of Transportation and Public Facilities in development of the Southeast Plan and specifically with the Alaska Marine Highway System to develop a two-year schedule for ferry operation including no less than 140 weeks of cumulative vessel service.

ADOPTED BY SOUTHEAST CONFERENCE ON SEPTEMBER 20, 1997.

Witness: Richard Smith
Richard Smith - President Southeast Conference

Attest: Brian C. Miller
Brian C. Miller - Executive Director

124 West 5th Street Juneau, Alaska 99801 Tel. (907) 463-3445 FAX (907) 463-4425

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION 98-15

A RESOLUTION URGING FULL SUPPORT OF THE ALASKA MARINE HIGHWAY SYSTEM AND THE OPERATION OF A NINE VESSEL FLEET

WHEREAS, the Alaska Marine Highway System is critical to many Alaska communities for basic transportation, economic development, delivery of Alaska products to market, access to critical health care, and regional interaction; and

WHEREAS, the Alaska Marine Highway System provides significant economic benefits to the entire state of Alaska; and

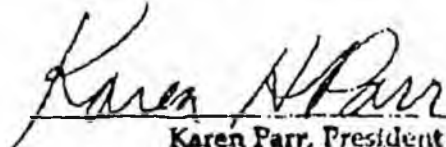
WHEREAS, it is imperative to continue current rebuilding of the system to avoid costly emergency repairs and service disruptions; and


WHEREAS, reductions in operating funds have had a major adverse impact on the entire Alaska Marine Highway System which is the only road system connecting Southeast Alaska, South Central Alaska, and Southwest Alaska to the rest of the state;

NOW, THEREFORE, BE IT RESOLVED by the Alaska Municipal League that the Governor and Legislature are urged to fully support the Alaska Marine Highway System through administrative policies and a funding level that allows the operation of a nine vessel fleet beginning in June, 1998.

BE IT FURTHER RESOLVED that the Alaska Municipal League urges the Alaska Marine Highway System to allow an adequate voice from the communities served in determining the use and scheduling of the Alaska Marine Highway System fleet.

PASSED and APPROVED November 14, 1997.


Karen Parr, President

ATTEST

Kevin Ritchie, Executive Director

Presented by: Mayor & Assembly
Introduced: 01/12/98
Drafted by: J.R. Corso

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 1915

A Resolution Urging the State of Alaska to Provide for Northern Lynn Canal Day Boat Service Aboard the M/V Malaspina.

WHEREAS, a strong diversified economy requires an effective transportation system, and

WHEREAS, Alaska's unique and complex geography demands a diversified transportation infrastructure, and

WHEREAS, all Alaskans benefit from transportation of independent travelers, local residents, goods, and groceries aboard Alaska Marine Highway System vessels, and

WHEREAS, deployment of the M/V Malaspina in the North Lynn Canal would enhance the ability of the ferry system to serve individuals, businesses, and communities throughout the system;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. That the Assembly urges the Alaska Marine Highway System to undertake deployment of the M/V Malaspina as a day boat serving Haines, Skagway, and Juneau.

Section 2. That the Assembly respectfully urges the Alaska Legislature and Governor Knowles to work in concert to provide funding for Northern Lynn Canal day boat service aboard the M/V Malaspina.

Section 3. The Clerk shall distribute copies of this resolution to the Juneau Legislative Delegation.

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J

Section 4. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 12th day of January, 1998.

Dennis Egan, Mayor

Attest:

Marian J. Miller, Clerk

Fault: Engelmann



March 14, 1997

Mr. Joe Perkins, Commissioner
Alaska Department of Transportation & Public Facilities
3132 Channel Drive
Juneau, AK 99801-7898

Subject: Craig City Council Position on Operation of the MV Malaspina

Dear Commissioner Perkins:

The City of Craig supports the continued operation of the MV Malaspina as a line vessel of the Alaska Marine Highway System in Southeast Alaska. It is our understanding that while the costs for keeping the Mal on-line until the year 2016 are very high, (\$10-\$15 million), the expenditure necessary to maintain the vessel as a day boat is relatively inexpensive (\$2-\$3 million). This being the case, we believe that the Mal can best be utilized as a day boat with it's service area being limited to Southeast Alaska.

We have advocated from the earliest discussions of the construction of the new vessel that the Malaspina must be kept on line. We stated that it makes no sense to reduce the number of vessels in the fleet and that if it is the intent to take the Mal out of service with the advent of the new vessel, the money would be better spent to upgrade the existing fleet and not construct the new vessel. We were assured that there were no plans to take the Mal out of service.

Keeping the Mal on line is especially important as there are so many communities in Southeast Alaska that are not adequately served now. We do not believe that budgetary considerations are the only criteria for making this decision. We believe that service is the primary consideration and that it is up to management to creatively finance the operation of the existing fleet. The current plan to have only three vessels on-line during the winter schedule for 1997-1998 is totally inadequate and threatens life/safety for our region. If management is not able to make the case to the legislature for adequate funding of the AMHS, perhaps it is indeed time to establish the Alaska Marine Highway Authority.

Sincerely,

Dennis Watson
Mayor

cc: Governor Knowles
Senator Mackie
Representative Kookesh

CITY OF WRANGELL, ALASKA

RESOLUTION NO. 03-97-659

A RESOLUTION OF THE COUNCIL OF THE CITY OF WRANGELL, ALASKA, SUPPORTING THE RETENTION OF THE MALASPINA TO PROVIDE NEEDED SERVICE TO THE ALASKA MARINE HIGHWAY SYSTEM

WHEREAS, the Alaska Marine Highway System has requested input from affected communities concerning deployment alternatives for the motor vessel Malaspina; and

WHEREAS, the retention of the Malaspina for use as a day-boat in Lynn Canal or other needed Marine Highway services was supported by all eleven communities participating in the recent AMHS Advisory Committee Meeting; and

WHEREAS, retention of the Malaspina will permit better long-term service alternatives which would not be available if the Malaspina is sold; and

WHEREAS, the sale of the Malaspina would keep the AMHS as status quo rather than providing an additional vessel to service the needs of all Southeast communities; and

WHEREAS, the sale of the Malaspina would generate very little revenue (under \$100,000); and

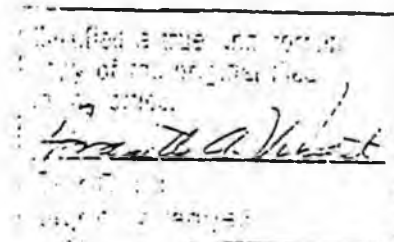
WHEREAS, Wrangell's pressing need for economic recovery presents a compelling need for continued and better Marine Highway service.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Wrangell, Alaska, supports the retention of the Malaspina as an integral part of the Alaska Marine Highway System.

