

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2528 SCOMM 111: DEFERRED MAINTENANCE TASK FORCE, 1997

1 * **Sec. 5.** AS 19.65.050 is amended to read:

2 **Sec. 19.65.050. Legislative findings, purpose, and intent.** (a) The
3 legislature finds that

4 (1) the Alaska Marine Highway Authority [MARINE HIGHWAY
5 SYSTEM] is an essential part of the state transportation system, and that it warrants
6 continued and predictable state support;

7 (2) many communities' economies are dependent on a steady and stable
8 marine highway system service level;

9 (3) the state's tourism industry is greatly enhanced by a dependable
10 marine highway transportation network; and

11 (4) efficient and prudent management of the authority [SYSTEM] will
12 benefit the state's economy and foster economic development.

13 (b) It is the purpose of AS 19.65.050 - 19.65.100 to

14 (1) enable the authority [ALASKA MARINE HIGHWAY SYSTEM]
15 to manage and operate in a manner that will enhance performance and accountability
16 by allowing the authority [SYSTEM] to account for and spend its generated revenue;

17 (2) provide the management tools necessary to efficiently operate the
18 authority [ALASKA MARINE HIGHWAY SYSTEM];

19 (3) within constitutional constraints, provide for a predictable funding
20 base for authority [SYSTEM] operations; and

21 (4) provide for predictability and stability in the service level furnished
22 to communities served by the authority [SYSTEM].

23 (c) It is the intent of AS 19.65.050 - 19.65.100 to

24 (1) encourage prudent administration through cost management and
25 accurate budgeting by the board of directors [MANAGERS] of the authority
26 [ALASKA MARINE HIGHWAY SYSTEM];

27 (2) increase revenue from the operation of the authority [SYSTEM]
28 consistent with the public interest, increase service consistent with sound fiscal policy,
29 and assist the prudent management and operation of the authority [SYSTEM]; and

30 (3) achieve stability in the level of service communities can anticipate
31 through accurate planning and scheduling.

1 * Sec. 6. AS 19.65.060 is amended to read:

2 **Sec. 19.65.060. Alaska Marine Highway Authority [MARINE HIGHWAY**
 3 **SYSTEM] fund.** (a) There is created, as a special account in the general fund, the
 4 Alaska Marine Highway Authority [MARINE HIGHWAY SYSTEM] fund, into
 5 which shall be deposited

6 (1) the gross revenue of the authority [ALASKA MARINE
 7 HIGHWAY SYSTEM];

8 (2) money that is appropriated to the [ALASKA MARINE HIGHWAY
 9 SYSTEM] fund by the legislature in an amount that is consistent from year to year and
 10 is the amount necessary, after consideration of gross revenue, to provide stable services
 11 to the public consistent with the provisions of AS 19.65.050(b)(4); unless otherwise
 12 provided by the legislature, appropriations to the fund under this paragraph [,
 13 WHICH APPROPRIATIONS] are not one-year appropriations and [THE BALANCES
 14 OF WHICH] do not lapse under AS 37.25.010; and

15 (3) any other money that is appropriated to the [ALASKA MARINE
 16 HIGHWAY SYSTEM] fund by the legislature; unless otherwise provided by the
 17 legislature, appropriations to the fund under this paragraph [, WHICH
 18 APPROPRIATIONS] are not one-year appropriations and [THE BALANCES OF
 19 WHICH] do not lapse under AS 37.25.010.

20 (b) Nothing in AS 19.65.050 - 19.65.100 [THIS CHAPTER] exempts money
 21 deposited into the [ALASKA MARINE HIGHWAY SYSTEM] fund from the
 22 requirements of AS 37.07 (Executive Budget Act) or dedicates that money for a
 23 specific purpose.

24 * Sec. 7. AS 19.65.070 is amended to read:

25 **Sec. 19.65.070. Revenue accounting.** (a) The authority [ALASKA
 26 MARINE HIGHWAY SYSTEM] shall account for and remit to the Department of
 27 Revenue in accordance with AS 37.10.050 all gross revenue generated from the
 28 operation of the authority [ALASKA MARINE HIGHWAY SYSTEM] during each
 29 fiscal year [ANNUAL OPERATING CYCLE]. The money shall then be deposited
 30 in the Alaska Marine Highway Authority [MARINE HIGHWAY SYSTEM] fund.

31 (b) The authority [ALASKA MARINE HIGHWAY SYSTEM] shall prepare

1 a written report, not [NO] later than the 10th day of each regular legislative session,
 2 regarding the previous fiscal year [ANNUAL OPERATING CYCLE] and notify the
 3 legislature that the report is available. The report must identify

4 (1) gross revenue generated during the previous fiscal year [ANNUAL
 5 OPERATING CYCLE];

6 (2) gross revenue generated during the current fiscal year [ANNUAL
 7 OPERATING CYCLE] and an estimate of gross revenue for the remainder of the
 8 current fiscal year [ANNUAL OPERATING CYCLE];

9 (3) projections of the gross revenue to be generated during the next
 10 fiscal year [ANNUAL OPERATING CYCLE]; and

11 (4) the difference between previous gross revenue estimates prepared
 12 under this section and the revenues actually generated.

13 (c) The Department of Revenue shall prepare a written report, no later than the
 14 10th legislative day of each regular legislative session, regarding the earnings on gross
 15 revenue of the authority [ALASKA MARINE HIGHWAY SYSTEM] that was
 16 deposited into the Alaska Marine Highway Authority [MARINE HIGHWAY
 17 SYSTEM] fund during the prior fiscal year and projected earnings on gross revenue
 18 of the authority [ALASKA MARINE HIGHWAY SYSTEM] that is projected to be
 19 deposited into the Alaska Marine Highway Authority [MARINE HIGHWAY
 20 SYSTEM] fund for the current fiscal year and the next fiscal year. The Department
 21 of Revenue shall notify the legislature that the report is available.

22 * Sec. 8. AS 19.65.080 is amended to read:

23 **Sec. 19.65.080. Annual appropriation.** (a) Commencing with appropriations
 24 for the fiscal year that begins July 1, 1991, on an annual basis and under AS 37.07
 25 (Executive Budget Act), the legislature may appropriate amounts from the [ALASKA
 26 MARINE HIGHWAY SYSTEM] fund for management and operation of [TO] the
 27 authority [ALASKA MARINE HIGHWAY SYSTEM].

28 (b) The authority [DEPARTMENT OF TRANSPORTATION AND PUBLIC
 29 FACILITIES] may request the legislature to appropriate money from the [ALASKA
 30 MARINE HIGHWAY SYSTEM] fund to the authority [MARINE HIGHWAY
 31 SYSTEM] for capital improvements [,] if

1 (1) the appropriation under (a) of this section has been made;

2 (2) the amount in the fund, without regard to the appropriation under
3 (a) of this section, exceeds the total of gross revenue deposited in the fund and the
4 general fund appropriations under AS 19.65.060(a)(2) by 10 percent; and

5 (3) the amount requested for appropriation under this subsection does
6 not exceed 50 percent of the balance remaining after the appropriation for annual
7 management and operations is made under (a) of this section.

8 (c) The unexpended and unobligated balance of money appropriated from the
9 [ALASKA MARINE HIGHWAY SYSTEM] fund lapses into the [ALASKA MARINE
10 HIGHWAY SYSTEM] fund at the end of the fiscal year for which it was appropriated.

11 * Sec. 9. AS 19.65.100 is amended to read:

12 Sec. 19.65.100. DEFINITIONS. In AS 19.65.050 - 19.65.100,

13 (1) "authority" means the Alaska Marine Highway Authority
14 ["ANNUAL OPERATING CYCLE" MEANS THE ANNUAL STATE FISCAL YEAR
15 BEGINNING ON JULY 1 AND ENDING AT MIDNIGHT ON THE FOLLOWING
16 JUNE 30];

17 (2) "fiscal year" has the meaning given in AS 37.07.120;

18 (3) "fund" means the Alaska Marine Highway Authority fund;

19 (4) "gross revenue" means all money, except money refunded to ticket
20 holders and others for unused services, that is generated from the operation of the
21 authority [ALASKA MARINE HIGHWAY SYSTEM], including that derived from
22 vessel operations and uses of authority [ALASKA MARINE HIGHWAY SYSTEM]
23 facilities.

24 * Sec. 10. AS 23.40.040 is amended to read:

25 Sec. 23.40.040. Collective bargaining agreement. The Alaska Marine
26 Highway Authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC
27 FACILITIES] or an authorized representative, in accordance with AS 23.40.020 -
28 23.40.030, may negotiate and enter into collective bargaining agreements concerning
29 wages, hours, working conditions, and other employment benefits with the employees
30 of the authority [DIVISION OF MARINE TRANSPORTATION] engaged in
31 operating the state ferry system as masters or members of the crews of vessels or their

1 bargaining agent. [A COLLECTIVE BARGAINING AGREEMENT IS NOT FINAL
 2 WITHOUT THE CONCURRENCE OF THE COMMISSIONER OF
 3 TRANSPORTATION AND PUBLIC FACILITIES.] The authority
 4 [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] may make
 5 provision in the collective bargaining agreement for the settlement of labor disputes
 6 by arbitration.

7 * Sec. 11. AS 29.35.722 is amended to read:

8 **Sec. 29.35.722. Ownership or operation of certain state facilities**
 9 **prohibited.** The state may not, without the approval of the legislature,

10 (1) convey or transfer the assets of the Alaska Marine Highway
 11 Authority [MARINE HIGHWAY SYSTEM], the Anchorage or Fairbanks international
 12 airports, or any other state asset, except undeveloped state land as provided in
 13 AS 38.05.810 or surplus property, to an authority; or

14 (2) enter into an agreement with an authority under which the authority
 15 would operate the Alaska marine highway system, the Anchorage or Fairbanks
 16 international airports, or any other state facility, system, or function that employs one
 17 or more employees.

18 * Sec. 12. AS 35.10.015(c) is amended to read:

19 (c) In this section, "public facilities" includes vessels owned by the state and
 20 operated by the Alaska Marine Highway Authority [DIVISION OF MARINE
 21 TRANSPORTATION OF THE DEPARTMENT AS A PART OF THE ALASKA
 22 MARINE HIGHWAY SYSTEM]. All ferries owned or operated by the state shall be
 23 equipped with elevators or other passenger lifting equipment, ramps, or other facilities
 24 and devices to ensure that these vessels are accessible to and usable by physically
 25 handicapped, aged, or infirm passengers. In this subsection, "accessible to and usable
 26 by" means that a physically handicapped, aged, or infirm passenger can board,
 27 disembark, and move between decks and about the public areas aboard a state ferry
 28 with personal comfort and safety, and with safety to, other passengers and members
 29 of the crew.

30 * Sec. 13. AS 35.10.015(d) is amended to read:

31 (d) A [AFTER JUNE 25, 1976, A] ferry may not be constructed, lengthened,

1 completely renovated, or purchased for use or entered into service by the Alaska
 2 Marine Highway Authority [DIVISION OF MARINE TRANSPORTATION OF THE
 3 DEPARTMENT AS A PART OF THE ALASKA MARINE HIGHWAY SYSTEM]
 4 that does not include adequate facilities and devices to ensure that the vessel is
 5 accessible to and usable by physically handicapped, aged, or infirm passengers. Some
 6 staterooms and all restrooms, indoor passageways, outdoor weather decks, and other
 7 public areas aboard the vessel shall be so designed and constructed as to permit access
 8 and use by physically handicapped, aged, or infirm passengers, including [BUT NOT
 9 LIMITED TO] those persons occupying a wheelchair.

10 * Sec. 14. AS 35.27.020(c) is amended to read:

11 (c) At least one percent or, in the case of a rural school facility, at least one-
 12 half of one percent of the construction cost of a building or facility approved for
 13 construction by the legislature after September 1, 1977, will be reserved for the
 14 following purposes: the design, construction, mounting, and administration of works
 15 of art in a school, office building, court building, vessel of the Alaska Marine
 16 Highway Authority [MARINE HIGHWAY SYSTEM], or other building or facility
 17 that [WHICH] is subject to substantial public use.

18 * Sec. 15. AS 35.27 is amended by adding a new section to read:

19 **Sec. 35.27.025. Application to Alaska Marine Highway Authority.** This
 20 chapter applies to the Alaska Marine Highway Authority. Compliance with this
 21 chapter is the sole responsibility of the authority with respect to the vessels, public
 22 buildings, and facilities of the authority.

23 * Sec. 16. AS 35.27.030(1) is amended to read:

24 (1) "building" or "facility" means a permanent improvement constructed
 25 by the department or authority; the term

26 (A) includes, but is not limited to,

27 (i) schools, office buildings, and court buildings;

28 (ii) other buildings that [WHICH] the commissioner
 29 determines are designed for substantial public use;

30 (iii) boats and vessels of the authority [MARINE
 31 HIGHWAY SYSTEM];

1 (iv) transportation facilities that [WHICH] accommodate
2 traveling passengers;

3 (B) excludes other transportation facilities;

4 * Sec. 17. AS 35.27.030 is amended by adding a new paragraph to read:

5 (4) "authority" means the Alaska Marine Highway Authority.

6 * Sec. 18. AS 36.30.015(g) is amended to read:

7 (g) The Alaska Marine Highway Authority [DEPARTMENT OF
8 TRANSPORTATION AND PUBLIC FACILITIES] shall adopt regulations to manage
9 the procurement of supplies, services, professional services, and construction for the
10 repair, maintenance, and reconstruction of vessels, docking facilities, and passenger and
11 vehicle transfer facilities of the Alaska marine highway system. The regulations must
12 be based on principles of competitive procurement consistent with this chapter to
13 satisfy the special requirements of the Alaska marine highway system as determined
14 by the Alaska Marine Highway Authority [DEPARTMENT OF
15 TRANSPORTATION AND PUBLIC FACILITIES].

16 * Sec. 19. AS 36.30.850(b)(29) is amended to read:

17 (29) construction of new vessels by the Alaska Marine Highway
18 Authority [DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES]
19 for the Alaska marine highway system;

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

21 (1) "agency"

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

25 (B) does not include

- 26 (i) the University of Alaska;
- 27 (ii) the Alaska Railroad Corporation;
- 28 (iii) the Alaska Housing Finance Corporation;
- 29 (iv) a regional Native housing authority created under
- 30 AS 18.55.996 or a regional electrical authority created under
- 31 AS 18.57.020;

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

6 (vi) the Alaska Aerospace Development Corporation;

7 (vii) the Alaska State Pension Investment Board;

8 (viii) the Alaska Seafood Marketing Institute;

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

10 (a) Marine vessels owned by the state shall be maintained and repaired at a
 11 shipyard facility located in the state unless the commissioner of the department that
 12 operates the marine vessel determines in writing that there is no shipyard facility
 13 located in the state that is equipped or qualified to perform the particular maintenance
 14 or repair required, or, after taking into consideration the Alaska bidder preference set
 15 out in AS 36.30.170 and the interport differential, as determined by the Alaska Marine
 16 Highway Authority under this section [MARINE HIGHWAY SYSTEM], that the
 17 proposed cost of the maintenance or repair work is unreasonable. In making the
 18 determination, the commissioner shall consider, and document in writing, the
 19 direct and indirect benefits to the economy and labor force in the state that would
 20 be derived by performing the vessel maintenance and repair at a facility in the
 21 state. A detailed list of the costs and factors considered in calculating the
 22 interport differential must be provided to each person who expresses an interest
 23 in submitting a bid to perform maintenance or repair work on a marine vessel
 24 owned by the state. [IN THIS SUBSECTION, "COMMISSIONER OF THE
 25 DEPARTMENT THAT OPERATES THE MARINE VESSEL" INCLUDES THE
 26 PRESIDENT OF THE UNIVERSITY OF ALASKA WITH REGARD TO A VESSEL
 27 OPERATED BY THE UNIVERSITY.]

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

29 (c) The commissioner of a department that operates a marine vessel shall adopt
 30 regulations establishing the criteria that the department shall use to determine whether
 31 the cost of maintenance or repair work at a shipyard facility located in the state is

1 reasonable under (a) of this section. The commissioner shall designate by regulation
 2 the designated base port for each vessel operated by the department. A vessel's
 3 designated base port is the vessel's delivery and redelivery port. The Alaska Marine
 4 Highway Authority shall adopt regulations establishing the criteria that the authority
 5 shall use in calculating the interport differential under this section. The criteria for
 6 calculating the interport differential must include costs incurred from the time that the
 7 vessel leaves the vessel's designated base port to enter the shipyard facility until the
 8 time that the vessel returns to the designated base port from the shipyard facility.

9 (d) In this section,

10 (1) "commissioner of the department that operates the marine vessel"
 11 includes the president of the University of Alaska with regard to a vessel operated by
 12 the university and the chief executive officer of the Alaska Marine Highway Authority
 13 with regard to a vessel operated by the Alaska Marine Highway Authority;

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

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

23 **Sec. 37.05.550. Alaska Marine Highway Authority [MARINE HIGHWAY**
 24 **SYSTEM] vessel replacement fund.** (a) There is in the general fund the Alaska
 25 **Marine Highway Authority [MARINE HIGHWAY SYSTEM] vessel replacement**
 26 **fund.** The fund consists of money appropriated to it by the legislature. Money
 27 appropriated to the fund does not lapse. The Department of Revenue shall manage the
 28 fund. Interest received on money in the fund shall be accounted for separately and may
 29 be appropriated into the fund annually. The legislature may appropriate money from
 30 the fund for refurbishment of existing state ferry vessels, acquisition of additional state
 31 ferry vessels, or replacement of retired or outmoded state ferry vessels.

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

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

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

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

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

(11) the officers and employees of the following boards, commissions, and authorities:

(A) [REPEALED]

(B)] Alaska Permanent Fund Corporation;

~~(B)~~ [(C)] Alaska Industrial Development and Export Authority;

~~(C)~~ [(D)] Alaska Commercial Fisheries Entry Commission;

~~(D)~~ [(E)] Alaska Commission on Postsecondary Education;

~~(E)~~ [(F)] Alaska Aerospace Development Corporation;

(F) Alaska Marine Highway Authority;

* Sec. 26. AS 39.30.150(b) is amended to read:

(b) Employees of the Alaska Marine Highway Authority [DIVISION OF MARINE TRANSPORTATION] included in the public employees' retirement system

1 through the process of collective bargaining under AS 39.35.680(21)(D) may, under
 2 the terms of a collective bargaining agreement, utilize contributions made under (a) of
 3 this section on their behalf to offset the costs of inclusion in the public employees'
 4 retirement system; however,

5 (1) the state is placed under no obligation to continue making
 6 contributions under this section if the state resumes participation in the federal social
 7 security system;

8 (2) the bargaining agreement must provide a mechanism for satisfying
 9 any residual liabilities that might exist if the state resumes participation in the federal
 10 social security system; and

11 (3) funds contributed under (a) of this section on behalf of employees
 12 who are not covered by maritime union contracts may not be obligated or expended
 13 to pay any costs associated with the inclusion of marine transportation employees in
 14 the public employees' retirement system.

15 * Sec. 27. AS 39.35.680(21) is amended to read:

16 (21) "member" or "employee"

17 (A) means a person eligible to participate in the system and
 18 who is covered by the system;

19 (B) includes

20 (i) active member;

21 (ii) inactive member;

22 (iii) vested member;

23 (iv) deferred vested member;

24 (v) non-vested member;

25 (vi) disabled member;

26 (vii) retired member;

27 (viii) an elected public officer under AS 39.35.381;

28 (C) does not include

29 (i) former members;

30 (ii) persons compensated on a contractual or fee basis;

31 (iii) casual or emergency workers or nonpermanent

employees as defined in AS 39.25.200;

(iv) persons covered by the Alaska Teachers' Retirement System except as provided under AS 39.35.131 and 39.35.381, or persons covered by the optional university retirement program;

(v) employees of the Alaska Marine Highway Authority [DIVISION OF MARINE TRANSPORTATION] engaged in operating the state ferry system who are covered by a union or group retirement system to which the state makes contributions;

(vi) justices of the supreme court or judges of the court of appeals or of the superior or district courts of Alaska;

(vii) the administrative director of courts appointed under art. IV, sec. 16 of the state constitution unless the director becomes a member under AS 39.35.158; and

(viii) members of the elected public officers' retirement system (former AS 39.37);

(D) may include employees of the Alaska Marine Highway Authority [DIVISION OF MARINE TRANSPORTATION] excluded under (C)(v) of this paragraph provided that

(i) the State of Alaska formally agrees to their inclusion through the process of collective bargaining; and

(ii) no collective bargaining agreement has the effect of obligating contributions made by the state under AS 39.30.150 in the event the state resumes participation in the federal social security system;

* Sec. 28. AS 39.50.200(b) is amended by adding a new paragraph to read:

(56) Alaska Marine Highway Authority (AS 19.55.010).

* Sec. 29. AS 44.42.020(a)(1) is amended to read:

(1) plan, design, construct, and maintain all state modes of transportation and transportation facilities and all docks, floats, breakwaters, buildings, and similar facilities, except that the department is not responsible for planning, design, construction, or maintenance of transportation modes or facilities under

1 **the jurisdiction of the Alaska Marine Highway Authority;**

2 * **Sec. 30.** AS 44.42.020(a)(7) is amended to read:

3 (7) manage, operate, and maintain state transportation facilities and all
4 docks, floats, breakwaters, and buildings, including all state highways, vessels,
5 railroads, pipelines, airports, and aviation facilities, **except that the department is not**
6 **responsible for management, operation, or maintenance of transportation**
7 **facilities, vessels, or equipment under this jurisdiction of the Alaska Marine**
8 **Highway Authority;**

9 * **Sec. 31.** TRANSFER OF APPROPRIATIONS, EMPLOYEES, AND ASSETS TO
10 ALASKA MARINE HIGHWAY AUTHORITY. (a) Employees of the Department of
11 Transportation and Public Facilities assigned to the management, operation, and maintenance
12 of the Alaska marine highway system on the effective date of this section are transferred to
13 the Alaska Marine Highway Authority as state employees of the authority. The commissioner
14 of transportation and public facilities shall determine which employees are transferred to the
15 authority. An employee who is transferred to the authority under this subsection shall
16 continue to participate without interruption in the supplemental employee benefits program
17 under AS 39.30.150 - 39.30.180 and in the public employees' retirement system under
18 AS 39.35 if the employee was a participant in these programs on the day before the employee
19 was transferred to the authority.

20 (b) Nothing in this Act terminates or modifies recognition of an exclusive bargaining
21 representative or a collective bargaining agreement that is in effect on the effective date of this
22 Act. The Alaska Marine Highway Authority shall abide by the collective bargaining
23 agreements that are in effect for employees transferred to the authority on the date of transfer.
24 A collective bargaining agreement covering employees transferred under this Act shall remain
25 in effect for the term of the agreement unless the agreement is renegotiated by the parties.

26 (c) The unexpended and unobligated balances of operating and capital appropriations
27 for the Department of Transportation and Public Facilities, Alaska marine highway system,
28 shall be transferred to the Alaska Marine Highway Authority.

29 (d) The personal property assets and real property assets, including ferries, equipment,
30 buildings, and associated facilities, of the Department of Transportation and Public Facilities,
31 Alaska marine highway system, shall be transferred to the Alaska Marine Highway Authority.

- 1 *** Sec. 32. INITIAL APPOINTMENT OF DIRECTORS OF THE ALASKA MARINE**
2 **HIGHWAY AUTHORITY.** (a) Notwithstanding AS 19.55.020(b), added by sec. 2 of this
3 Act, and AS 39.05.055, the initially appointed directors of the board of directors of the Alaska
4 Marine Highway Authority shall be appointed by the governor to terms as follows: one
5 director serves for one year, one director serves for two years, one director serves for three
6 years, one director serves for four years, and two directors serve for five years.
7 (b) The governor shall appoint the initial members of the board of directors of the
8 Alaska Marine Highway Authority, as provided for under AS 19.55.020(a), added by sec. 2
9 of this Act, before December 1, 1997.
10 *** Sec. 33.** AS 19.65.011, 19.65.020, 19.65.030; and AS 39.25.110(16) are repealed.
11 *** Sec. 34.** Section 5, ch. 94, SLA 1992, is repealed.
12 *** Sec. 35.** Sections 1, 21, 22, 32, and 34 of this Act take effect immediately under
13 AS 01.10.070(c).
14 *** Sec. 36.** Except as provided in sec. 35 of this Act, this Act takes effect January 1, 1998.

3

During Session:
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Alaska State Legislature
REPRESENTATIVE REGGIE JOULE
SPONSOR STATEMENT

HB 190

**"AN ACT RELATING TO PARTICIPATING SHARE FOR SCHOOL
CONSTRUCTION GRANTS; AND PROVIDING FOR AN EFFECTIVE
DATE"**

HB 190 deals with the participating share that school districts are required to contribute as "local match" for school construction projects.

SB 135 substitutes a three part means test for the existing waiver criteria. Under the provisions of HB 190, a school district must meet all three criteria established in the bill to have their participating share waived. The three criteria are:

- (1) An assessed valuation per average daily membership of \$200,000 or less;
- (2) An unemployment rate in the district of 10% or more; and
- (3) An average per capita income for residents in the district that is 85% or less of the statewide average per capita income.

Although each of these measurements has its own specific shortcomings, the combination of criteria provides the Commissioner of Education a good idea of local economic circumstances. School construction projects are badly needed throughout the state. Passage of HB 190 would allow school construction to proceed in an equitable and expeditious manner.

HOUSE BILL NO. 190**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTIETH LEGISLATURE - FIRST SESSION****BY REPRESENTATIVE JOULE****Introduced: 3/12/97****Referred: Health, Education and Social Services, State Affairs, Finance****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to the participating share for school construction grants; and
2 providing for an effective date."

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

4 * Section 1. AS 14.11.008(d) is repealed and reenacted to read:

5 (d) The commissioner shall waive the district's participating share required
6 under this section if, in the calendar year in which the grant was received,

7 (1) the district has a full value per ADM of \$200,000 or less;

8 (2) the district has an unemployment rate of 10 percent or more; and

9 (3) the average per capita income of residents in the district is 85
10 percent or less of the state average per capita income.

11 * Sec. 2. This Act takes effect July 1, 1997.

4

HOUSE BILL NO. 216**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTIETH LEGISLATURE - FIRST SESSION****BY REPRESENTATIVES KOTT, Green****Introduced: 3/26/97****Referred: Health, Education and Social Services, Finance****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to the Education Facilities Financing Authority; and providing
2 for an effective date."

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

4 * **Section 1. FINDINGS.** The legislature finds that

5 (1) there is an urgent need for improvement to existing primary and secondary
6 school and university facilities and for new primary and secondary school and university
7 facilities throughout the state;

8 (2) the establishment of the Education Facilities Financing Authority as
9 provided in this Act will provide an effective means of financing school and university
10 facilities.

11 * **Sec. 2.** AS 44.27 is amended by adding new sections to read:

12 **Article 3. Education Facilities Financing Authority.**

13 **Sec. 44 27.100. Education Facilities Financing Authority.** The Education
14 Facilities Financing Authority is created as a public corporation of the state in the

1 Department of Education. The authority is an instrumentality of the state but has a
2 legal existence independent of and separate from the state and has continuing
3 succession until its existence is terminated by law. The authority is subject to
4 AS 37.07 (Executive Budget Act).

5 **Sec. 44.27.110. Board of directors.** The authority is governed by a board of
6 three directors, consisting of the commissioner of revenue, the commissioner of
7 education, and the commissioner of transportation and public facilities. The directors
8 are subject to AS 39.50 (conflict of interest). Before entering upon the duties of
9 office, a director shall take and subscribe to an oath to perform the duties faithfully,
10 impartially, and justly to the best of the director's ability. A record of the oath shall
11 be filed in the Office of the Governor.

12 **Sec. 44.27.120. Officers, quorum, and meetings.** (a) The board of directors
13 shall elect one of their number as chair. The board shall elect a secretary and a
14 treasurer who need not be directors, and the same person may be elected to serve both
15 as secretary and treasurer. The powers of the authority are vested in the board of
16 directors, and two directors of the authority constitute a quorum. Action may be taken
17 and motions and resolutions adopted by the authority at any meeting by the affirmative
18 vote of at least two directors. A vacancy in the directorship of the authority does not
19 impair the right of a quorum to exercise all of the powers and perform all of the duties
20 of the authority.

21 (b) The directors and officers of the authority may meet and transact business
22 by an electronic medium if (1) public notice of the time and locations where the
23 meeting will be held by an electronic medium has been given in the same manner as
24 if the meeting were held in a single location; (2) participants and members of the
25 public in attendance can hear and have the same right to participate in the meeting as
26 if the meeting were conducted in person; and (3) copies of pertinent reference
27 materials, statutes, regulations, and audio-visual materials are reasonably available to
28 participants and to the public. A meeting by an electronic medium as provided in this
29 subsection has the same legal effect as a meeting in person.

30 (c) The authority may appoint persons as employees it considers advisable and
31 may employ professional advisors, counsel, technical experts, agents, and others as

1 appropriate. The employees of the authority are in the exempt service under
2 AS 39.25.110.