ADOPTED: March 11, 1997

Douglas W. Roberts
Douglas W. Roberts

ATTEST: Franette A. Vincent
Franette A. Vincent, City Clerk



CITY AND BOROUGH OF SITKA

RESOLUTION NO. 97-889

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF SITKA, ALASKA SUPPORTING THE RETENTION OF THE MALASPINA TO PROVIDE NEEDED SERVICE TO THE ALASKA MARINE HIGHWAY SYSTEM, AND IMPROVED SERVICE TO SITKA

- WHEREAS**, the Alaska Marine Highway System has requested input from affected communities concerning deployment alternatives for the motor vessel Malaspina; and
- WHEREAS**, the retention of the Malaspina for use as a day-boat in Lynn Canal or other needed Marine Highway services was supported by all 11 communities participating in the recent AMHS Advisory Committee Meeting; and
- WHEREAS**, retention of the Malaspina will permit better service alternatives which would not be available if the Malaspina is sold; and
- WHEREAS**, the sale of the Malaspina would generate very little revenue (under \$100,000); and
- WHEREAS**, Sitka's Marine Highway service is by far the worst in the entire mainline system, with Sitka receiving one-third to one-half or less of the service all other mainline ports receive; and
- WHEREAS**, Sitka's 8,500 population and pressing needs for economic recovery present as a compelling need for better Marine Highway service

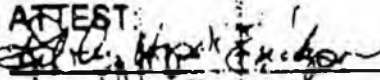
NOW, THEREFORE, BE IT RESOLVED by the Assembly of the City and Borough of Sitka, Alaska supports the retention of the Malaspina as an integral part of the Marine Highway System.

BE IT FURTHER RESOLVED that the Assembly of the City & Borough of Sitka, Alaska supports BASIC SERVICES FOR SITKA WITH NO FURTHER EROSION IN SERVICE including three northbound and three southbound mainline sailings during the summer season spread evenly throughout the week, with reasonable connections to and from Bellingham and Prince Rupert and Haines and Skagway; and continued feeder ferry service to the villages

PASSED AND APPROVED by the Assembly of the City and Borough of Sitka, Alaska on this 11th day of March, 1997.


Peter S. Hallgren, Mayor

ATTEST:


Kathy Hope Erickson
Municipal Clerk



CITY OF HAINES, ALASKA

P.O. BOX 1049

HAINES, ALASKA 99827

(907) 766-2231 • TOURISM (907) 766-2234 • FAX (907) 766-3179

1120 = 1120

MAR 19 1997

ALASKA MARINE HIGHWAY SYSTEM

March 19, 1997

Mr. Gary Hayden
System Director
Alaska Marine Highway System
Department of Transportation and
Public Facilities
P.O. Box 25535
Juneau, AK 99802-5535

Post-It™ brand fax transmittal memo 7671		# of pages = 2	
To: GARY HAYDEN	From: TOM HEALY		
Co: APMHS	Co: HAINES		
Dept:	Phone #:		
Fax # 465 2746	Fax #:		

RE: Fleet Deployment

Dear Mr. Hayden:

This letter responds to Paul Engleman's 3/4/97 letter requesting statements in regards to fleet deployment issues.

The City of Haines favors keeping the Malaspina in service following the arrival of the new ferry Kennicott. The Malaspina will be available to supplement service between Juneau, Haines and Skagway to address the high demand for service in the Lynn Canal. Operating an additional vessel also allows the potential to deploy the fleet to provide a higher level of service to other communities.

The City of Haines prefers schedule alternate 1 as presented at the 2/26/97 Advisory Committee meeting. This schedule allows for increased service, but with lower additional costs than other schedule alternates.

A major concern regarding the proposed use of the Malaspina as a "day boat" in Lynn Canal is the fact that it stops in Haines just once on each round trip between Juneau and Skagway. Haines understands that this is necessary to reduce overtime costs. Haines already experiences bypasses on the "double-shuffle" mainline summer service, but, again, understands that this is necessary in order to fit the second run into the schedule.

Bypassing Haines will become a critical concern, however, in the event the system adopts a zone schedule. Alternates 6, 7 and 7a, for example, reduce service to Haines by up to fifty percent and add delays of up to twenty-four hours to travel between Haines and

Mr. Gary Hayden
March 19, 1997
Page 2

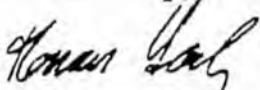
Skagway. Regular service in both directions between Haines and Skagway is a good example of a popular and profitable route that the Marine Highway should retain, but zone scheduling as proposed will devastate that service.

If the Marine Highway System considers a true "hub and spoke" zone schedule, Haines will insist that the vessel dedicated to the Lynn Canal stop in Haines both northbound and southbound. If this cannot occur, Haines will strongly oppose the dedication of a single vessel in the Lynn Canal and will support instead the traditional mainline vessel routing as is presently in effect, including the "double-shuffle" summer service.

Also in regards to Alternate 7, Haines questions whether scheduling one vessel doing one round trip north of Juneau each day will provide enough capacity to adequately address the capacity needs of the Juneau-Haines-Skagway route. If not, then supplementing this service with other mainline vessels is necessary.

Please give me a call if you have any questions.

Sincerely,



Thomas Healy
City Administrator
CITY OF HAINES

CITY OF SKAGWAY

GATEWAY TO THE GOLD RUSH OF '98"

P. O. BOX 415 SKAGWAY, ALASKA 99840

(PHONE) 907-983-2297

(FAX) 907-983-2151

March 7, 1997

Mr. Joe Perkins, Commissioner
Alaska Department of Transportation and Public Facilities
3132 Channel Drive
Juneau, AK 99801-7898

Dear Commissioner Perkins,

The City of Skagway would like to be put on record in support of continuing operation of the Malaspina following delivery of the MV Kennicott in the Summer of 1998. This would be the first opportunity in many years for the Alaska Marine Highway System to increase capacity. There is also a significant potential that the continued operation of the Malaspina could be at least self liquidating, if not a revenue generator for the system.


We are also in support of operating the Malaspina as a day boat in the Upper Lynn Canal. This accomplishes two things. First, it offers a schedule that has arrivals during a consistent hour throughout the week. This is a great benefit to businesses that schedule operations around those of the AMHS.

Second, it allows the potential for some of the current Lynn Canal service to be shifted elsewhere in the system for the benefit of those communities that have increasing demands of their own, or have a historical record of low service levels.

We have an opportunity with the construction of the new vessel to offer the region the potential for enhanced economic prosperity. Given the recent downturn in the timber industry, and challenges in the fishing industry, this prosperity will be sorely needed and greatly appreciated.

After the current Southeast Alaska Transportation Plan is developed, and some of its components are implemented, it will then be more appropriate for the Malaspina to go into its well deserved retirement. In the meantime, it is a valuable asset that must be retained in support of the communities of Southeast Alaska.

Sincerely,



Sioux Plummer
Mayor

cc: Governor Knowles
Senator Mackie
Representative Kookesh
City Council
SE Mayors
Alaska Municipal League
Southeast Conference

HB

329

HFIN

FILE

Valdez Operating Costs FY 99
(full year)

	Pers. Svcs.	Travel	Contract	Supplies	Equip.	Gratuities	TOTAL
MEDICAL EXPENSES							
2-Nurse II salaries	\$ 120.0						
1-Nurse III salaries	\$ 64.0						
Physician's Services			\$ 50.0				
Total	\$ 184.0	\$ -	\$ 50.0	\$ -	\$ -	\$ -	\$ 234.0
TREATMENT EXPENSES							
Treatment Contract			\$ 624.0				
Total	\$ -	\$ -	\$ 624.0	\$ -	\$ -	\$ -	\$ 624.0
ADMINISTRATIVE EXPENSES							
WAN Charges			\$ 1.5				
Network Charges			\$ 4.1				
Data Comm. Costs			\$ 1.2				
Total	\$ -	\$ -	\$ 6.8	\$ -	\$ -	\$ -	\$ 6.8
CORRECTIONAL EXPENSES							
Superintendent salary	\$ 75.0						
Admin. Assistant salary	\$ 49.0						
Admin Clerk salary	\$ 41.7						
1-PO II salary	\$ 58.8						
6-CO II salaries	\$ 346.0						
4-CO III salaries	\$ 254.8						
Admin. Travel/PerDiem		\$ 3.5					
Prisoner Transport		\$18.5					
Drug Test Retakes			\$ 3.6				
Food Services Contract			\$ 360.0				
Phone Costs			\$ 30.0				
Alarm System Hookup			\$ 1.2				
Postage Costs			\$ 2.9				
Vehicle Costs			\$ 15.1				
Freight/Express Costs			\$ 4.6				
Advertising and Printing			\$ 6.9				
Subscriptions			\$ 0.5				
Maint. & Repair (incl. Snow rem)			\$ 15.1				
2 Copier Lease			\$ 9.9				
Postage Equipment Lease			\$ 3.2				
Staff Training			\$ 5.0				
Risk Management			\$ 5.0				
Other Services			\$ 4.0				
General Office Supplies				\$ 12.4			
Inmate Clothing/Toiletries				\$ 10.7			
Non-Food Kitchen Supplies				\$ 7.7			
Staff Uniforms				\$ 4.8			
Audio/Visual Supplies					\$ 0.2		
Drug Testing Supplies					\$16.4		
Computer Software					\$ 2.5		
Ammunition					\$ 1.5		
Atheletic Supplies					\$ 2.0		
Security Items					\$ 3.3		
Repair/Maint Supp. (cleaning chem)					\$13.0		
Misc. Supplies					\$ 2.5		
Repair Supplies					\$10.0		
Inmate Gratuities						\$ 32.0	
Personnel Vacancy Adjustment	\$ (23.3)						
Total	\$ 802.0	\$22.0	\$ 467.0	\$ 35.6	\$51.4	\$ 32.0	\$1,410.0
DOA/General Services and Supply							\$ 385.2
TOTAL ALL COSTS	\$ 986.0	\$22.0	\$1,147.8	\$ 35.6	\$51.4	\$ 32.0	\$2,660.0

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 329

Revision Date (Note if correction)	5/2/98	Dept. Affected	Corrections
Title	An Act amending the definition of a correctional facility to include a therapeutic treatment center;...	BRU	Administration and Operations
Sponsor	Rules by Request	Component	Office of the Commissioner
Requester	House Finance Committee	Component Serial No.	#0694

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	739.5	986.0	986.0	986.0	986.0	986.0
Travel	49.5	22.0	22.0	22.0	22.0	22.0
Contractual	1,326.4	1,533.0	1,535.7	1,538.4	1,541.1	1,543.9
Supplies	131.5	87.0	87.0	87.0	87.0	87.0
Equipment	141.5	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	24.0	32.0	32.0	32.0	32.0	32.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	2,412.4	2,660.0	2,662.7	2,665.4	2,668.1	2,670.9

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts	133.9	133.9	0.0	0.0	0.0	0.0
1003 GF Match	44.6	44.6	0.0	0.0	0.0	0.0
1004 GF	2,233.9	2,481.5	2,662.7	2,665.4	2,668.1	2,670.9
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2,412.4	2,660.0	2,662.7	2,665.4	2,668.1	2,670.9

Estimate of any current year (FY98) cost: 0.0

POSITIONS

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Full-time	17	17	17	17	17	17
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Valdez Therapeutic Community will be a sixty bed, six to ten month intensive residential substance abuse treatment program for minimum and medium custody level prisoners within the DOC. Male prisoners will be referred from Alaska's correctional institutions around the state. The DOC will maintain security while a contracted treatment provider will be responsible for delivery of the treatment program.

This fiscal analysis assumes that facility operations will start on 10/1/98 of FY99 and only incur 3 quarters of operational costs during that fiscal year. FY99 and FY00 Federal Funds are based on a limited two year Federal RSAT Grant which requires a 33% GF Match. FY99 also includes all one-time "Start Up" costs associated with Medical, Treatment, Administrative D&WP, and Correctional operations (e.g., library, clothing, bedding, furniture, correctional equipment, etc.) Program Evaluation will be funded through the Federal RSAT grant with technical assistance provided by the Office of Justice Programs. This fiscal note does not contain inflationary costs except for a 2% Cost Index increase on annual lease payments. (Continued)

Prepared by	Dwayne Peeples, Director	Phone	465-3339
Division	Administrative Services	Date	5/2/98
Approved by:	Commissioner Margaret M. Pugh <i>Margaret M. Pugh</i>	Date	5/2/98
Agency	Department of Corrections		

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

Fiscal Note

Valdez Therapeutic Community

Page 2

Costs Featuring 60 Inmates:

	Start-Up Costs (FY99 One Time)	On-Going Annual Costs
Inmate Health /Medical	\$20.0	\$234.0
Inmate Programs/Treatment	\$61.3	\$624.0
Design & Outcome	\$40.0*	\$0.0
Admin. Services/D&WP	\$40.0	\$6.8
Institution Operations	\$162.4	\$1,410.0
DOA/GSS	\$0.0	\$385.2 2% CPI Increase Annually
TOTALS	\$323.7	\$2,660.0

Operating Costs:

	FY99	Annually FY00-FY04	Notes
Institutions/Operating			
Pers. Svcs	\$601.5	\$802.0	14 PFT Staff Personal Services
Travel	\$49.5	\$22.0	FY99 Includes \$33.0 start up funds
Contractual Svcs	\$353.3	\$467.0	Includes \$360.0 for Food Contracts
Supplies	\$104.9	\$87.0	FY99 Includes \$ 39.6 start up funds
Equipment	\$86.8	\$0.0	FY99 Includes \$ 86.8 start up funds
Grants	\$24.0	\$32.0	Inmate Gratuities/wages
Total	<u>\$1,220.0</u>	<u>\$1,410.0</u>	
Inmate Health Care			
Pers. Svcs	\$138.0	\$184.0	3 PFT Staff Personal Services
Contractual Svcs	\$37.5	\$50.0	On-call Doctor Services
Supplies	\$20.0	\$0.0	Pharmacy & Medical start up
Total	<u>\$195.5</u>	<u>\$234.0</u>	
Inmate Programs			
Contractual Svcs	\$508.0	\$624.0	Treatment (11 contract positions)
Supplies	\$6.6	\$0.0	Office Supplies
Equipment	\$54.7	\$0.0	Furniture, PCs, Cabinets, etc.
Total	<u>\$569.3</u>	<u>\$624.0</u>	
Administrative Services/Data & Word Processing			
Contracts	\$45.1	\$6.8	Establish Network System
Total	<u>\$45.1</u>	<u>\$6.8</u>	
DOA/General Services & Supply			
Leasing	\$382.5	\$385.2	2% CPI Increase Annually FY00-FY04
Total	<u>\$382.5</u>	<u>\$385.2</u>	
Grand Total	\$2,412.4	\$2,660.0	

*Note: Program evaluation funded with RSAT grant.

5/4/98 eve

**Institutions Inmate/Day Cost Comparison
Institutional Costs
(Based on FY97 Actual Operating Costs adjusted to include FY98 COLA Increase)**

Institution	Annual Cost	Cleary Emergency	Mandays	Institution Costs Per Bed	Inmate Programs	Inmate Hlth Care	lv. of Admin. & Support	Statewide Indirect	Totals
Anvil Mountain CC	\$3,990,005.26	104	37,960	\$105.11	\$3.78	\$13.81	\$4.51	\$5.23	\$132.24
Cook Inlet CC	\$9,412,557.68	403	147,095	\$63.99	\$3.78	\$13.81	\$4.51	\$5.23	\$91.12
Fairbanks CC	\$7,015,027.48	200	73,000	\$96.10	\$3.78	\$13.81	\$4.51	\$5.23	\$123.23
Hiland/Meadow Creek CC	\$7,514,182.78	299	109,135	\$68.85	\$3.78	\$13.81	\$4.51	\$5.23	\$95.98
Ketchikan CC	\$2,659,199.44	53	19,345	\$137.46	\$3.78	\$13.81	\$4.51	\$5.23	\$164.59
Lemon Creek CC	\$6,085,882.75	170	62,050	\$98.08	\$3.78	\$13.81	\$4.51	\$5.23	\$125.21
Matanuska-Susitna CC	\$2,825,712.41	85	31,025	\$91.08	\$3.78	\$13.81	\$4.51	\$5.23	\$118.21
Palmer CC	\$8,894,824.76	348	127,020	\$70.03	\$3.78	\$13.81	\$4.51	\$5.23	\$97.16
Sixth Avenue CC	\$3,946,071.63	108	39,420	\$100.10	\$3.78	\$13.81	\$4.51	\$5.23	\$127.23
Spring Creek CC	\$13,953,174.25	486	177,390	\$78.66	\$3.78	\$13.81	\$4.51	\$5.23	\$105.79
Wildwood CC	\$8,294,056.94	343	125,195	\$66.25	\$3.78	\$13.81	\$4.51	\$5.23	\$93.38
Yukon-Kuskokwim CC	\$3,966,880.19	92	33,580	\$118.13	\$3.78	\$13.81	\$4.51	\$5.23	\$145.26
Totals/ Current Statewide Averages	\$78,5E7,575.57	2891	982,216	\$79.98	\$3.78	\$13.81	\$4.51	\$5.23	\$107.11
Proposed Harborview Therapeutic	\$1,795,200.00	60	21,900	\$77.31*	\$3.78	\$13.81	\$4.51	\$4.66 + \$0.69	\$104.66
Legislative Intent: HCS CSSB 107(FIN) am H, Chapter 100 SLA 97 Section 74 (a):									
The sum of \$400,000 is appropriated from the federal receipts crime funds to the Department of Corrections for a therapeutic treatment community program of up to 100 beds in Valdez where cost (exclusive of treatment costs) will not exceed the statewide average cost per day for correctional institutions."									
Institutions' cost calculations based on FY97 actual expenditures adjusted for the 1998 COLA increase									
* The additional \$4.66 in daily lease costs that cover capital-type items outside the Department's usual operating expenses for its other institutions, e.g., amortization, major maintenance and repair depreciation, etc. are shown in the "statewide indirect" column -- where such costs are shown in the department's budget for its other institutions.									
**The program costs specific to the Valdez Therapeutic Community will be an additional \$28.49 per bed per day									
***Note that if the therapeutic community is not used, 60 more inmates will have to be sent to Arizona at a daily cost of \$53.50 + transportation (averages to approx. \$1.00 a day) and it will cost \$265,000 a year to leave the facility empty (cost of heat, electricity, repairs, snow removal, and one maintenance person) which equals \$12.10 a day when spread over 60 inmates; thus, it would cost \$66.60 per day not to use the facility.									

5-4-98 eve
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Institutions Inmate/Day Cost Comparison
Institutional Costs
 (Based on FY99 Operating Budget Costs with no COLA adjustment)