3 **Sec. 44.27.130. Powers of the authority.** The authority may

- 4 (1) sue and be sued;
- 5 (2) adopt and alter an official seal;
- 6 (3) make and enforce bylaws and regulations for the conduct of its
7 business and for the use of its services and facilities;
- 8 (4) maintain an office at any place in the state;
- 9 (5) acquire, hold, use, and dispose of its income, revenue, funds, and
10 money;
- 11 (6) acquire, rent, lease, hold, use, and dispose of other personal
12 property for its purposes;
- 13 (7) subject to AS 44.27.160, issue revenue bonds or notes and provide
14 for and secure payment of the revenue bonds or notes, provide for the rights of their
15 holders, and purchase, hold, and dispose of any of its revenue bonds or notes;
- 16 (8) fix and revise from time to time and charge and collect fees and
17 charges for the use of its services or facilities;
- 18 (9) accept gifts or grants from the United States, or from any
19 governmental unit or person, carry out the terms or provisions or make agreements
20 with respect to the gifts or grants, and do all things necessary, useful, desirable, or
21 convenient in connection with procuring, accepting, or disposing of the gifts or grants;
- 22 (10) do anything authorized by AS 44.27.100 - 44.27.250, through its
23 officers, agents, or employees, or by contracts with a person;
- 24 (11) make, enter into, and enforce all contracts necessary, convenient,
25 or desirable for the purposes of the authority or pertaining to a purchase or sale of
26 bonds or other investments, or the performance of its duties and execution of any of
27 its powers under AS 44.27.100 - 44.27.250;
- 28 (12) purchase or hold bonds at prices and in a manner the authority
29 considers advisable;
- 30 (13) adopt and amend regulations by motion, by resolution, or in
31 another manner permitted under the bylaws of the authority;

(14) procure insurance against any losses in connection with its property, operations, or assets in amounts and from insurers it considers desirable;

(15) to the extent permitted under its contracts with the holders of bonds or notes of the authority, consent to modification of the rate of interest, time and payment of installment of principal or interest, security, or any other term of a bond or note, contract, or agreement of any kind to which the authority is a party; and

(16) do all acts and things necessary, convenient, or desirable to carry out the powers expressly granted or necessarily implied in AS 44.27.100 - 44.27.250.

Sec. 44.27.140. Issuance of bonds and pledges of assets. (a) Subject to AS 44.27.160, the authority may issue its bonds or notes in principal amounts sufficient to provide funds for the construction of schools or school facilities that are projects approved under AS 14.11.015(a) and authorized by the legislature.

(b) Subject to AS 44.27.170, the authority may enter into agreements providing for financial covenants or pledging amounts to secure bonds of municipalities or the University of Alaska and pay amounts for the following:

(1) the reimbursement up to 70 percent of net payments as determined by the authority made by a municipality that is a school district for the retirement of principal and interest on bonds issued to pay the cost of constructing school facilities that are projects approved under AS 14.11.015(a);

(2) the reimbursement up to 100 percent of the net payments as determined by University of Alaska for the retirement of principal and interest on bonds issued to pay the cost of constructing university facilities.

(c) Bonds or notes may be issued or agreements made for a facility under (a) and (b) of this section only when

(1) the legislature has authorized the facility and its construction cost;

(2) for agreements made under (b) of this section, the legislature has authorized the percentage of reimbursement that the authority shall agree to reimburse with respect to the facility; and

(3) the commissioner of education has certified that

(A) the facility is designed in accordance with the energy performance standards adopted under AS 44.42.020(a); or

1 (B) the designer and constructor of the facility have certified
2 that the facility will be designed and constructed in accordance with the energy
3 performance standards and regulations adopted under AS 44.42.020(a).

4 (d) The authority may issue its bonds or notes in principal amounts that it
5 considers necessary to provide funds for

6 (1) payment, funding, or refunding of the principal of, or interest or
7 redemption premiums on, bonds or notes issued by it, whether the bonds or notes or
8 interest to be funded or refunded have or have not become due;

9 (2) the establishment or increase of reserves to secure or to pay bonds
10 or notes or interest on bonds or notes and all other costs or expenses of the authority
11 incident to and necessary or convenient to carry out its corporation purposes and
12 powers.

13 (e) The authority and a municipality or the authority and the University of
14 Alaska may enter into agreements as provided by law providing for financial covenants
15 or pledging amounts for the benefit of bondholders of a municipality or the University
16 of Alaska to secure the reimbursement of the net payments to be made by the
17 municipality or the University of Alaska.

18 (f) Except as otherwise provided in AS 44.27.100 - 44.27.250 or by the
19 authority, every issue of bonds or notes shall be payable out of the revenue or funds
20 of the authority, subject only to agreements with the holders of particular bonds or
21 notes pledging particular revenue or funds.

22 (g) Bonds shall be authorized by resolution of the authority and shall be dated
23 and mature as the resolution may provide, except that a bond may not mature more
24 than 15 years from the date of its issue. Bonds shall bear interest at rates, be in the
25 denominations, be in the form, either coupon or registered, carry the registration
26 privileges, be executed in the manner, be payable in the medium of payment, at the
27 place or places, and be subject to the terms of redemption that the resolution or a
28 subsequent resolution may provide. Bonds or notes may be sold at a public or private
29 sale.

30 (h) The authority may disburse funds necessary to comply with the
31 construction and reimbursement provisions of (a) and (b) of this section. The authority

1 shall administer the reimbursement payments authorized under (b) of this section and
 2 shall provide by regulation for the filing of applications for reimbursement, the form
 3 of proof of costs for which application for reimbursement is made, and other
 4 regulations necessary to administer this section. An agreement not to modify an
 5 appropriation for construction or reimbursement after bonds or notes have been issued
 6 for the purpose is valid. The authority shall exclude from the total school construction
 7 cost of the local district all state and federal funds included in these costs except funds
 8 provided under this section and AS 43.50.140. In approving applications for
 9 reimbursement under (b)(1) of this section, the authority shall offset against the amount
 10 of reimbursement authorized the amount of any funds distributed to the municipality
 11 in the second preceding fiscal year from the school fund provided for in AS 43.50.140.

12 **Sec. 44.27.150. Trust indentures and trust agreements.** (a) In the discretion
 13 of the authority, an issue of bonds may be secured by a trust indenture or trust
 14 agreement between the authority and a corporate trustee, including a trust company,
 15 bank, or national banking association, with corporate trust powers, located inside or
 16 outside the state, or by a secured loan agreement or other instrument or under a
 17 resolution giving powers to a corporate trustee by means of which the authority may
 18 (1) make and enter into any and all the covenants and agreements with
 19 the trustee or the holders of the bonds that the authority may determine to be necessary
 20 or desirable, including, without limitation, covenants, provisions, limitations, and
 21 agreements as to

22 (A) the application, investment, deposit, use, and disposition of
 23 the proceeds of bonds of the authority or of money or other property of the
 24 authority in which it has an interest;

25 (B) the terms and conditions upon which additional bonds of the
 26 authority may be issued; and

27 (C) the vesting in a trustee of rights, powers, duties, funds, or
 28 property in trust for the benefit of bondholders, including the right to enforce
 29 payment, performance, and all other rights of the authority or of the
 30 bondholders, under any agreement of the authority;

31 (2) pledge, mortgage, or assign money, agreements, property, or other

1 rights or assets of the authority either presently in hand or to be received in the future,
2 or both; and

3 (3) provide for other matters of like or different character that in any
4 way affect the security or protection of the bonds.

5 (b) For the purpose of securing one or more issues of its bonds, the authority
6 may establish one or more special funds, called "capital reserve funds," and shall pay
7 into the capital reserve funds the proceeds of the sale of its bonds and other money
8 that may be made available to the authority for the purposes of those funds from
9 another source. The funds shall be established only if the authority determines that the
10 establishment would enhance the marketability of the bonds. Money held in a capital
11 reserve fund, except as provided in this section, shall be used as required solely for (1)
12 the payment of the principal of, and interest on, bonds or of the sinking fund payments
13 with respect to those bonds, (2) the purchase or redemption of bonds, or (3) the
14 payment of a redemption premium required to be paid when those bonds are redeemed
15 before maturity; however, money in a fund may not be withdrawn from it at any time
16 in an amount that would reduce the amount of that fund to less than the capital reserve
17 requirement set out in (2) of this subsection, except for the purpose of making, with
18 respect to those bonds, payment, when due, of principal, interest, redemption
19 premiums, and the sinking fund payments for the payment of which other money of
20 the authority is not available. Income or interest earned by, or increment to, a capital
21 reserve fund, due to the investment of the fund or any other amounts in it, may be
22 transferred by the authority to other funds or accounts of the authority to the extent
23 that the transfer does not reduce the amount of the capital reserve fund below the
24 capital reserve fund requirement under (c) of this section.

25 (c) If the authority decides to issue bonds secured by a capital reserve fund,
26 the bonds may not be issued if the amount in the capital reserve fund is less than an
27 amount that may be established by resolution of the authority, called the "capital
28 reserve fund requirement," unless the authority, at the time of issuance of the
29 obligations, deposits in the capital reserve fund from the proceeds of the obligations
30 to be issued or from other sources, an amount which, together with the amount then
31 in the fund, is not less than the capital reserve fund requirement.

1 (d) In computing the amount of a capital reserve fund for the purpose of this
2 section, securities in which all or a portion of the funds are invested shall be valued
3 by a reasonable method established by the authority by resolution. Valuation on a
4 particular date shall include the amount of any interest earned or accrued to that date.

5 (e) The chair of the authority shall annually, not later than January 2, make
6 and deliver to the governor and the legislature a certificate stating the amount, if any,
7 required to restore a capital reserve fund to the capital reserve fund requirement. The
8 legislature may appropriate the amount described in this subsection, and all money
9 appropriated during the then current fiscal year by the legislature for the restoration
10 shall be deposited by the authority in the proper capital reserve fund. Nothing in this
11 section creates a debt or liability of the state.

12 (f) If the authority decides to covenant to issue bonds secured by a capital
13 reserve fund, the bonds may not be issued until 10 days after the authority has mailed
14 notification to the state bond committee and the Legislative Budget and Audit
15 Committee by certified mail of its intention to establish a capital reserve fund to secure
16 the bond issue. The notification must include the amount of the capital reserve fund
17 to be established and the amount of bonds proposed to be issued. The notification
18 must be accompanied by an estimate by the authority of the need to withdraw money
19 from the capital reserve fund during the term of the bond issue, the amount that it may
20 be necessary to withdraw, and the time at which withdrawals are estimated to be
21 needed. The authority shall annually prepare a revised estimate, considering the same
22 factors, and a statement of all withdrawals that have occurred from the date of issuance
23 of the bonds to the end of the calendar year. The revised estimate and statement shall
24 be submitted to the state bond committee and the Legislative Budget and Audit
25 Committee by January 30 of the year following preparation of the revised estimate.

26 **Sec. 44.27.160. Bonding limitations.** The authority may not issue bonds or
27 make agreements under AS 44.27.140 unless the money in the education facilities fund
28 (AS 44.27.200) equals or exceeds \$1,200,000,000.

29 **Sec. 44.27.170. Bond reimbursement limitation.** The authority may not enter
30 into an agreement to reimburse a municipality or the University of Alaska for
31 payments made to retire principal and interest on bonds issued to construct education

1 facilities or University of Alaska facilities unless the money in the education facilities
2 fund (AS 44.27.200) equals or exceeds \$1,200,000,000 and the bonds issued by the
3 municipality or the University of Alaska comply with AS 44.27.140(g), except that the
4 bonds need not be authorized by the authority.

5 **Sec. 44.27.180. Nonliability on bonds.** (a) Neither the members of the
6 authority nor a person executing the bonds is personally liable on the bonds or is
7 subject to personal liability or accountability as a result of the issuance of the bonds.

8 (b) Bonds issued by the authority do not constitute an indebtedness or other
9 liability of the state or of a political subdivision of the state, except the authority.

10 Bonds shall be payable solely from the income and receipts or other funds or property
11 of the authority. The authority may not pledge the faith or credit of the state or of a
12 political subdivision of the state, except the authority, to the payment of a bond.

13 **Sec. 44.27.190. Pledge of the state.** (a) The state pledges to and agrees with
14 the holders of bonds issued under AS 44.27.100 - 44.27.250 that the state will not limit
15 or alter the rights and powers vested in the authority by AS 44.27.100 - 44.27.250 to
16 fulfill the terms of a contract made by the authority with the holders and that the state
17 will not in any way impair the rights and remedies of the holders until the bonds,
18 together with the interest on them with interest on unpaid installments of interest, and
19 all costs and expenses in connection with an action or proceeding by or on behalf of
20 the holders are fully met and discharged. The authority is authorized to use this
21 pledge and agreement of the state in agreements involving holders of bonds of the
22 authority.

23 (b) The pledge of the state is limited to the express provisions of (a) of this
24 section and is not a guarantee, surety, promise, undertaking, or assurance of repayment
25 or performance of any obligation of the authority.

26 **Sec. 44.27.200. Education facilities fund.** (a) The education facilities fund
27 is established in the authority. The fund consists of appropriations made to the fund
28 by the legislature, and, subject to appropriation, the income of the fund. The authority
29 may enter into agreements for financial covenants or pledge amounts in the fund that
30 exceed \$1,200,000,000 to secure the payment of bonds of the authority and may make
31 expenditures from the fund for the purposes of the agreements.

(b) The fund and any other funds of the authority shall be invested by the Alaska Permanent Fund Corporation as agent of the authority in the manner provided for assets of the permanent fund under AS 37.13.120 unless otherwise provided in a trust agreement securing bonds.

Sec. 44.27.210. Annual audit. The authority shall have its financial records audited annually by a certified public accountant. The legislative auditor may prescribe the form and content of the financial records of the authority and may have access to the records at any time.

Sec. 44.27.220. Annual report. Before March 1 of each year, the authority shall submit to the governor and the legislature a comprehensive report describing operations, income, and expenditures for the preceding 12-month period.

Sec. 44.27.250. Definitions. In AS 44.27.100 - 44.27.250, unless the context requires otherwise,

(1) "authority" means the Education Facilities Financing Authority established under AS 44.27.100;

(2) "bonds" means revenue bonds, notes, or other obligations of the authority issued under AS 44.27.100 - 44.27.250;

(3) "fund" means the education facilities fund established under AS 44.27.200.

* **Sec. 3.** AS 36.30.850(b) is amended by adding a new paragraph to read:

(38) contracts of the Education Facilities Financing Authority (AS 44.27.100).

* **Sec. 4.** AS 39.25.110 is amended by adding a new paragraph to read:

(33) the employees of the Education Facilities Financing Authority.

* **Sec. 5.** AS 39.50.200(b) is amended by adding a new paragraph to read:

(56) Education Facilities Financing Authority (AS 44.27.100).

* **Sec. 6. AUTHORIZATION OF FACILITIES.** (a) The Education Facilities Financing Authority established under AS 44.27.100, enacted in sec. 2 of this Act, is authorized under AS 44.27.140(a) to issue its bonds for construction of the following facilities at the following costs:

(1) Small Municipality or Rural

1	District Name	Project/Location	Amount
2	Kashunamiut	Chevak School replacement	\$ 25,506,000
3	Lower Yukon	Pilot Station K-12 expansion	18,036,000
4	Lower Yukon	Kotlik K-12 expansion	18,692,000
5	Chatham	Hobart Bay recovery of funds	59,000
6	Northwest Arctic	Buckland School remediation	14,304,000
7	Southwest Region	Togiak School replacement	27,687,000
8	Lower Kuskokwim	Newtok	4,941,000
9	Yukon Flats	Arctic Village K-12	2,762,000
10		remodel and expansion	
11	Iditarod	Takotna training center	1,123,000
12	Lower Yukon	Sheldon Point K-12 expansion	11,102,000
13	Bering Strait	Golovin	12,245,000
14	Denali	Tri-Valley addition and remodel	12,874,000
15	Bering Strait	Elim	12,198,000
16	Yupit	Akiachak replacement/renovation	14,274,000
17	Bering Strait	Teller	12,146,000
18	Craig	New secondary	17,937,000
19	Kuspuk	Upper Kalskag	3,521,000
20	North Slope	Bulk fuel systems upgrade	6,012,000
21	Bering Straits	Diomedea structural remediation	346,000
22	Northwest Arctic	Kiana High School renovation	2,252,000
23	Southwest Region	Koliganek basement repair	1,368,000
24	Sitka	High school renovation	10,261,000
25	Delta/Greely	Delta roof repair and fire alarm	1,074,000
26		replacement	
27	Sitka	Baranof renovation	5,926,000
28	Hoonah	Roof, foundation, and fuel	1,294,000
29		tank replacement	
30	Lake & Peninsula	Pedro Bay renovation	1,008,000
31	Lake & Peninsula	District wide fuel system upgrade	1,250,000

1	Chatham	Tenakee retaining wall replacement	239,000
2	Northwest Arctic	Noorvik High School renovation	2,664,000
3	Cordova	School renovations	136,000
4	Chugach	Whittier drainage	145,000
5	Lake & Peninsula	District wide sprinkler systems	1,515,000
6	Annette Island	Major maintenance renovation	3,556,000
7	Pelican	Major maintenance	781,000
8	Lower Kuskokwim	Mikelnguut Elitnaurviat roof repair	1,384,000
9	Lower Kuskokwim	Bulk fuel tank repairs at 9 sites	3,160,000
10	Klawock	Major maintenance	2,034,000
11	Wrangell	Exterior windows	166,000
12	Alaska Gateway	Northway wastewater treatment	144,000
13	Haines	High school roof replacement	404,000
14	Galena	Roofing and sprinkler renovation	1,277,000
15	Lower Yukon	Hooper Bay major maintenance	1,607,000
16	Northwest Arctic	Ambler High School renovation	2,009,000
17	Annette Island	Asbestos abatement	118,000
18	Wrangell	Civil site work	89,000
19	Kake	District wide maintenance	3,001,000
20	Lower Kuskokwim	Nelson Island, Tooksook Bay roof repairs	998,000
21	Tanana	Electrical retrofit	278,000
22	Wrangell	Parking development	264,000
23	Iditarod	Lime Village oil spill remediation	396,000
24	Iditarod	Grayling bulk fuel storage	163,000
25	Northwest Arctic	Noatak major maintenance	254,000
26	Bristol Bay	Sprinkler system	2,551,000
27	Lower Kuskokwim	District wide water treatment: 8 sites	8,167,000
28	Southwest Region	Weather protection - 4 buildings	772,000
29	Alaska Gateway	Northway bulk fuel storage	178,000
30	Northwest Arctic	Shungnak major maintenance	380,000
31	Alaska Gateway	Mentasta bulk storage	562,000

001,001	Alaska Gateway	Northway soil remediation	3,798,000
002,081	Hydaburg	Heating system renovation	184,000
003,005	Nenana	Handicap access improvements	139,000
004,081	Nenana	Interior lighting	65,000
005,011	Hydaburg	Major maintenance	857,000
006,008	Chatham	Angoon High School major maintenance	302,000
7 (2)	Large Municipality		
008,005,0	School District	Project	Amount
009,008,1	Anchorage	Romig roof replacement	\$ 1,785,000
010,002,7	Anchorage	Birchwood roof replacement	960,000
11	Anchorage	Taku elementary addition and replacement	6,200,000
012,002,0			
013,000,0	Anchorage	Muldoon new elementary school	12,704,000
014,000,0	Anchorage	Chugiak High School addition	9,500,000
015,000,0	Anchorage	Central Junior High renovation	8,000,000
016,000,0	Anchorage	Site acquisition: Muldoon middle and Chugiak elementary schools	2,850,000
17			
018,000,0	Anchorage	Nunaka Valley renewal, programmatic, and code upgrades	5,400,000
019,000,0			
020,000,0	Anchorage	Ocean View renewal, programmatic, and code upgrades	444,000
021,000,0			
022,000,0	Fairbanks	Barnette School renovation	5,718,000
23	Fairbanks	Denali School renovation	8,807,000
024,002,1	Fairbanks	Hunter School renovation	3,195,000
025,002,1	Fairbanks	Nordale School renovation	9,299,000
026,000,1	Fairbanks	Physical plant renovation and addition	5,819,000
027,002	Fairbanks	Food service facility	4,828,000
028,001,1	Juneau	Marie Drake roof replacement	1,189,000
29	Juneau	Mendenhall River School roof replacement	2,231,000
030,000,1			
031,000,1	Juneau	Auke Bay School roof replacement	848,000

1	Juneau	High school mechanical renovation	107,000
2	Juneau	Floyd Dryden School floor replacement	184,000
3	Juneau	High school overpass	202,000
4	Juneau	Gastineau School heating repairs	183,000
5	Juneau	Auke Bay School sewer treatment	112,000
6	Kenai	District wide handicap access	869,000
7		improvements	
8	Ketchikan	Houghtaling School renovation	3,339,000
9	Ketchikan	Valley Park School renovation	1,894,000
10	Matanuska-Susitna	Talkeetna School addition and	7,568,000
11		renovation	
12	Matanuska-Susitna	Atlaska Middle School	30,526,000

(b) The Education Facilities Financing Authority is authorized under AS 44.27.140(b)(2) to agree to pay amounts and to pay amounts sufficient to reimburse 100 percent of net payments, as determined by the authority, made by the University of Alaska for the retirement of principal and interest on bonds issued to pay the following costs of constructing the following university facilities:

18	Location	Project	Amount
19	Fairbanks	UAF deferred maintenance code compliance	\$35,000,000
20	Anchorage	UAA deferred maintenance code compliance	25,000,000
21	Southeast	UAS deferred maintenance code compliance	2,000,000
22	Statewide	System wide instructional equipment and	6,000,000
23		telecommunications	
24	Anchorage	UAA computer network improvements	1,500,000
25	Auke Cape	UAF School of Fisheries Auke Cape Facility	1,500,000
26	Anchorage	UAA Anchorage library facility	1,400,000
27	Anchorage	UAA museum planning/match	500,000
28	Sitka	UAS Sitka classroom renovations and	1,195,000
29		completion	
30	Statewide	System wide ADA compliance	1,000,000
31	Fairbanks	UAF facility and infrastructure renovation	1,000,000

1	Kachemak Bay	UAA Kachemak Bay renovation	200,000
2	Anchorage/Kodiak	UAA Anchorage and Kodiak renovation	2,005,000
3	Ketchikan	UAS Ketchikan Campus remodel/renovation	300,000
4	Bristol Bay	UAF Bristol Bay classroom addition	900,000
5	Statewide	UA Small Business Development programs	450,000

6 (c) The University of Alaska is authorized to issue bonds and enter into obligations
7 with the Education Facilities Financing Authority necessary to finance projects identified under
8 (b) of this section, as required under AS 14.40.253.

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

5

"There is general agreement that our transportation and public facility infrastructure is wearing out and needs rebuilding. There is never enough money to do all the things that should be done. The situation is aggravated by siphoning off the money we do have to projects that do not meet basic planning priorities. The Alaska Capital Improvement Planning Authority will bring discipline to our capital projects program." (Rep. Gail Phillips, R-Homer)

**HB 227 SPONSOR STATEMENT: SPEAKER GAIL PHILLIPS
ALASKA CAPITAL IMPROVEMENT PLANNING AUTHORITY
(ACIPA)**

The purpose of House Bill 227 is to increase public involvement, stability and discipline in capital project planning for the State of Alaska.

Planning for Alaska's capital improvement projects is presently carried out by the Planning Division of the DOT/PF. Research and planning is carried out by three regional planning teams (Central, Northern and Southeast). The Regional Planning Teams coordinate with the local governments, including AMATS and FMATS, within their regions. They feed their regional plans into the Statewide Planning Team in headquarters, Juneau. HQ Juneau consolidates the local and regional plans into statewide plans. Statewide plans are required for internal management and to meet requirements for federal funding.

HB 227 comes into play at the level of statewide prioritization and funding alternatives. It would not change the basic planning process now in use. It will change the method by which projects are rated, prioritized and submitted to the governor and legislature.

Whereas currently, DOT/PF sets up a Project Evaluation Board to prioritize projects, HB227 establishes an independent Authority, the Alaska Capital Improvement Project Authority (ACIPA), to perform the functions that lead to finalizing our capital spending priorities. The Authority will have all the expertise available from DOT/PF's Planning Division. It will have greater public participation and community sensitivity built into it by virtue of the diverse composition of its members. And, it will be more independent of political influence by virtue of the staggered tenure of its appointees.

Despite efforts by DOT/PF over the years to make the planning process more inclusive and transparent to the public, capital project planning remains a dark science to most Alaskans. We don't know how or why Project A gets funded before Project B, and why Project C doesn't get funded at all. Part of the problem is that there are several different plans arrived at by different methods. All are subject to political intrigues between the governor and legislature.

Planning is hindered by a lack of continuity at the executive level. DOT/FF Commissioners have an average tenure under two years. The permanent professional planners get committed to the projects they work on and the people they work with.

The provisions in HB 227 are intended to make the capital project planning process more comprehensive, coherent to the public and stable in its role of building Alaska's infrastructure. The Authority will have a single purpose mission rather than be entangled with the multi-purposes of the governor, legislature and DOT/PF.

This bill also vests in the Authority the power to set tolls on toll facilities and to establish signing standards and speed limits for Capital Improvement Projects.

The sponsors of HB 227 look forward to the constructive critique, and changes where necessary, of this legislation.

HOUSE BILL NO. 227**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTIETH LEGISLATURE - FIRST SESSION****BY REPRESENTATIVES PHILLIPS, Cowdery****Introduced: 4/3/97****Referred: Transportation****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to the Alaska Capital Improvement Project Authority; relating
2 to the powers and duties of the Department of Transportation and Public
3 Facilities; and providing for an effective date."

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

5 * Section 1. AS 44.42 is amended by adding new sections to read:

6 Article 2. Alaska Capital Improvement Project Authority.

7 Sec. 44.42.110. Alaska Capital Improvement Project Authority. (a) There
8 is created in the Department of Transportation and Public Facilities the Alaska Capital
9 Improvement Project Authority.

10 (b) The authority consists of seven members. Members of the authority are
11 appointed by the governor and subject to confirmation by a majority of the members
12 of the legislature in joint session. The members serve for staggered five-year terms
13 and until a successor is appointed. A vacancy among the members of the authority
14 occurring other than by expiration of term shall be filled in the same manner as the

1 original appointment but only for the unexpired term and until a successor is
2 appointed. The members of the authority may be removed by the governor only for
3 cause.

4 (c) The governor shall appoint at least one member, but not more than two
5 members, of the authority from among the residents of each of the four judicial
6 districts in the state. Two members of the authority must have experience in the
7 operation, management, or use of modes of surface transportation facilities, including
8 highways, railroads, mass transportation facilities, or recreational transportation
9 facilities. Two members of the authority must have experience in the operation,
10 management, or use of modes of air transportation facilities, including airports,
11 commercial or private aviation facilities, or passenger or freight air services facilities.
12 Two members of the authority must have experience in the operation, management, or
13 use of modes of water-borne transportation facilities, including ports and harbors,
14 passenger or freight service facilities, recreational transportation facilities, or ferries.
15 One member of the authority must have experience in the operation, management, or
16 use of public buildings or public facilities other than transportation facilities.

17 (d) The members of the authority serve without compensation but are entitled
18 to per diem and travel expenses authorized for boards and commissions under
19 AS 39.20.180. The members of the authority shall comply with AS 39.50 (conflict of
20 interest).

21 (e) The members of the authority shall select a chair from among its members.
22 Four members of the authority constitute a quorum. The authority may take action
23 upon the affirmative vote of four of its members.

24 **Sec. 44.42.120. Powers and duties of the authority.** (a) The authority shall
25 review, revise as appropriate, and approve the following plans and programs prepared
26 by the department for capital improvement projects for the construction and
27 maintenance of transportation and public facilities constructed, operated, or maintained
28 by the department:

29 (1) construction and maintenance program for state-owned airports and
30 air navigation facilities under AS 02.15.065;

31 (2) construction and maintenance program for highways under

1 AS 19.10.140 and 19.10.150;

2 (3) five-year plan for local service roads and trails under AS 19.30.141;

3 (4) comprehensive plan for the Alaska marine highway system under

4 AS 19.65.011;

5 (5) construction and maintenance program for state-owned marine
6 facilities under AS 35.10.085;

7 (6) state transportation plan under AS 44.42.050;

8 (7) state public facilities plan under AS 44.42.055.

9 (b) Plans and programs approved by the authority shall be submitted to the
10 governor and legislature.

11 (c) The authority shall review, revise as appropriate, and approve the capital
12 improvement projects budget for transportation and public facilities prepared and
13 proposed by the department to implement the plans and programs approved by the
14 authority under (a) of this section. The department shall include in the proposed
15 budget submitted to the authority the projects to be undertaken during the following
16 two fiscal years and a ranking of priorities for the projects. The capital improvement
17 project budget approved by the authority shall be submitted to the governor for
18 inclusion in the state capital projects budget and to the legislature.

19 (d) The authority may submit proposals for capital improvement projects for
20 construction and maintenance of transportation and public facilities to the governor for
21 inclusion in supplemental or special appropriation bills.

22 (e) The authority may hire the minimum of staff, including a director,
23 necessary to efficiently perform the functions of the authority.

24 (f) The authority has independent fiscal, budgeting, and administrative powers
25 necessary to independently perform the functions of the authority. The authority is a
26 state agency for purposes of AS 37.07.

27 (g) The annual operating budget of the department is not subject to review or
28 approval under this section.

29 **Sec. 44.42.130. Fees; regulations.** (a) The authority shall set fees, charges,
30 tolls, and rentals for the use of toll facilities under AS 37.15.740 by regulations
31 adopted under AS 44.62 (Administrative Procedure Act).

1 (b) The authority shall establish standards for marking and posting highways,
2 for traffic control signals, and for determination of speed limits and speed zones by
3 regulations adopted under AS 44.62 (Administrative Procedure Act).

4 * **Sec. 2.** AS 02.15 is amended by adding a new section to read:

5 **Sec. 02.15.065. Construction and maintenance program for airports and**
6 **air navigation facilities.** (a) The department shall establish a continuing, long-range
7 planning procedure for construction and maintenance of state-owned airports and air
8 navigation facilities.

9 (b) The department shall prepare annually a capital improvement project
10 construction and maintenance program for state-owned airports and air navigation
11 facilities that, subject to appropriation by the legislature, must include the projects to
12 be undertaken by the department during the following construction season, must
13 establish project priorities, and must describe proposed capital improvement projects
14 for construction and maintenance of state-owned airports and air navigation facilities
15 for at least the next succeeding two fiscal years. The department may propose
16 increases, decreases, amendments, or revisions to the construction and maintenance
17 program from time to time as circumstances warrant. The capital improvement project
18 construction and maintenance program and changes to the program, as proposed by the
19 department, are subject to review, revision, and approval of the Alaska Capital
20 Improvement Project Authority.

21 (c) Before February 2 of each year, the department shall prepare a list of
22 capital improvement projects for construction and maintenance of airports and air
23 navigation facilities that have been either proposed by the department, approved by the
24 Alaska Capital Improvement Project Authority, or funded by an appropriation by the
25 legislature. The statement must set out a general itemization of the estimated cost for
26 each project and the total estimates of all projects.