Institution	Annual Cost	Clearly Emergency	Mandays	Institution Costs Per Bed	Inmate Programs	Inmate Hlth Care	Div. of Admin. & Support	Statewide Indirect	Totals
Anvil Mountain CC	\$3,871,100.00	104	37,960	\$101.98	\$3.78	\$13.61	\$4.51	\$5.23	\$129.11
Cook Inlet CC	\$9,163,000.00	403	147,095	\$62.29	\$3.78	\$13.61	\$4.51	\$5.23	\$89.42
Fairbanks CC	\$6,975,800.00	200	73,000	\$95.56	\$3.78	\$13.61	\$4.51	\$5.23	\$122.69
Hiland/Meadow Creek CC	\$7,200,400.00	299	109,135	\$65.98	\$3.78	\$13.61	\$4.51	\$5.23	\$93.11
Ketchikan CC	\$2,587,300.00	53	19,345	\$133.75	\$3.78	\$13.61	\$4.51	\$5.23	\$167.88
Lemon Creek CC	\$5,942,800.00	170	62,050	\$95.77	\$3.78	\$13.61	\$4.51	\$5.23	\$122.90
Matanuska-Susitna CC	\$2,725,300.00	85	31,025	\$87.84	\$3.78	\$13.61	\$4.51	\$5.23	\$114.97
Palmer CC	\$8,500,100.00	348	127,020	\$66.92	\$3.78	\$13.61	\$4.51	\$5.23	\$94.05
Sixth Avenue CC	\$3,845,100.00	108	39,420	\$97.54	\$3.78	\$13.61	\$4.51	\$5.23	\$124.67
Spring Creek CC	\$13,749,200.00	486	177,390	\$77.51	\$3.78	\$13.61	\$4.51	\$5.23	\$104.64
Wildwood CC	\$8,213,600.00	343	125,195	\$65.61	\$3.78	\$13.61	\$4.51	\$5.23	\$92.74
Yukon-Kuskokwim CC	\$3,972,700.00	92	33,580	\$118.31	\$3.78	\$13.61	\$4.51	\$5.23	\$145.44
Unallocated House Reduction	(\$721,100.00)								
Totals: FY99 Budget Averages	\$76,025,300.00	2691	982,215	\$77.40	\$3.78	\$13.61	\$4.51	\$5.23	\$104.53
Proposed Harborview Therapeutic	\$1,795,200.00	60	21,900	\$77.31*	\$3.78	\$13.61	\$4.51	\$4.68 + \$0.69	\$104.56
Legislative Intent: HCS CSSB 107(FIN) am H, Chapter 100 SLA 97 Section 74 (a) : The sum of \$400,000 is appropriated from the federal receipts crime funds to the Department of Corrections for a therapeutic treatment community program of up to 100 beds in Valdez where costs (exclusive of treatment costs) will not exceed the statewide average cost per day for correctional institutions."									
Institutions' cost calculations based on FY99 operating budget figures, with no adjustment for COLA increases									
* The additional \$4.66 in daily lease costs that cover capital-type items outside the Department's usual operating expenses for its other institutions, e.g., amortization, major maintenance and repairs, depreciation, etc. are shown in the "statewide indirect" column -- where such costs are shown in the department's budget for its other institutions.									
**The program costs specific to the Valdez Therapeutic Community will be an additional \$28.49 per bed per day									
***Note that if the therapeutic community is not used, 60 more inmates will have to be sent to Arizona at a daily cost of \$53.50 + transportation (averages to approx. \$1.00 a day) and it will cost \$265,000 a year to leave the facility empty (cost of heat, electricity, repairs, snow removal, and one maintenance person), which equals \$12.10 a day when spread over 60 inmates; thus, it would cost \$66.60 per day not to use the facility.									

STATE OF ALASKA

DEPARTMENT OF CORRECTIONS

TONY KNOWLES, GOVERNOR

REPLY TO:

PO BOX 112000
JUNEAU, ALASKA 99811-2000
PHONE (907) 465-3376

April 1, 1998

Representative Gene Therriault, Co-Chair
House Finance Committee
State Capitol, Room 511
Juneau, Alaska 99801

Dear Representative Therriault:

I respectfully request a hearing on House Bill 329, "An Act amending the definition of correctional facility to include a therapeutic center..."

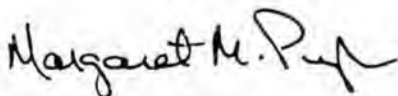
The Department of Corrections is excited about the possibility of operating an in-prison intensive substance abuse program often referred to as a Therapeutic Community or treatment center. This model of substance abuse treatment has recently been evaluated and shows a consistent reduction in recidivism rates for inmates who are chronic substance abusers

This legislation would amend the definition of "correctional facility" to include a therapeutic treatment center. In addition it would require conveyance of the title to the Harborview Developmental Center in Valdez to the City of Valdez. And finally, sets out conditions that are required in order for the conveyance to take place.

The Department of Corrections has planned for a sixty-bed treatment center in the Valdez facility. Based on other experiences from around the country, I believe this would be a positive step towards reducing the recidivism rate, and more importantly reducing the number of victims of substance abuse related crime. The current plan includes an evaluation component that will be in place before the first inmate enters treatment. It will encompass process information as well as outcome data.

Thank you for your consideration.

Sincerely,



Margaret M. Pugh

CC: Pat Pourchot, Legislative Director
Office of the Governor

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

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

April 23, 1998

SUBJECT: SB 246 - Harborview Development Center (W.O. 20-GS2045A)

TO: Representative Eldon Mulder
Attn: Denny DeWitt

FROM: Gerald P. Luckhaupt *gpl*
Legislative Counsel

You have asked if sec. 1 of the above-referenced bill is essential to the transfer of the Harborview Development Center as is contemplated by the bill. It is my opinion that sec. 1 is not necessary. Section 1 of the bill adds "therapeutic treatment center" to the definition of "correctional facility" in AS 33.30.901(4).¹ It is my opinion that a "therapeutic treatment center" is already encompassed within the definition of "correctional facility." From my understanding of the term and as it is used in the bill, a "therapeutic treatment center" is "a prison, jail, camp, farm, half-way house, group home, or other placement designated by the commissioner for the custody, care, and discipline of prisoners," albeit, possibly, a specialized type of "correctional facility." I see no compelling need that would require the addition of this specialized term (that is not defined) to the broad definition of correctional facility already existing in statute.

GPL:jdr
98-265.jdr

¹That provision provides:

'correctional facility' or 'facility' means a prison, jail, camp, farm, half-way house, group home, or other placement designated by the commissioner for the custody, care, and discipline of prisoners; a 'state correctional facility' means a correctional facility owned or run by the state.

FISCAL NOTE

Bill Version: HB 329

(H) Publish Date: 1/16/98

STATE OF ALASKA

1998 LEGISLATIVE SESSION

Revision Date: (Note if correction)
 Title: "An Act amending the definition of correctional facility to include a therapeutic treatment center..."
 Sponsor: Rules Committee
 Requestor: Governor

Department Affected: Administration
 BRU: General Services
 Component: Purchasing
COMPONENT SERIAL NO. 60

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
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						
-----------------------------	--	--	--	--	--	--

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						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 98) cost: \$ none

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.) The bill authorizes transfer of excess real property and improvements of the Harborview Development Center in Valdez to the City of Valdez. Under the terms of the transfer, the City of Valdez must agree to convert a portion of the facility to a therapeutic treatment center and lease it to the Department of Corrections. Up to 60 inmates qualifying for therapeutic treatment would be housed in the treatment facility. The fiscal note is based on the following assumptions:

1. All funds necessary to complete improvements are with either the City of Valdez and/or the Department of Corrections.
2. Transfer of the property occurs on June 30, 1998.
3. No monetary consideration is received at transfer.
4. Funding for payment of the lease and all other operating costs is with the Department of Corrections.

Prepared by: Dugan Petty, Director
 Division: General Services

Phone: 465-2250
 Date: _____

Approved by Commissioner: Mark Bover
 Agency: Department of Administration

Date: 1/17/98

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FISCAL NOTE

Bill Version: 18329
(H, Publish Date: 1/16/98)

**STATE OF ALASKA
1998 LEGISLATIVE SESSION**

Revision Date (Note if correction)	Dept. Affected	Corrections
Title <u>An Act amending the definition of a correctional facility to include a therapeutic treatment center,...</u>	BRU	Administration and Operations
Sponsor <u>Rules Committee</u>	Component	Office of the Commissioner
Requester <u>Governor</u>	Component Serial No.	<u>#0694</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	787.3	1,049.7	1,049.7	1,049.7	1,049.7	1,049.7
Travel	49.5	22.0	22.0	22.0	22.0	22.0
Contractual	1,326.4	1,533.0	1,535.7	1,538.4	1,541.1	1,543.9
Supplies	131.5	87.0	87.0	87.0	87.0	87.0
Equipment	141.5	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	24.0	32.0	32.0	32.0	32.0	32.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	2,460.2	2,723.7	2,726.4	2,729.1	2,731.8	2,734.6

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

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

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts	133.9	133.9	0.0	0.0	0.0	0.0
1003 GF Match	44.6	44.6	0.0	0.0	0.0	0.0
1004 GF	2,281.7	2,545.2	2,726.4	2,729.1	2,731.8	2,734.6
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2,460.2	2,723.7	2,726.4	2,729.1	2,731.8	2,734.6

Estimate of any current year (FY98) cost: 0.0

POSITIONS

Full-time	18	13	18	18	18	18
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Valdez Therapeutic Community will be a sixty bed, six to ten month intensive residential substance abuse treatment program for minimum and medium custody level prisoners within the DOC. Male prisoners will be referred from Alaska's correctional institutions around the state. The DOC will maintain security while a contracted treatment provider will be responsible for delivery of the treatment program.

This fiscal analysis assumes that facility operations will start on 10/1/98 of FY99 and only incur 3 quarters of operational costs during that fiscal year. FY99 and FY00 Federal Funds are based on a limited two year Federal RSAT Grant which requires a 33% GF Match. FY99 also includes all one-time "Start Up" costs associated with Medical, Treatment, Administrative D&WP, and Correctional operations (e.g., library, clothing, bedding, furniture, correctional equipment, etc.) Program Evaluation will be funded through the Federal RSAT grant with technical assistance provided by the Office of Justice Programs. This fiscal note does not contain inflationary costs except for a 2% Cost Index increase on annual lease payments. (Continued)

Prepared by Dwayne Peeples, Director
 Division Administrative Services
 Approved by: Commissioner Margaret M. Pugh
 Agency Department of Corrections

Phone 465-3339
 Date 1/15/98
 Date 1-15-98

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Fiscal Note
Valdez Therapeutic Community
Page 2

Costs Featuring 60 Inmates:

	Start-Up Costs (FY99 One Time)	On-Going Annual Costs
Inmate Health /Medical	\$20.0	\$234.0
Inmate Programs/Treatment	\$61.3	\$624.0
Design & Outcome	\$40.0*	\$0.0
Admin. Services/D&WP	\$40.0	\$6.8
Institution Operations	\$162.4	\$1,473.7
DOA/GSS	<u>\$0.0</u>	<u>\$385.2</u> 2% CPI Increase Annually
TOTALS	\$323.7	\$2,723.7

Operating Costs:	FY99	Annually FY00-FY04	Notes
Institutions/Operating			
Pers.Svcs	\$649.3	\$865.7	15 PFT Staff Personal Services FY99 Includes \$33.0 start up funds Includes \$360.0 for Food Contracts FY99 Includes \$ 39.6 start up funds FY99 Includes \$ 86.8 start up funds Inmate Gratuities/wages
Travel	\$49.5	\$22.0	
Contractual Svcs	\$353.3	\$467.0	
Supplies	\$104.9	\$87.0	
Equipment	\$86.8	\$0.0	
Grants	\$24.0	\$32.0	
Total	<u>\$1,267.8</u>	<u>\$1,473.7</u>	
Inmate Health Care			
Pers. Svcs	\$138.0	\$184.0	3 PFT Staff Personal Services On-call Doctor Services Pharmacy & Medical start up
Contractual Svcs	\$37.5	\$50.0	
Supplies	\$20.0	\$0.0	
Total	<u>\$195.5</u>	<u>\$234.0</u>	
Inmate Programs			
Contractual Svcs	\$508.0	\$624.0	Treatment (11 contract positions) Office Supplies Furniture, PCs, Cabinets, etc.
Supplies	\$6.6	\$0.0	
Equipment	\$54.7	\$0.0	
Total	<u>\$569.3</u>	<u>\$624.0</u>	
Administrative Services/Data & Word Processing			
Contracts	\$45.1	\$6.8	Establish Network System
Total	<u>\$45.1</u>	<u>\$6.8</u>	
DOA/General Services & Supply			
Leasing	\$382.5	\$385.2	2% CPI Increase Annually FY00-FY04
Total	<u>\$382.5</u>	<u>\$385.2</u>	
Grand Total	\$2,460.2	\$2,723.7	

*Note: Program evaluation funded with RSAT grant.

HD 327

TONY KNOWLES
GOVERNOR



P O Box 110001
Juneau Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 16, 1998

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker ^{Gail}Phillips:

Nearly 80 percent of all crimes committed in Alaska involve substance abuse. Ensuring safe, healthy communities for Alaskans means having treatment programs designed to reduce the number of people who are victimized by persons under the influence of alcohol or drugs. In line with that effort, this bill authorizes the transfer of the Harborview Developmental Center to the City of Valdez for conversion, in part, to a therapeutic treatment center. The Department of Corrections would then lease the facility from the City of Valdez, which has agreed to invest considerable resources into the necessary conversion.

The Department of Corrections currently has three types of inmate substance abuse programs: substance abuse education, education plus an introduction to treatment, and institutional outpatient treatment. The department needs to complete its continuum of care by establishing an intensive in-prison program that treats the most severe substance abusers.

The Department of Corrections proposes to use a part of the soon-to-be-vacated facility for an intensive substance abuse treatment program, commonly referred to as a "therapeutic community". In 1997, the United States Department of Justice reported studies show consistent reductions in recidivism rates for offenders who complete such programs while in prison. That would also result in fewer crime victims.

There are currently between 90 and 110 incarcerated inmates who need and qualify for therapeutic community treatment. This bill would provide financing for 60 new corrections beds in Valdez and, thus would help ease the pressure on a severely overcrowded correctional system. This legislation also keeps with art. I, sec. 12, of the Alaska Constitution, which mandates criminal administration be based on the principle of

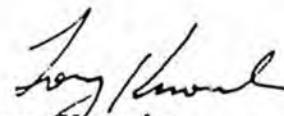
The Honorable Gail Phillips
January 16, 1998
Page 2

reformation. Anticipated costs for fiscal year 1999 would be approximately \$2.5 million, of which \$569,000 is planned for treatment. Annual costs thereafter are estimated at \$2.7 million.

This bill is one more step the state can take to reduce the number of victims of crimes resulting from an offender's substance abuse, provide intensive treatment to reduce repeat criminal behavior, and provide new beds for a severely overcrowded correctional system.

I urge your quick and favorable action so the Department of Corrections can begin occupancy by September, 1998.