27 (d) This section does not apply to the state-owned international airports at
28 Anchorage and Fairbanks.

29 * **Sec. 3.** AS 19.05.040 is amended to read:

30 **Sec. 19.05.040. Powers of department.** The department may

31 (1) acquire property;

- 1 (2) exercise the power of eminent domain;
- 2 (3) take immediate possession of real property, or any interest in it
- 3 under a declaration of taking or by other lawful means;
- 4 (4) acquire rights-of-way for present or future use;
- 5 (5) control access to highways;
- 6 (6) regulate roadside development;
- 7 (7) preserve and maintain the scenic beauty along state highways;
- 8 (8) dispose of property acquired for highway purposes;
- 9 (9) accept and dispose of federal funds or property available for
- 10 highway construction, maintenance, or equipment;
- 11 (10) enter into contracts or agreements relating to highways with the
- 12 federal government, municipalities, a political subdivision, or with a foreign
- 13 government, if the contract is approved by the federal government;
- 14 (11) [ESTABLISH, LEVY, AND] collect tolls, fees, charges, and
- 15 rentals for the use of state roads, highways, bridges, tunnels, crossings, and causeways;
- 16 and
- 17 (12) exercise any other power necessary to carry out the purpose of
- 18 AS 19.05 - AS 19.25.

19 * Sec. 4. AS 19.10.040 is amended to read:

20 **Sec. 19.10.040. Uniform system of marking and posting.** The department
 21 shall classify, designate, and mark highways under its jurisdiction under standards
 22 adopted by the Alaska Capital Improvement Project Authority. The Alaska
 23 Capital Improvement Project Authority shall adopt regulations establishing
 24 standards for [AND SHALL PROVIDE] a uniform system of marking and posting
 25 these highways. The system of marking and posting must correlate with and, as far
 26 as possible, conform to the recommendations of the Manual on Traffic Control Devices
 27 as adopted by the American Association of State Highway Officials.

28 * Sec. 5. AS 19.10.050 is amended to read:

29 **Sec. 19.10.050. Traffic control signals.** The Alaska Capital Improvement
 30 Project Authority [DEPARTMENT] shall prescribe types of traffic control signals to
 31 regulate traffic on highways. These signals must correlate with and, as far as possible,

conform to the recommendations of the Manual on Uniform Traffic Control Devices as adopted by the American Association of State Highway Officials. The Alaska Capital Improvement Project Authority [DEPARTMENT] shall adopt uniform regulations for the placing and installation of traffic control signals.

* Sec. 6. AS 19.10.070 is amended to read:

Sec. 19.10.070. Speed limits and zones. The department may conduct investigations with the assistance of the Department of Public Safety and shall determine safe speed limits and safe speed zones on highways and other roadways under its jurisdiction in accordance with standards adopted by the Alaska Capital Improvement Project Authority.

* Sec. 7. AS 19.10.072(a) is amended to read:

(a) In determining safe speed limits and safe speed zones, the department shall comply with [CONSIDER] the standards adopted by the Alaska Capital Improvement Project Authority under this section. The Alaska Capital Improvement Project Authority shall adopt standards for determining safe speed limits and safe speed zones. In adopting the standards, the Alaska Capital Improvement Project Authority shall consider the following factors in the order of priority listed:

(1) neighborhood safety, including the presence of children and pedestrian traffic;

(2) the presence of schools, houses, parks, and crosswalks;

(3) the presence of driveways, parked vehicles, and multiple turn locations;

(4) that speed at which safe and prudent drivers could pass through the speed zone; [AND]

(5) the effectiveness of local enforcement of the speed zone; and

(6) other factors the Alaska Capital Improvement Project Authority considers appropriate.

* Sec. 8. AS 19.10.140 is amended to read:

Sec. 19.10.140. Long-range program for highway construction and maintenance. The [GOVERNOR SHALL REQUIRE THE] department shall [TO]

1 establish a continuing, long-range program for highway construction and maintenance.
 2 Subject to review, revision, and approval by the Alaska Capital Improvement
 3 Project Authority, the [THE] program must annually project proposed capital
 4 improvement projects for construction and maintenance of highways for not less than
 5 the next succeeding two [FIVE] years. A statement of the approved program shall
 6 be submitted by the governor to the legislature annually, and the approved long-range
 7 program shall include in detail the construction program proposed [PREPARED]
 8 under AS 19.10.150.

9 * Sec. 9. AS 19.10.150 is amended to read:

10 **Sec. 19.10.150. Construction program.** (a) Before February 2 of each year,
 11 the department shall prepare a statement showing what capital improvement projects
 12 for construction of highways have been either proposed [WORK HAS BEEN
 13 REQUESTED AND PROPOSED AND MAY BE UNDERTAKEN] by the department,
 14 approved by the Alaska Capital Improvement Project Authority, or funded by an
 15 appropriation by the legislature. The statement must set out [FORTH] a general
 16 itemization of the estimated cost for each project and the total estimates of all projects.

17 (b) The department shall prepare [ADOPT] a construction program which
 18 must include the projects to be undertaken by the department [IT] during the
 19 following construction season and must establish project priorities. The department
 20 may propose increases, decreases, amendments, or revisions of [INCREASE,
 21 DECREASE, AMEND, OR REVISE] the construction program from time to time as
 22 circumstances warrant. The construction program and changes to the program are
 23 subject to review, revision, and approval by the Alaska Capital Improvement
 24 Project Authority.

25 * Sec. 10. AS 19.10.180 is amended to read:

26 **Sec. 19.10.180. Request for public bids.** Requests for public bids are
 27 governed by AS 36.30 (State Procurement Code). The request for public bids may
 28 require the contractor to furnish equipment, labor, materials, and supplies for the
 29 project, or the request for bids [IT] may state that the department will furnish the
 30 materials and supplies. If the department elects to provide materials and supplies for
 31 a project, the department [IT] shall make the election before the department

releases the request for bids [DO SO AT THE TIME IT ADOPTS THE CONSTRUCTION PROGRAM]. The department shall acquire these materials and supplies under AS 36.30 by requesting bids for them according to the class, type, and nature of the materials and supplies. The contract for materials and supplies may be awarded either upon the basis of delivery to the construction project directly or to a central storehouse or storehouses maintained by the department. Those materials and supplies so purchased by the department may be delivered to the project site without expense to the contractor, or the department [IT] may sell the materials and supplies [THEM] to the contractor at cost and make the materials and supplies a part of the construction cost.

* Sec. 11. AS 19.30.141 is amended to read:

Sec. 19.30.141. Acquisition and construction programs. Before October 1 of each fiscal year, each local government eligible for allocation of funds under AS 19.30.131 shall submit to the commissioner [FOR APPROVAL] a five-year plan for the acquisition and construction of local service roads and trails. Before December 1 of each fiscal year, the commissioner shall submit to the Alaska Capital Improvement Project Authority for review, revision, and approval [GOVERNOR] a five-year plan for the acquisition and construction of local service roads and trails, including the approved local government programs. An organized borough shall include in its five-year plan local service road acquisition and construction programs for all cities other than home rule cities within the boundaries of the borough. The commissioner shall include in the five-year plan local service road and trail acquisition and construction within the unorganized borough. The five-year plan approved by the Alaska Capital Improvement Project Authority shall be submitted to the governor and the legislature.

* Sec. 12. AS 19.65.011 is amended to read:

Sec. 19.65.011. Comprehensive long-range plan. The Department of Transportation and Public Facilities shall prepare a comprehensive long-range plan for the development and improvement of the Alaska marine highway system and shall revise and update the plan at least every five years. The department shall submit the comprehensive long-range plan and revisions and updates of the plan to the Alaska

1 **Capital Improvement Project Authority for review, revision, and approval. The**
2 **department shall submit the approved plan to the legislature.**

3 * **Sec. 13.** AS 30.15.010 is amended to read:

4 **Sec. 30.15.010. State grants for port facilities construction.** To the extent
5 funds are appropriated by the legislature, or from the proceeds from the sale of bonds,
6 the state may make grants to municipalities to finance a portion of the cost of
7 constructing local, regional, or state port facilities. The state shall participate only in
8 those projects approved by the governor on recommendation of the commissioner **and**
9 **the Alaska Capital Improvement Project Authority.**

10 * **Sec. 14.** AS 35.10 is amended by adding a new section to article 2 to read:

11 **Sec. 35.10.085. Construction and maintenance program for marine**
12 **facilities.** (a) The department shall establish a continuing, long-range planning
13 procedure for construction and maintenance of state-owned marine facilities, including
14 harbors, docks, breakwaters, and waterways.

15 (b) The department shall prepare annually a capital improvement project
16 construction and maintenance program for state-owned marine facilities that, subject
17 to appropriation by the legislature, must include the projects to be undertaken by the
18 department during the following construction season, must establish project priorities,
19 and must describe proposed capital improvement projects for construction and
20 maintenance of state-owned marine facilities for at least the next succeeding two fiscal
21 years. The department may propose increases, decreases, amendments, or revisions to
22 the construction and maintenance program from time to time as circumstances warrant.
23 The capital improvement project construction and maintenance program and changes
24 to the program, as proposed by the department, are subject to review, revision, and
25 approval of the Alaska Capital Improvement Project Authority.

26 (c) Before February 2 of each year, the department shall prepare a list of
27 capital improvement projects for construction and maintenance of marine facilities that
28 have been either proposed by the department, approved by the Alaska Capital
29 Improvement Project Authority, or funded by an appropriation by the legislature. The
30 statement must set out a general itemization of the estimated cost for each project and
31 the total estimates of all projects.

1 * **Sec. 15.** AS 35.10.100 is amended to read:

2 **Sec. 35.10.100. Determining need and priority of projects.** The department
3 shall prepare the preliminary determination of need for each project of the type
4 described in AS 35.10.090 and its feasibility and appropriateness through
5 representations and data submitted to it by the residents of each community desiring
6 a project, and from other information available to it. The department shall submit the
7 preliminary determination for each project to the Alaska Capital Improvement
8 Project Authority. The Alaska Capital Improvement Project Authority may
9 approve and make the final determination of those projects, and their order or priority
10 for which application is made.

11 * **Sec. 16.** AS 35.15.020 is amended to read:

12 **Sec. 35.15.020. Request for public bids.** The solicitation of bids for
13 construction of public works is governed by AS 36.30 (State Procurement Code). The
14 request for bids may require the contractor to furnish equipment, labor, materials, and
15 supplies for the project, or the request for bids [IT] may state that the department will
16 furnish the materials and supplies. If the department elects to provide materials and
17 supplies for a project, the department [IT] shall make the election before the
18 department releases the request for bids [AT THE TIME IT ADOPTS THE
19 CONSTRUCTION PROGRAM]. The department shall acquire these materials and
20 supplies under AS 36.30 by requesting bids for them according to the class, type, and
21 nature of the materials and supplies. The contract may be awarded either upon the
22 basis of delivery to the construction project directly or to a central storehouse or
23 storehouses maintained by the department. Those materials and supplies so purchased
24 by the department may be delivered to the project site without expense to the
25 contractor, or the department [IT] may sell the materials and supplies [THEM] to
26 the contractor at cost and make the materials and supplies a part of the construction
27 cost.

28 * **Sec. 17.** AS 37.15.730 is amended to read:

29 **Sec. 37.15.730. Review of toll facility projects.** A toll facility may be
30 financed under AS 37.15.610 - 37.15.760 if the following conditions are met for that
31 toll facility:

(1) the department submits to the governor and the legislature a feasibility study reviewed and approved by the Alaska Capital Improvement Project Authority that finds that the toll facility is financially feasible and able to produce revenue adequate to repay the bonds with which it is financed;

(2) if financing in addition to revenue bonds is required to finance the toll facility, the department submits to the governor and legislature a finance plan reviewed and approved by the Alaska Capital Improvement Project Authority that includes an estimate of the total cost of the toll facility and a description of the sources of money that will be used to finance the total cost of the toll facility; and

(3) the office of management and budget reviews the feasibility study and the finance plan, if required, and reports its findings and recommendations to the governor and legislature not later than 90 days after the study and plan are received by the office.

* Sec. 18. AS 37.15.740 is amended to read:

Sec. 37.15.740. Toll facility charges. The Alaska Capital Improvement Project Authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] shall fix [AND COLLECT] the fees, charges, tolls, and rentals for the use of state toll facilities. The Department of Transportation and Public Facilities shall collect the fees, charges, tolls, and rentals owing to [DERIVED BY] the state from the ownership, lease, use, and operation of the facilities authorized by AS 37.15.720 and 37.15.730 and improvements of the facilities. The amount of fees, charges, tolls, and rentals set by the authority shall [AS WILL] provide revenue sufficient to comply with all of the covenants of the bond resolution.

* Sec. 19. AS 37.15.760(7) is amended to read:

(7) "toll facilities" means highways, roads, bridges, tunnels, crossings, and causeways upon which tolls, charges, rentals, or other user fees are placed by the Alaska Capital Improvement Project Authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES].

* Sec. 20. AS 39.50.200(b) is amended by adding a new paragraph to read:

(56) Alaska Capital Improvement Project Authority (AS 44.42.110).

* Sec. 21. AS 44.42.020(a) is amended to read:

1 (a) The department shall

2 (1) plan, design, construct, and maintain all state modes of
3 transportation and transportation facilities and all docks, floats, breakwaters, buildings,
4 and similar facilities;

5 (2) study existing transportation modes and facilities in the state to
6 determine how they might be improved or whether they should continue to be
7 maintained;

8 (3) study alternative means of improving transportation in the state with
9 regard to the economic costs of each alternative and its environmental and social
10 effects;

11 (4) develop a comprehensive, long-range intermodal transportation plan
12 for the state;

13 (5) study alternatives to existing modes of transportation in urban areas
14 and develop plans to improve urban transportation;

15 (6) cooperate and coordinate with and enter into agreements with
16 federal, state, and local government agencies and private organizations and persons in
17 exercising its powers and duties;

18 (7) manage, operate, and maintain state transportation facilities and all
19 docks, floats, breakwaters, and buildings, including all state highways, vessels,
20 railroads, pipelines, airports, and aviation facilities;

21 (8) study alternative means of transportation in the state, considering
22 the economic, social, and environmental effects of each alternative;

23 (9) coordinate and develop state and regional transportation systems,
24 considering deletions, additions, and the absence of alterations;

25 (10) develop facility program plans for transportation and state
26 buildings, docks, and breakwaters required to implement the duties set out in this
27 section, including [BUT NOT LIMITED TO] functional performance criteria and
28 schedules for completion;

29 (11) supervise and maintain all state automotive and mechanical
30 equipment, aircraft, and vessels, except vessels and aircraft used by the Department of
31 Fish and Game or the Department of Public Safety; for state vehicles maintained by

1 the department, the department shall annually evaluate the cost, efficiency, and
 2 commercial availability of natural gas for automotive purposes, and the purpose for
 3 which the vehicles are intended to be used, and convert or purchase vehicles to use
 4 [UTILIZE] natural gas whenever practicable; the department may participate in joint
 5 ventures with public or private partners that will foster the availability of natural gas
 6 for all automotive fuel consumers;

7 (12) supervise aeronautics inside the state, under AS 02.10;

8 (13) complete and maintain a current inventory of public facilities,
 9 including a projection of the serviceability of the facilities and projections of
 10 replacements and additions to facilities needed to provide the level of services
 11 programmed by the various user agencies, for municipalities with populations
 12 of less than 12,000 and for unincorporated communities, and perform those
 13 duties on a cooperative basis with larger municipalities;

14 (14) adopt energy performance standards for public facilities of the
 15 state, the construction of which begins after July 1, 1980; the standards shall be based
 16 on thermal and lighting energy standards established by the American Society of
 17 Heating, Refrigeration and Air Conditioning Engineers as adapted for application in
 18 high latitude, cold climate environs;

19 (15) provide planning assistance, including [BUT NOT LIMITED TO]
 20 energy audits and related technical services, to school districts and regional educational
 21 attendance areas to develop and implement

22 (A) standards for the design, construction, and operation of rural
 23 educational facilities; and

24 (B) energy conservation measures for rural educational facilities

25 (16) implement the safety and financial responsibility requirements for
 26 air carriers under AS 02.40.010 - 02.40.990;

27 (17) inspect weights and measures;

28 (18) submit to the Alaska Capital Improvement Project Authority
 29 for review, revision, and approval

30 (A) plans and programs prepared by the department that
 31 are described under AS 44.42.120;

1 (B) proposed capital improvement project budgets to fund
 2 the plans and programs approved by the Alaska Capital Improvement
 3 Project Authority;

4 (19) provide assistance, information, staff, and other support
 5 requested by the Alaska Capital Improvement Project Authority.

6 * Sec. 22. AS 44.42.050(a) is amended to read:

7 (a) The commissioner shall develop annually a comprehensive, intermodal,
 8 long-range transportation plan for the state. In developing and revising the state plan,
 9 the commissioner shall consider means and costs of improving existing modes and
 10 facilities, state and federal subsidies, and the costs and benefits of new transportation
 11 modes and facilities. The commissioner shall also consider the recommendation of the
 12 Alaska Transportation Planning Council. The plan shall be submitted to the Alaska
 13 Capital Improvement Project Authority [GOVERNOR] for review, revision, and
 14 approval. The department shall submit the approved plan to [AND SUBMITTED
 15 BY] the governor and to the legislature.

16 * Sec. 23. AS 44.42.050(c) is amended to read:

17 (c) Copies of the plan and revisions of the plan, as approved by the Alaska
 18 Capital Improvement Project Authority [REVISED], shall be kept on file as a
 19 public document in the office of the commissioner and at each regional office of the
 20 department.

21 * Sec. 24. AS 44.42.050(d) is amended to read:

22 (d) The plan must include a description of projects planned for design and
 23 construction for the following two fiscal years. The description is in addition to the
 24 long-range programs [PLAN] required by (a) of this section and by AS 02.15.065,
 25 AS 19.10.140, and AS 35.10.085. The description must include an itemization of the
 26 estimated cost for each project and the total cost of all projects. The commissioner
 27 shall propose and forward to the Alaska Capital Improvement Project Authority
 28 [GOVERNOR] for review, revision, and approval [AND INCLUSION,
 29 AS APPROVED, IN THE CAPITAL BUDGET] a construction program that includes
 30 the projects to be undertaken during the following two fiscal years, including
 31 recommended project priorities. The Alaska Capital Improvement Project

1 Authority shall submit the approved construction program to the governor for
2 inclusion in the capital budget and to the legislature. Funds for transportation
3 construction projects and necessary contingencies shall be itemized as allocations
4 within the bill for the General Appropriations Act.

5 * Sec. 25. AS 44.42.055(b) is amended to read:

6 (b) In developing and biennially revising the facility procurement plan, the
7 commissioner shall

8 (1) request and receive on an annual basis from all state agencies a
9 projection of the anticipated facility needs of the agency for the next annual capital
10 improvement program;

11 (2) consult with officials and representatives of municipalities, the
12 federal government, interested corporations and other organizations concerning public
13 facility needs in the state;

14 (3) develop specific facility procurement plans for projects in each of
15 the following categories:

16 (A) sewage and other wastewater collection, treatment, and
17 disposal facilities;

18 (B) water source, treatment, and distribution facilities;

19 (C) solid waste collection and disposal facilities;

20 (D) hazardous and toxic waste collection and disposal facilities;

21 (E) electrical generation and distribution systems;

22 (F) health care and social services facilities;

23 (G) educational facilities;

24 (H) transportation facilities;

25 (I) public safety and justice facilities;

26 (J) recreational facilities;

27 (K) sanitation facilities; and

28 (L) cultural facilities;

29 (4) prepare recommendations to accommodate the various levels of
30 service identified by state agencies and other parties with respect to the services
31 described in (3) of this subsection, to include

- 1 (A) current and future facility needs;
 2 (B) space standards and design guidelines for the appropriate
 3 facility types;
 4 (C) maintenance and operations standards for the appropriate
 5 facility types;
 6 (D) construction techniques and contracting methods;
 7 (E) facility project budget requirements; and
 8 (F) relative costs of identified alternatives (life cycle cost
 9 analysis) including but not limited to the installation and operation of energy
 10 systems that are not dependent on oil or gas for water heating, space heating
 11 and cooling requirements, and for the generation of electrical or mechanical
 12 power;
 13 (5) identify common public facility needs among the various user
 14 agencies; [AND]
 15 (6) submit its findings, plans, and recommendations to the Alaska
 16 Capital Improvement Project Authority for review, revision as appropriate, and
 17 approval; and
 18 (7) submit the approved findings, plans, and recommendations to
 19 the governor and to the appropriate state agency to facilitate the development of
 20 agency capital improvement budget requests.

21 * **Sec. 26.** AS 44.42.900 is amended by adding new paragraphs to read:

22 (4) "authority" means the Alaska Capital Improvement Project
 23 Authority;

24 (5) "capital improvement project" means a project with a cost
 25 exceeding \$10,000 to acquire or improve a transportation or public facility with an
 26 anticipated life exceeding one year; in this paragraph, "project" includes land
 27 acquisition, construction, repair, or structural improvement of a facility, engineering
 28 and design for a facility, and acquisition or repair of equipment.

29 * **Sec. 27.** AS 44.47.092 is amended to read:

30 **Sec. 44.47.092. Land use planning and state facility procurement plan.**

31 The department shall make recommendations to the Department of Transportation and

1 Public Facilities, to the Alaska Capital Improvement Project Authority, and to
2 appropriate program agencies concerning the effect upon the comprehensive plan or
3 other land use plans or proposals of municipalities and unincorporated communities
4 with respect to the facility procurement plan required to be prepared in accordance
5 with AS 35.10.170 and AS 44.42.055.

6 * **Sec. 28. SAVINGS CLAUSE.** (a) Litigation, hearings, investigations, and other
7 proceedings pending under a law amended or repealed by this Act, or in connection with
8 functions transferred by this Act, continue in effect and may be continued and completed
9 notwithstanding a transfer or amendment or repeal provided for in this Act.

10 (b) The regulations adopted by the Department of Transportation and Public Facilities
11 that relate to functions transferred by this Act remain in effect and may be implemented and
12 enforced by the department until the Alaska Capital Improvement Project Authority adopts its
13 own regulations under AS 44.42 and those regulations take effect.

14 * **Sec. 29. INITIAL APPOINTMENT OF MEMBERS OF THE ALASKA CAPITAL**
15 **IMPROVEMENT PLANNING AUTHORITY.** Notwithstanding AS 44.42.110, added by
16 sec. 1 of this Act, the governor shall designate persons initially appointed to serve as members
17 of the Alaska Capital Improvement Project Authority to terms as follows: one person to a one-
18 year term, one person to a two-year term, two persons to a three-year term, one person to a
19 four-year term, and two persons to a five-year term.

20 * **Sec. 30.** This Act takes effect July 1, 1997.

6



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Senate Bill 11 Sponsor Statement

School Construction Debt Reimbursement

The State of Alaska has historically participated in the funding of school construction. For school districts in the unorganized areas of the State that provide no local tax contribution, the funding mechanism has been, and remains, direct capital appropriation for the total construction costs. For the organized areas, the predominate funding mechanism has been through school bond debt reimbursement to the local government.

Since Chapter 249 SLA 1970 was enacted, we have had statutes on the books that provide for state participation in the cost of constructing schools through school bond debt reimbursement. Beginning as a fifty percent reimbursement in 1970, the level was raised to ninety percent during the oil boom. The State's portion was subsequently reduced to eighty percent in 1983 and seventy percent in 1993.

In addition to reducing the level of reimbursement to seventy percent, Chapter 78 SLA 1993 also imposed a cap of 250 million dollars of statewide school construction authorization. Since that action, the school construction debt reimbursement program has been closed to new projects.

While the State continues to fund the full cost of constructing a school in an unorganized area, school districts in the organized areas have almost no opportunity for school construction assistance from the State.

Senate Bill 11 will help correct that inequity by providing organized areas and their taxpayers a fifty percent reimbursement for the debt they incur in constructing and renovating schools. This reimbursement will be limited to qualifying projects that have a demonstrated need and received local voter approval.

Passage of SB 11 will be a big step toward equity in State funding of school construction. It's time we return to a mechanism which will allow municipal school districts and their taxpayers to meet the needs of growing student populations.

CS FOR SENATE BILL NO. 11(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 3/24/97

Referred: Finance

Sponsor(s): SENATORS HALFORD, Phillips, Green

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state aid for school construction debt; and providing for an
2 effective date."

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

4 * Section 1. AS 14.11.100(a) is amended to read:

5 (a) During each fiscal year, the state shall allocate to a municipality that is a
6 school district [,] the following sums:

7 (1) payments made by the municipality during the fiscal year two years
8 earlier for the retirement of principal and interest on outstanding bonds, notes, or other
9 indebtedness incurred before July 1, 1977, to pay costs of school construction;

10 (2) 90 percent of

11 (A) payments made by the municipality during the fiscal year
12 two years earlier for the retirement of principal and interest on outstanding
13 bonds, notes, or other indebtedness incurred after June 30, 1977, and before
14 July 1, 1978, to pay costs of school construction;

1 (B) cash payments made after June 30, 1976, and before July 1,
2 1978, by the municipality during the fiscal year two years earlier to pay costs
3 of school construction;

4 (3) 90 percent of

5 (A) payments made by the municipality during the fiscal year
6 two years earlier for the retirement of principal and interest on outstanding
7 bonds, notes, or other indebtedness incurred after June 30, 1978, and before
8 January 1, 1982, to pay costs of school construction projects approved under
9 AS 14.07.020(a)(11);

10 (B) cash payments made after June 30, 1978, and before July 1,
11 1982, by the municipality during the fiscal year two years earlier to pay costs
12 of school construction projects approved under AS 14.07.020(a)(11);

13 (4) subject to (h) and (i) of this section, up to 90 percent of

14 (A) payments made by the municipality during the current fiscal
15 year for the retirement of principal and interest on outstanding bonds, notes, or
16 other indebtedness incurred after December 31, 1981, and authorized by the
17 qualified voters of the municipality before July 1, 1983, to pay costs of school
18 construction, additions to schools, and major rehabilitation projects that exceed
19 \$25,000 and are approved under AS 14.07.020(a)(11); [AND]

20 (B) cash payments made after June 30, 1982, and before July 1,
21 1983, by the municipality during the fiscal year two years earlier to pay costs
22 of school construction, additions to schools, and major rehabilitation projects
23 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

24 (C) payments made by the municipality during the current fiscal
25 year for the retirement of principal and interest on outstanding bonds, notes, or
26 other indebtedness to pay costs of school construction, additions to schools, and
27 major rehabilitation projects that exceed \$25,000 and are submitted to the
28 department for approval under AS 14.07.020(a)(11) before July 1, 1983, and
29 approved by the qualified voters of the municipality before October 15, 1983,
30 not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of
31 average daily membership of the municipality is more than 7 percent but less

1 than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily
 2 membership of the municipality is 12 percent or more; payments made by a
 3 municipality under this subparagraph [PARAGRAPH] on total project costs
 4 that exceed the amounts set out in (i) and (ii) of this subparagraph
 5 [PARAGRAPH] are subject to (5)(A) of this subsection;

6 (5) subject to (h) - (j) [(h), (i), AND (j)] of this section, 80 percent of
 7 (A) payments made by the municipality during the fiscal year
 8 for the retirement of principal and interest on

9 [(i)] outstanding bonds, notes, or other indebtedness
 10 authorized by the qualified voters of the municipality

11 (i) after June 30, 1983, but before March 31, 1990, to
 12 pay costs of school construction, additions to schools, and major
 13 rehabilitation projects that exceed \$25,000 and are approved under
 14 AS 14.07.020(a)(11); or

15 (ii) [OUTSTANDING BONDS, NOTES, OR OTHER
 16 INDEBTEDNESS AUTHORIZED BY THE QUALIFIED VOTERS OF
 17 THE MUNICIPALITY] before July 1, 1989, and reauthorized before
 18 November 1, 1989, to pay costs of school construction, additions to
 19 schools, and major rehabilitation projects that exceed \$25,000 and are
 20 approved under AS 14.07.020(a)(11); and

21 (B) cash payments made after June 30, 1983, by the
 22 municipality during the fiscal year two years earlier to pay costs of school
 23 construction, additions to schools, and major rehabilitation projects that exceed
 24 \$25,000 and are approved by the department before July 1, 1990, under
 25 AS 14.07.020(a)(11);

26 (6) subject to (h) - (j) [(h), (i), (j),] and (m) of this section, 70 percent
 27 of payments made by the municipality during the fiscal year for the retirement of
 28 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
 29 the qualified voters of the municipality on or after April 30, 1993, but before July 1,
 30 1995, to pay costs of school construction, additions to schools, and major rehabilitation
 31 projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

(7) subject to ~~(h) - (j)~~ [(h), (i), (j),] and (m) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality after March 31, 1990, but before April 30, 1993, to pay costs of school construction, additions to schools, and major rehabilitation projects;

(8) subject to (i) and (j) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 1995, but before July 1, 1997, to pay costs of school construction, additions to schools, and major rehabilitation projects;

(9) subject to (i) and (j) of this section, 75 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 1997, to pay costs of school construction, additions to schools, and major rehabilitation projects.

* Sec. 2. AS 14.11.100(b) is amended to read:

(b) The commissioner shall administer the program of reimbursement authorized under this section and shall provide by regulation for the filing of applications for reimbursement, the form of proof of costs for which application for reimbursement is made, and other regulations necessary to administer the program.

An amount due a municipality for reimbursement under this section may not be reduced by the cost to the department to administer the reimbursement program.

The commissioner shall exclude from the total school construction cost of the local district all state and federal funds included in these costs except funds provided under this section and AS 43.50.140. In approving applications for reimbursement, the commissioner shall offset against the amount of reimbursement authorized the amount of any funds distributed to the borough or city in the second preceding fiscal year from the school fund provided for in AS 43.50.140.