Sincerely,



Tony Knowles
Governor

FISCAL NOTE

Bill Version: HB 329
(H) Publish Date: 1/16/98

STATE OF ALASKA 1998 LEGISLATIVE SESSION

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act amending the definition of correctional BRU: Resource Development
facility to include a therapeutic treatment center, ... Component: Land Development
 Sponsor: Rules Committee
 Requestor: Governor Knowles Component Serial No. 431

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY99	FY00	FY01	FY02	FY03	FY04
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	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: \$ none

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated additional fiscal impact for the Department of Natural Resources as a result of passage of this legislation.

Prepared by: Jane Angvik, Director Phone: 269-8503
 Division: Land Date: 8-Jan-98
 Approved by Commissioner: [Signature] Date: 1/16/98
 Agency: Natural Resources

FISCAL NOTE

No: 2

STATE OF ALASKA
1998 LEGISLATIVE SESSION

B. Version: HB 329

(H) Publish Date: 1/16/98

Revision Date: _____
 Title: An act amending the definition of correctional facility to include therapeutic... ..
 Sponsor: Rules Committee
 Requestor: Governor's Office

Dept. Affected: Health and Social Services
 BRU: Administrative Services
 Component: Health Planning and Facilities Management
 COMPONENT SERIAL NO. 2020
 See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY98	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.00	0.00	0.00	0.00	0.00	0.00
1003 GF Match	0.00	0.00	0.00	0.00	0.00	0.00
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (please specify)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	none	none	none	none	none	none
PART-TIME	none	none	none	none	none	none
TEMPORARY	none	none	none	none	none	none

Estimate of any current year (FY98) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

After conveyance of Harborview, the City of Valdez would then lease back a portion of Harborview to the Department of Corrections for a therapeutic drug and alcohol program for Alaska inmates. If the Legislature does not fund the therapeutic treatment center program, the City of Valdez won't be able to takeover ownership of the Harborview facility. That would mean that the Harborview facility would remain in State ownership with the Department of Health and Social Services. Effective July 1, 1998 the Department of Health and Social Services has no operating funds to operate the Harborview facility in the Asset Protection mode. It is estimated that annual operating costs for Harborview after July 1, 1998 in the Asset Protection mode (one maintenance person, utility and heating costs, etc.) would be approximately \$265 thousand dollars.

There is one further complication. The City of Valdez has expressed concern that if the Legislature fails to appropriate funds for the Department of Corrections therapeutic treatment program, the Valdez Community Hospital, located in the Harborview building, could close, resulting in serious health care implications for the local community.

5/18
 Prepared by: Janet Clarke
 Division: Administrative Services

Approved by Commissioner: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Phone: 465-3015
 Date: 01/08/98

Date: 1/12/98

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COMMITTEE COPY

(Rev. 10/96) H. 3006 a/c/C.S. DHSS

HB

334

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: January 20, 1998

FURTHER REFERRALS:

Date of Committee Action: 1/27/98

The FINANCE Committee considered:

HB 334

HOUSE BILL NO. 334

TUITION WAIVER FOR POLICE WIDOW/CHILD

“An Act relating to wavier of tuition and fees for certain family members of a police officer killed in the line of duty; and providing for an effective date.”

recommends it be replaced with the following committee substitute C.S HB 334 (Fin) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) UA fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
	Therriault	X			
	Mulder	X			
	Martin	X			
	Kohring	X			
	DAVIES	X			
	Grussendorf	X			
	Moses	X			
	DAVIS	X			
	Kelky FOSTER	X			

CHAIR'S SIGNATURE

C.O. Chair Therriault

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 334

Revision Date (Note if correction) _____ Dept. Affected University of Alaska
 Title An Act relating to waiver of tuition & fees for BFU University of Alaska
family members of a police officer killed in the line of duty. Component Systemwide Budget Reductions &
 Sponsor Reps. Kelly, Theriault, James, Porter, ... Additions
 Requester House Finance Committee Component Serial No. #1296

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	5.4	5.4	5.4	5.4	5.4	5.4
Miscellaneous						
TOTAL OPERATING	5.4	5.4	5.4	5.4	5.4	5.4

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	5.4	5.4	5.4	5.4	5.4	5.4
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	5.4	5.4	5.4	5.4	5.4	5.4

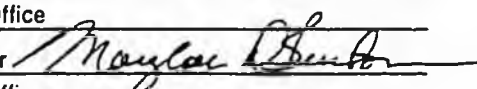
Estimate of any current year (FY98) cost: none

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill extends the tuition waiver provisions of AS 14.43.085 to include spouses and dependent children of municipal police officers killed in the line of duty. Except in the event of catastrophic loss, the university anticipates the fiscal impact of this bill to be relatively minor. This fiscal note assumes that on the average, two students will utilize this program each year, at a cost of \$2,700 each or a total cost per year of \$5,400.

Prepared by Marylou Burton Phone 474-6490
 Division UA Statewide Budget Office Date 1/26/98
 Approved by C. Marylou Burton, Director  Date 1/26/98
 Agency UA Statewide Budget Office

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Adopted
1/27/98

CS FOR HOUSE BILL NO. 334(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES KELLY, Therriault, James, Porter, Phillips, Vezey, Foster, Davies, Kubina, Brice, Kempler

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to waiver of tuition and fees for certain family members of a
2 police officer killed in the line of duty; and providing for an effective date."

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

4 * Section 1. AS 14.43.085 is amended to read:

5 Sec. 14.43.085. Free tuition and fees for a spouse or dependent of members
6 of the armed services or the police. A person enrolled as a student in good standing
7 in a state supported educational institution in this state is entitled to a waiver of
8 undergraduate tuition and fees if the person was the spouse or dependent child of a
9 bona fide resident of the state who was a member of the armed services the state
10 troopers, or a municipal police department and who died in the line of duty or who
11 died as a result of injuries sustained while in the line of duty for the municipal, state,
12 or federal government or who was listed by the United States Department of Defense
13 as a prisoner of war or as missing in action. In this section,

14 (1) "armed services" means the Alaska National Guard, Alaska Naval

1 Militia, and the armed services of the United States;

2 (2) "dependent child" means a person who was a dependent of a
3 member of the armed services, the state troopers, or a municipal police department
4 at the time of the member's death, and who is

5 (A) the member's natural or adopted child;

6 (B) a child in relation to whom the deceased armed services
7 member, state trooper, or municipal police officer stood in loco parentis for
8 at least three years before the member's death;

9 (C) the member's stepchild; or

10 (D) the member's acknowledged illegitimate child;

11 (3) "line of duty" has the meaning given under federal law and includes
12 acts arising out of and in the course of employment;

13 (4) "resident" means a person who resided in the state for at least one
14 year before serving in the armed services, the state troopers, or a municipal police
15 department and who lists Alaska as the home state for purposes of military records
16 or state or municipal employment records.