* Sec. 3. AS 14.11.100(h) is amended to read:

(h) An allocation under (a)(4) - (7) [(a)(4) OR (5)] of this section for school construction begun after July 1, 1982, shall be reduced by the amount of money used for the construction of residential space, hockey rinks, planetariums, saunas, and other facilities for single purpose sporting or recreational uses that are not suitable for other activities and by the money used for construction that exceeds the amount needed for construction of a facility of efficient design as determined by the department. An allocation under (a)(4) - (7) [(a)(4) OR (5)] of this section may not be reduced by the amount of money used for construction of a small swimming pool, tank, or water storage facility used for water sports. However, an allocation shall be reduced by the difference between the amount of money used to construct a swimming pool that exceeds the standards adopted by the department and the amount of money that would have been used to construct a small swimming pool, tank, or water storage facility, as determined by the commissioner.

* Sec. 4. AS 14.11.100(i) is amended to read:

(i) For the purposes of (a)(4) - (9) [(a)(4) AND (5)] of this section,

(1) an indebtedness for bonds is incurred after the bonds are sold;

(2) reimbursement for a cash payment may only be made after the payment is made to a vendor; and

(3) payments may not be made for costs that are incurred under a contract after the contract has been released.

* Sec. 5. AS 14.11.100(j) is amended to read:

(j) Except as provided in (l) of this section, the state may not allocate money to a municipality for a school construction project under (a)(5) - (9) [(a)(5), (6), OR (7)] of this section unless the municipality complies with the requirements of (1) - (4) of this subsection, the project is approved by the commissioner before the local vote on the bond issue for the project or for bonds authorized after March 31, 1990, but on or before April 30, 1993, the bonds are approved by the commissioner before reimbursement by the state, and the local vote occurs before July 1, 1987, or after June 30, 1988. In approving a project under this subsection, the commissioner shall require

(1) the municipality to include on the ballot for the bond issue, for

1 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated
 2 total cost of each project including estimated total interest, estimated annual operation
 3 and maintenance costs, the estimated amounts that will be paid by the state and by the
 4 municipality, and the approximate amount that would be due in annual taxes on
 5 \$100,000 in assessed value to retire the debt;

6 (2) that the bonds may not be refunded unless the annual debt service
 7 on the refunding issue is not greater than the annual debt service on the original issue;

8 (3) that the bonds must be repaid in approximately equal annual
 9 principal payments or approximately [APPROXIMATE] equal debt service payments
 10 over a period of at least 10 years;

11 (4) the municipality to demonstrate need for the project by establishing
 12 that the school district has

13 (A) projected long-term student enrollment that indicates the
 14 district has inadequate facilities to meet present or projected enrollment; [OR]

15 (B) facilities that require repair or replacement in order to meet
 16 health and safety laws or regulation or building codes;

17 (C) demonstrated that the project will result in a reduction
 18 in annual operating costs that economically justifies the cost of the project;
 19 or

20 (D) facilities that require modification or rehabilitation for
 21 the purpose of improving the instructional program.

22 * Sec. 6. This Act is retroactive to July 1, 1995.

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

7

Alaska State Legislature

Chairman,
Judiciary Committee

Member,
Resources Committee
Rules Committee
Committee on Committees



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Senator Robin L. Taylor
Senate Majority Leader

Sponsor Statement

Senate Bill 21

Senate Bill 21 would establish an Alaska Marine Highway Authority to assume management of the Marine Highway System from the Department of Transportation and Public Facilities.

The Authority would be a public corporation of the state as an instrumentality of DOT/PF, but would have a legal existence independent and separate from the state. The new Authority would be comparable to the Alaska Housing Finance Corporation or the Alaska Industrial Development and Export Authority.

The powers of the authority would rest with a seven member Board, appointed by the Governor. One member would be the Commissioner of Transportation. The six other members would be required to have experience in maritime affairs, would serve staggered five year terms and would be subject to legislative confirmation. The Board would hire the system director.

Establishment of such an authority board would bring maritime experience, accountability and continuity to the management of the Alaska Marine Highway System.

Based on information gathered at public hearings over the interim, the Senate Task Force on the Alaska Marine Highway System concluded that the legislature should consider the creation of such an Authority.

District A:

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

Sponsor Statement

SB 21

Page Two

Testimony received by the Task Force indicated that DOT management of the Marine Highway lacks focus and that AMHS administration under DOT lacks maritime experience.

Management under DOT has become insular and is unresponsive to input from vessel employees and the general public. Scheduling is chaotic and the fare structure has discouraged ridership. The reservations system has been an abject failure.

While concerns over funding levels are valid, the naturally bureaucratic mind-set of the Department has tightened what former director Jim Ayers termed a "death spiral".

Establishment of the Alaska Marine Highway Authority will not be a panacea, but will give the system a new perspective.

This bill has earned the endorsement of the Inland Boatmen's Union of the Pacific, the International Organization of Masters, Mates and Pilots and the Marine Engineers Beneficial Association. These unions represent the majority of AMHS employees.

SB 21 has also been endorsed by the Ketchikan City Council, the Ketchikan Gateway Borough Assembly, the Ketchikan Indian Corporation, the Greater Ketchikan Chamber of Commerce and the Ketchikan Visitors Bureau.

CS FOR SENATE BILL NO. 21(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/25/97
Referred: Rules

Sponsor(s): SENATORS TAYLOR, Pearce

A BILL

FOR AN ACT ENTITLED

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

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

5 * Section 1. PURPOSE. The purpose of this Act is to establish an authority for the
6 operation, management, planning, construction, and maintenance of facilities for the marine
7 highway system. The authority shall be the exclusive state agency directly associated with
8 the operation, management, planning, construction, and maintenance of facilities for the marine
9 highway system.

10 * Sec. 2. AS 19 is amended by adding a new chapter to read:

Chapter 55. Alaska Marine Highway Authority.

Article 1. Creation and Organization.

13 Sec. 19.55.010. Alaska Marine Highway Authority. (a) The Alaska Marine
14 Highway Authority is established. The authority is a public corporation of the state.

1/4810210 The authority is an instrumentality of the state in the Department of Transportation and
Public Facilities but has a legal existence independent of and separate from the state
and has continuing succession until its existence is terminated by law.

(b) The powers of the authority are vested in the board of directors of the
authority.

Sec. 19.55.020. Directors. (a) The board of directors of the authority consists
of seven directors. One director is the commissioner of transportation and public
facilities, and six directors are appointed by the governor. The six appointed directors
must be state residents who have experience with maritime affairs. The appointed
directors are subject to confirmation by a majority of the members of the legislature
in joint session. Appointed directors must include

(1) two persons who are members of a union that represents employees
of the authority; at least one person appointed under this paragraph shall be a member
of the maritime union representing the largest number of onboard employees of the
authority;

(2) two persons who are residents of Southeast Alaska, have a
significant high level of experience in the private sector, and are not employees of the
authority;

(3) a person who is a resident of the Gulf of Alaska area west of Icy
Cape, has a significant high level of experience in the private sector, and is not an
employee of the authority; and

(4) a person who represents the interests of the public.

(b) The appointed directors serve staggered five-year terms and may be
removed by the governor only for cause. Each director shall hold office for the term
of the director's appointment and until a successor is appointed and qualified. A
director is qualified for reappointment. A vacancy in a directorship occurring other
than by expiration of term shall be filled in the same manner as the original
appointment but only for the unexpired term.

(c) The directors shall comply with AS 39.50 (conflict of interest). Each
director before entering upon the director's duties shall subscribe to an oath to perform
the duties of office faithfully, impartially, and justly to the best of the director's ability.

1 A record of the oath shall be filed with the Office of the Governor.

2 (d) An appointed director is entitled to compensation at a rate of \$300 for each
3 day the director is engaged in actual performance of duties under this chapter. The
4 board of directors of the authority may provide by regulation for compensation for
5 partial days for an appointed director. In addition, an appointed director is entitled to
6 per diem and travel expenses authorized for boards and commissions under
7 AS 39.20.180.

8 **Sec. 19.55.030. Officers and quorum.** The directors shall elect one of the
9 appointed directors as chair of the board of directors. The directors shall elect a secre-
10 tary and a treasurer who need not be directors, and the same person may be elected
11 to serve both as secretary and treasurer. Four directors constitute a quorum of the
12 board of directors. Except as provided in AS 19.55.110(a)(7), action may be taken and
13 motions and resolutions adopted by the board of directors at a meeting by the affirma-
14 tive vote of at least four directors. A vacancy in the board of directors of the authority
15 does not impair the right of a quorum to exercise all the powers and perform all the
16 duties of the board.

17 **Sec. 19.55.040. Staff.** (a) The board of directors shall employ a chief
18 executive officer who serves at the pleasure of the board.

19 (b) The chief executive officer may, with the approval of the board, select and
20 employ additional staff as necessary, including additional administrative officers. All
21 officers and employees of the authority are in the exempt service under AS 39.25.110.

22 (c) In addition to its staff of employees, the board of directors may contract
23 for and engage the services of consultants and professional, technical, and financial
24 advisors the authority considers necessary for the purpose of developing information,
25 conducting hearings, studies, investigations, or other proceedings, or otherwise
26 exercising its powers.

27 **Article 2. Powers and Duties.**

28 **Sec. 19.55.110. Powers of authority.** (a) In addition to other powers granted
29 in this chapter, the authority may

- 30 (1) sue and be sued;
- 31 (2) adopt and alter an official seal;

1 (3) adopt and enforce regulations for the conduct of its business and
2 for the use of its services and facilities;

3 (4) maintain offices at a place in the state and at places out of the state
4 that are served by the marine highway system;

5 (5) establish terms and conditions of employment by the authority and
6 conduct or designate a representative to conduct labor negotiations with employees;

7 (6) subject to appropriation by the legislature, acquire, hold, use, and
8 dispose of its income, revenues, funds, and money;

9 (7) acquire, hold, use, lease, rent, construct, and dispose of personal
10 property for its purposes, except that the authority may dispose of a ferry only on
11 approval by the legislature by law;

12 (8) acquire, hold, use, lease, or rent real property and dispose of real
13 property under AS 19.55.230;

14 (9) operate, maintain, improve, and extend a system of ferries
15 connecting with the public roads and highways of the state and including the boats,
16 vessels, wharves, docks, approaches, landings, and appurtenances the authority
17 determines necessary or desirable for safe and efficient operation of the ferry system
18 to best serve the public;

19 (10) adopt regulations under AS 44.62 (Administrative Procedure Act)
20 governing

21 (A) access to and use of services and facilities of the authority;

22 (B) the authority of the officers and crew of vessels of the
23 authority to maintain peace and order as necessary to protect the health, safety,
24 and public welfare of the patrons and employees of the authority;

25 (C) rates, tariffs, and other charges for transportation and other
26 services provided by the authority;

27 (11) do all acts and things necessary, convenient, or desirable to carry
28 out the powers expressly granted or necessarily implied in this chapter;

29 (12) modify scheduled routes after public hearings.

30 (b) The authority may participate at any stage in any transportation planning
31 process undertaken by the Department of Transportation and Public Facilities. The

1 authority may designate representatives to participate as full members of any
2 transportation planning committee, working group, planning team, rating panel, or
3 similar organization established by the department or required for state participation
4 in federal transportation programs. The department shall include the authority as a full
5 participant in the departmental transportation planning process, including the statewide
6 transportation plan and the statewide transportation improvement program.

7 **Sec. 19.55.120. Duties of authority.** The authority shall

8 (1) assist the residents, businesses, and communities of the state in
9 obtaining optimal marine passenger and freight service;

10 (2) schedule vessel sailings to optimize the frequency of service to all
11 ports;

12 (3) encourage and integrate with other public and private carriers to the
13 greatest extent possible to provide ferry service within the state and between Alaska
14 ports and ports outside the state in order to provide optimum service within the state;

15 (4) provide reservation access and marketing information throughout
16 the state;

17 (5) encourage vessel construction, maintenance, and service in the state
18 to the greatest extent possible;

19 (6) employ residents of the state to the greatest extent legally possible;

20 (7) recognize Alaska unions and employee associations to the greatest
21 extent legally possible.

22 **Sec. 19.55.130. Use of name authorized.** The authority is authorized to
23 operate its ferry system under the name "Alaska Marine Highway System".

24 **Sec. 19.55.140. Comprehensive long-range plan.** The authority, with the
25 cooperation of the Department of Transportation and Public Facilities, shall prepare a
26 comprehensive long-range plan for the development and improvement of the Alaska
27 marine highway system and shall revise and update the plan at least every five years.
28 The authority shall submit the plan and revisions and updates of the plan to the
29 legislature.

30 **Article 3. Acquisition of Property.**

31 **Sec. 19.55.210. Acquisition of land and easements.** The authority, as part

1 of the cost of constructing, maintaining, or improving the marine highway system, may
2 acquire by purchase, gift, or exchange land in fee simple or easements that it considers
3 necessary and reasonable for either temporary or permanent public use. By the same
4 means, the authority may obtain material, including clay, gravel, sand, or rock, or the
5 land necessary to obtain the material, including access to it. The authority may acquire
6 the land or materials notwithstanding the fact that title to it is vested in the state or a
7 department, agency, commission, or institution of the state.

8 **Sec. 19.55.220. Authority to purchase property for the purpose of**
9 **exchange.** When a majority of the directors of the authority declares that it is in the
10 interest of the state, the authority may acquire by purchase, gift, or exchange privately
11 or publicly owned land or an interest in land for the purpose of exchanging the land
12 for privately or publicly owned land that the authority is authorized by law to acquire.

13 **Sec. 19.55.230. Disposal of land or rights in land.** (a) The authority may
14 vacate land or rights in land acquired for use in the marine highway system by
15 executing and filing a deed in the appropriate recording district. Upon vacating, title
16 reverts to the persons, heirs, successors, or assigns in whom it was vested at the time
17 of the taking.

18 (b) The authority may transfer land not considered necessary for use in the
19 marine highway system to the Department of Natural Resources for disposal. The
20 proceeds of disposal by the Department of Natural Resources shall be credited to the
21 funds from which the purchase was originally made.

22 **Article 4. Vessels and Ferry Terminal Facilities.**

23 **Sec. 19.55.310. Ferry terminal facilities.** (a) The authority may construct,
24 purchase, or lease ferry terminal facilities at locations it selects for the loading and
25 unloading of passengers and vehicles under their own power, on and off ferries. The
26 authority shall repair and maintain those facilities that it owns. Construction and
27 purchasing under this section are governed by AS 36.30 (State Procurement Code),
28 except as otherwise provided by law.

29 (b) The authority may connect ferry terminal facilities with local highway
30 systems.

31 (c) The authority may adopt regulations governing the use of ferry terminal

1 facilities by the public that it considers necessary and proper in the public interest.
 2 The authority may charge a fee for the use of ferry terminal facilities, whether the use
 3 is under a permit or otherwise, and whether the use is by one or more individuals.

4 (d) A ferry terminal facility in existence and serving the public on January 1,
 5 1959, is not subject to (a) - (c) of this section.

6 **Sec. 19.55.320. Naming of vessel or facility.** (a) A vessel or facility
 7 constructed or acquired by the authority must be named by law.

8 (b) A maritime vessel must bear the name of an Alaska glacier.

9 (c) A vessel used principally on the inland waterways of the state must bear
 10 the name of an historical vessel that used the rivers of the state.