17 * Sec. 2. APPLICABILITY. (a) A person who is enrolled as a student and who is
18 described in sec. 1 of this Act is entitled to a waiver of tuition and fees regardless of whether
19 the person who died in the line of duty died before, on, or after the effective date of this Act.
20 A person who is entitled to a waiver of tuition and fees as described in sec. 1 of this Act and
21 who has already paid tuition or fees before the effective date of this Act is not entitled to a
22 refund.

23 (b) This Act does not apply to a person enrolled as a graduate student in a state
24 supported educational institution on the effective date of this Act.

25 * Sec. 3. This Act takes effect July 1, 1998.

Alaska State Legislature

REPRESENTATIVE
PETER KELLY

Mailing Address:
113 N. Cushman, Suite 203
Fairbanks, Alaska 99701
(907) 456-8161



While in Juneau
State Capitol
Juneau, Alaska
99801-1182
(907) 465-2327

House District 31

House Of Representatives

Sponsor Statement HB 334

An Act Waiving State Tuition for Sons or Daughters of a Police Officer Slain in the Line of Duty.

With this bill we are adding to the fairly short list of youth for whom we will waive tuition at our State University. The University plays an important role in all of our lives, it should be available for a youth whose parent made the ultimate sacrifice protecting our lives and freedoms.

Nothing can replace a husband, a wife, a father or a mother, but for those men and women who will stand in harms way for us this bill is a small token of our appreciation.

HUGH C. "BILL" RUDOLPH



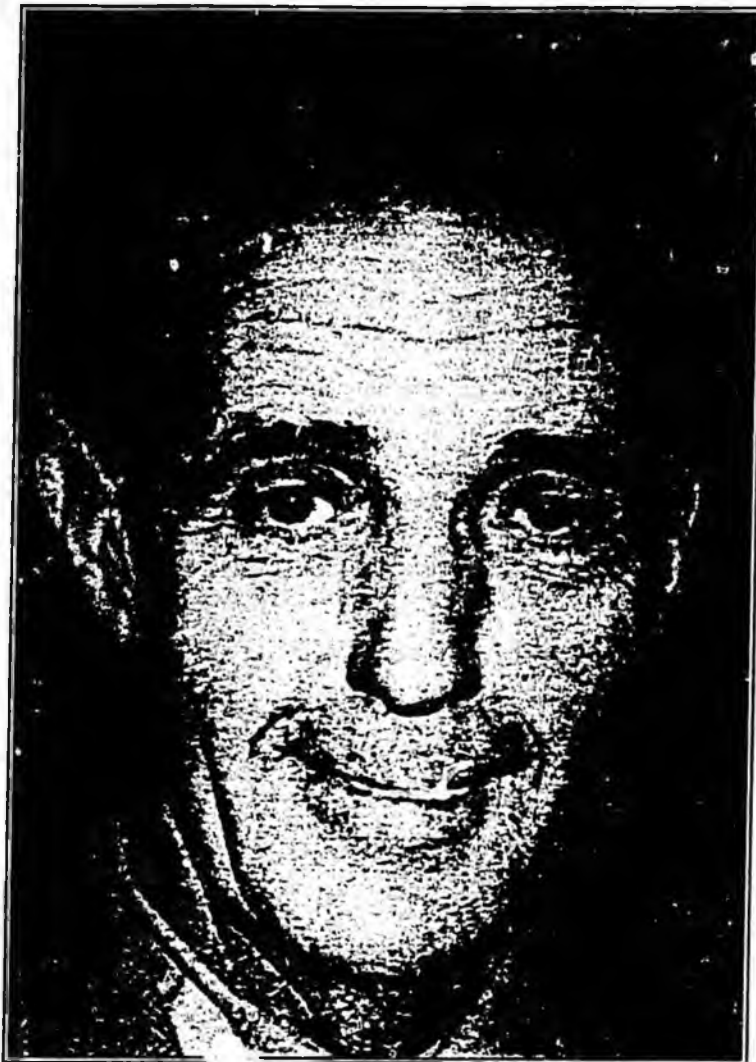
1908 - 1946

Hugh C. "Bill" Rudolph, born in Valdez, Alaska, in 1909, moved to Juneau in 1926. Rudolph was a well known and respected young business man and a member of the Juneau Volunteer Fire Department. Bill Rudolph was also a member of the Moose Lodge of Sitka and the Elks Lodge of Juneau.

On May 22, 1946, The Juneau Volunteer Fire Department responded to a fire at the Perelle Apartments. Volunteer Firefighter Bill Rudolph, while carrying a hose line up a 20-foot ladder, fell and was knocked unconscious. He was later diagnosed with a skull fracture. The twenty foot fall took the life of Firefighter Rudolph on June 4, 1946.

Bill Rudolph's survivors at the time of his death, in addition to his widow, Mungie Larsen Rudolph, were his parents, Mr. & Mrs. C. Rudolph, three sisters and three brothers.

THOMAS A. DUNNIGAN



1908 - 1967

Thomas A. Dunnigan, born in 1908 in Walla Walla, Washington, moved to Anchorage in 1953. He became a volunteer firefighter with Spenard Volunteer Fire Department and was elected as Fire Chief in 1961, a position he held until 1965.

Chief Dunnigan was one of the founders and a Charter member of the Alaska State Firefighter's Association. Chief Dunnigan was also an active member of the Spenard Lions Club.



SPENARD BUILDERS SUPPLY FIRE - 1967

On May 28, 1967, a General Alarm Fire did \$500,000 damage to the Spenard Builders Supply and took the life of Retired Spenard Fire Chief Thomas Dunnigan, who was working as a volunteer firefighter. Dunnigan was killed instantly when he stepped on a downed power line at the scene of the fire. Five engine companies and an aerial unit responded from the City of Anchorage Fire Department when the 2:15 am call came in and arrived to find the structure fully involved. Tom Dunnigan was killed only 45 minutes later, just before 3:00 AM.

At the time of his death, survivors included a son Dennis Dunnigan, who was a City of Anchorage firefighter and was on duty the night his father was killed, a daughter, Mrs. Doreen Donald, three brothers, Archie, Joe and Jerry and a sister, Rose Dunnigan.

HARRY V. NEWELL



1899 - 1955

Harry V. Newell, 56 years old, Captain of the Ketchikan Fire Department, was killed on April 7, 1955 fighting a fire in the basement repair shop of the Smith Electric Company in Ketchikan.

Three other firefighters and police officers were overcome by smoke and gases, but were revived shortly after. Newell who was wearing a Scott Air Pak had been in the fire building for an estimated 20 minutes before he was rescued and brought outside. Records regarding the fire do not indicate the cause nor the damage.

Harry Newell had been a Captain in the Ketchikan Fire Department for a number of years, was a past governor for the Moose Lodge, a past ruler of the Elks Lodge, and a member of the Eagles Lodge. He was survived by a separated wife, Mary, two sons of Ketchikan, Bob and Harry F., and a daughter then of Vancouver, Washington, Mrs. John Connors. Harry had lived in Ketchikan for 32 years.