11 **Article 5. Budget and Revenue.**

12 **Sec. 19.55.410. Budget and appropriations.** The authority shall submit its
 13 annual budget to the legislature through the governor as provided for state agencies by
 14 AS 37.07 (Executive Budget Act). The authority shall expend money appropriated by
 15 the legislature as authorized by the legislature.

16 **Article 6. General Provisions.**

17 **Sec. 19.55.910. Annual report.** By January 15 of each year, the board of
 18 directors of the authority shall submit to the governor and the legislature a
 19 comprehensive report describing the operations, income, and expenditures for the
 20 preceding fiscal year.

21 **Sec. 19.55.920. Annual audit.** The authority shall have its financial records
 22 audited annually by a certified public accountant. The legislative auditor may
 23 prescribe the form and content of the financial records of the authority and shall have
 24 access to those records at any time.

25 **Sec. 19.55.990. Definitions.** In this chapter, unless the context requires
 26 otherwise,

27 (1) "authority" means the Alaska Marine Highway Authority;

28 (2) "ferry" means a vessel used in the common carriage of passengers
 29 and vehicles in intrastate or interstate commerce.

30 **Sec. 19.55.995. Short title.** This chapter may be cited as the Alaska Marine
 31 Highway Authority Act.

1 * Sec. 3. AS 03.53.010(a) is amended to read:

2 (a) An animal may not be transported into the state aboard a ferry operated by
3 the Alaska Marine Highway Authority [DIVISION OF MARINE
4 TRANSPORTATION OF THE DEPARTMENT OF TRANSPORTATION AND
5 PUBLIC FACILITIES] unless the animal's owner, custodian, or attendant possesses
6 a valid health certificate for the animal. This certificate shall accompany the animal
7 or be in the possession of the animal's owner, custodian, or attendant aboard the ferry
8 and shall be presented when requested by an employee of the state ferry system at the
9 time the owner, custodian, or attendant makes arrangements to transport the animal,
10 boards the ferry with the animal, or at any other time.

11 * Sec. 4. AS 18.65.755(a) is amended to read:

12 (a) A permittee may not carry a concealed handgun into

13 (1) a law enforcement or correctional facility;

14 (2) or on school grounds or a school bus; in this paragraph, "school
15 grounds" has the meaning given in AS 11.71.900;

16 (3) a courthouse or a courtroom of this state, unless the permittee

17 (A) is a judge; or

18 (B) has been authorized to possess a concealed handgun by a
19 judge presiding at that courthouse or courtroom;

20 (4) a building housing only state or federal offices or the offices of a
21 political subdivision of the state, except as authorized under (3) of this subsection;

22 (5) an office of the state, federal government, or of a political
23 subdivision of the state that is not located in a building described in (4) of this
24 subsection;

25 (6) a passenger loading or unloading area of an airline terminal;

26 (7) a vessel of the Alaska Marine Highway Authority [MARINE
27 HIGHWAY SYSTEM];

28 (8) a facility providing services to victims of domestic violence or
29 sexual assault;

30 (9) a residence where notice that carrying a concealed handgun is
31 prohibited has been given by the posting of a conspicuous notice or by oral statement.

1 by the resident to the permittee;

2 (10) a meeting of a business, charitable, or other organization or entity
3 where notice that carrying a concealed handgun is prohibited has been given by the
4 posting of conspicuous notice;

5 (11) a financial institution; in this paragraph, "financial institution"
6 means a bank, savings bank, savings association, credit union, or other institution
7 regulated by the Department of Commerce and Economic Development under AS 06;

8 (12) another place where the possession of a deadly weapon or firearm
9 is prohibited by law; or

10 (13) a municipality or established village that has prohibited the
11 possession of concealed handguns by a permit under AS 18.65.780 - 18.65.785.

12 * Sec. 5. AS 19.65.050 is amended to read:

13 **Sec. 19.65.050. Legislative findings, purpose, and intent.** (a) The
14 legislature finds that

15 (1) the Alaska Marine Highway Authority [MARINE HIGHWAY
16 SYSTEM] is an essential part of the state transportation system, and that it warrants
17 continued and predictable state support;

18 (2) many communities' economies are dependent on a steady and stable
19 marine highway system service level;

20 (3) the state's tourism industry is greatly enhanced by a dependable
21 marine highway transportation network; and

22 (4) efficient and prudent management of the authority [SYSTEM] will
23 benefit the state's economy and foster economic development.

24 (b) It is the purpose of AS 19.65.050 - 19.65.100 to

25 (1) enable the authority [ALASKA MARINE HIGHWAY SYSTEM]
26 to manage and operate in a manner that will enhance performance and accountability
27 by allowing the authority [SYSTEM] to account for and spend its generated revenue;

28 (2) provide the management tools necessary to efficiently operate the
29 authority [ALASKA MARINE HIGHWAY SYSTEM];

30 (3) within constitutional constraints, provide for a predictable funding
31 base for authority [SYSTEM] operations; and

1 (4) provide for predictability and stability in the service level furnished
2 to communities served by the authority [SYSTEM].

3 (c) It is the intent of AS 19.65.050 - 19.65.100 to

4 (1) encourage prudent administration through cost management and
5 accurate budgeting by the board of directors [MANAGERS] of the authority
6 [ALASKA MARINE HIGHWAY SYSTEM];

7 (2) increase revenue from the operation of the authority [SYSTEM]
8 consistent with the public interest, increase service consistent with sound fiscal policy,
9 and assist the prudent management and operation of the authority [SYSTEM]; and

10 (3) achieve stability in the level of service communities can anticipate
11 through accurate planning and scheduling.

12 * Sec. 6. AS 19.65.060 is amended to read:

13 **Sec. 19.65.060. Alaska Marine Highway Authority** [MARINE HIGHWAY
14 **SYSTEM] fund.** (a) There is created, as a special account in the general fund, the
15 Alaska Marine Highway Authority [MARINE HIGHWAY SYSTEM] fund, into
16 which shall be deposited

17 (1) the gross revenue of the authority [ALASKA MARINE
18 HIGHWAY SYSTEM];

19 (2) money that is appropriated to the [ALASKA MARINE HIGHWAY
20 SYSTEM] fund by the legislature in an amount that is consistent from year to year and
21 is the amount necessary, after consideration of gross revenue, to provide stable services
22 to the public consistent with the provisions of AS 19.65.050(b)(4); unless otherwise
23 provided by the legislature, appropriations to the fund under this paragraph [,
24 WHICH APPROPRIATIONS] are not one-year appropriations and [THE BALANCES
25 OF WHICH] do not lapse under AS 37.25.010; and

26 (3) any other money that is appropriated to the [ALASKA MARINE
27 HIGHWAY SYSTEM] fund by the legislature; unless otherwise provided by the
28 legislature, appropriations to the fund under this paragraph [, WHICH
29 APPROPRIATIONS] are not one-year appropriations and [THE BALANCES OF
30 WHICH] do not lapse under AS 37.25.010.

31 (b) Nothing in AS 19.65.050 - 19.65.100 [THIS CHAPTER] exempts money

deposited into the [ALASKA MARINE HIGHWAY SYSTEM] fund from the requirements of AS 37.07 (Executive Budget Act) or dedicates that money for a specific purpose.

* Sec. 7. AS 19.65.070 is amended to read:

Sec. 19.65.070. Revenue accounting. (a) The authority [ALASKA MARINE HIGHWAY SYSTEM] shall account for and remit to the Department of Revenue in accordance with AS 37.10.050 all gross revenue generated from the operation of the authority [ALASKA MARINE HIGHWAY SYSTEM] during each fiscal year [ANNUAL OPERATING CYCLE]. The money shall then be deposited in the Alaska Marine Highway Authority [MARINE HIGHWAY SYSTEM] fund.

(b) The authority [ALASKA MARINE HIGHWAY SYSTEM] shall prepare a written report, not [NO] later than the 10th day of each regular legislative session, regarding the previous fiscal year [ANNUAL OPERATING CYCLE] and notify the legislature that the report is available. The report must identify

(1) gross revenue generated during the previous fiscal year [ANNUAL OPERATING CYCLE];

(2) gross revenue generated during the current fiscal year [ANNUAL OPERATING CYCLE] and an estimate of gross revenue for the remainder of the current fiscal year [ANNUAL OPERATING CYCLE];

(3) projections of the gross revenue to be generated during the next fiscal year [ANNUAL OPERATING CYCLE]; and

(4) the difference between previous gross revenue estimates prepared under this section and the revenues actually generated.

(c) The Department of Revenue shall prepare a written report, no later than the 10th legislative day of each regular legislative session, regarding the earnings on gross revenue of the authority [ALASKA MARINE HIGHWAY SYSTEM] that was deposited into the Alaska Marine Highway Authority [MARINE HIGHWAY SYSTEM] fund during the prior fiscal year and projected earnings on gross revenue of the authority [ALASKA MARINE HIGHWAY SYSTEM] that is projected to be deposited into the Alaska Marine Highway Authority [MARINE HIGHWAY SYSTEM] fund for the current fiscal year and the next fiscal year. The Department

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

1 deposited into the [ALASKA MARINE HIGHWAY SYSTEM] fund from the
2 requirements of AS 37.07 (Executive Budget Act) or dedicates that money for a
3 specific purpose.

4 * Sec. 7. AS 19.65.070 is amended to read:

5 Sec. 19.65.070. Revenue accounting. (a) The authority [ALASKA
6 MARINE HIGHWAY SYSTEM] shall account for and remit to the Department of
7 Revenue in accordance with AS 37.10.050 all gross revenue generated from the
8 operation of the authority [ALASKA MARINE HIGHWAY SYSTEM] during each
9 fiscal year [ANNUAL OPERATING CYCLE]. The money shall then be deposited
10 in the Alaska Marine Highway Authority [MARINE HIGHWAY SYSTEM] fund.

11 (b) The authority [ALASKA MARINE HIGHWAY SYSTEM] shall prepare
12 a written report, not [NO] later than the 10th day of each regular legislative session,
13 regarding the previous fiscal year [ANNUAL OPERATING CYCLE] and notify the
14 legislature that the report is available. The report must identify

15 (1) gross revenue generated during the previous fiscal year [ANNUAL
16 OPERATING CYCLE];

17 (2) gross revenue generated during the current fiscal year [ANNUAL
18 OPERATING CYCLE] and an estimate of gross revenue for the remainder of the
19 current fiscal year [ANNUAL OPERATING CYCLE];

20 (3) projections of the gross revenue to be generated during the next
21 fiscal year [ANNUAL OPERATING CYCLE]; and

22 (4) the difference between previous gross revenue estimates prepared
23 under this section and the revenues actually generated.

24 (c) The Department of Revenue shall prepare a written report, no later than the
25 10th legislative day of each regular legislative session, regarding the earnings on gross
26 revenue of the authority [ALASKA MARINE HIGHWAY SYSTEM] that was
27 deposited into the Alaska Marine Highway Authority [MARINE HIGHWAY
28 SYSTEM] fund during the prior fiscal year and projected earnings on gross revenue
29 of the authority [ALASKA MARINE HIGHWAY SYSTEM] that is projected to be
30 deposited into the Alaska Marine Highway Authority [MARINE HIGHWAY
31 SYSTEM] fund for the current fiscal year and the next fiscal year. The Department

1 of Revenue shall notify the legislature that the report is available.

2 * Sec. 8. AS 19.65.080 is amended to read:

3 **Sec. 19.65.080. Annual appropriation.** (a) Commencing with appropriations
4 for the fiscal year that begins July 1, 1991, on an annual basis and under AS 37.07
5 (Executive Budget Act), the legislature may appropriate amounts from the [ALASKA
6 MARINE HIGHWAY SYSTEM] fund for management and operation of [TO] the
7 authority [ALASKA MARINE HIGHWAY SYSTEM].

8 (b) The authority [DEPARTMENT OF TRANSPORTATION AND PUBLIC
9 FACILITIES] may request the legislature to appropriate money from the [ALASKA
10 MARINE HIGHWAY SYSTEM] fund to the authority [MARINE HIGHWAY
11 SYSTEM] for capital improvements [,] if

12 (1) the appropriation under (a) of this section has been made;

13 (2) the amount in the fund, without regard to the appropriation under
14 (a) of this section, exceeds the total of gross revenue deposited in the fund and the
15 general fund appropriations under AS 19.65.060(a)(2) by 10 percent; and

16 (3) the amount requested for appropriation under this subsection does
17 not exceed 50 percent of the balance remaining after the appropriation for annual
18 management and operations is made under (a) of this section.

19 (c) The unexpended and unobligated balance of money appropriated from the
20 [ALASKA MARINE HIGHWAY SYSTEM] fund lapses into the [ALASKA MARINE
21 HIGHWAY SYSTEM] fund at the end of the fiscal year for which it was appropriated.

22 * Sec. 9. AS 19.65.100 is amended to read:

23 **Sec. 19.65.100. DEFINITIONS.** In AS 19.65.050 - 19.65.100,

24 (1) "authority" means the Alaska Marine Highway Authority
25 ["ANNUAL OPERATING CYCLE" MEANS THE ANNUAL STATE FISCAL YEAR
26 BEGINNING ON JULY 1 AND ENDING AT MIDNIGHT ON THE FOLLOWING
27 JUNE 30];

28 (2) "fiscal year" has the meaning given in AS 37.07.120;

29 (3) "fund" means the Alaska Marine Highway Authority fund;

30 (4) "gross revenue" means all money, except money refunded to ticket
31 holders and others for unused services, that is generated from the operation of the

1 authority [ALASKA MARINE HIGHWAY SYSTEM], including that derived from
2 vessel operations and uses of authority [ALASKA MARINE HIGHWAY SYSTEM]
3 facilities.

4 * Sec. 10. AS 23.40.040 is amended to read:

5 **Sec. 23.40.040. Collective bargaining agreement.** The Alaska Marine
6 Highway Authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC
7 FACILITIES] or an authorized representative, in accordance with AS 23.40.020 -
8 23.40.030, may negotiate and enter into collective bargaining agreements concerning
9 wages, hours, working conditions, and other employment benefits with the employees
10 of the authority [DIVISION OF MARINE TRANSPORTATION] engaged in
11 operating the state ferry system as masters or members of the crews of vessels or their
12 bargaining agent. [A COLLECTIVE BARGAINING AGREEMENT IS NOT FINAL
13 WITHOUT THE CONCURRENCE OF THE COMMISSIONER OF
14 TRANSPORTATION AND PUBLIC FACILITIES.] The authority
15 [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] may make
16 provision in the collective bargaining agreement for the settlement of labor disputes
17 by arbitration.

18 * Sec. 11. AS 29.35.722 is amended to read:

19 **Sec. 29.35.722. Ownership or operation of certain state facilities**
20 **prohibited.** The state may not, without the approval of the legislature,

21 (1) convey or transfer the assets of the Alaska Marine Highway
22 Authority [MARINE HIGHWAY SYSTEM], the Anchorage or Fairbanks international
23 airports, or any other state asset, except undeveloped state land as provided in
24 AS 38.05.810 or surplus property, to an authority; or

25 (2) enter into an agreement with an authority under which the authority
26 would operate the Alaska marine highway system, the Anchorage or Fairbanks
27 international airports, or any other state facility, system, or function that employs one
28 or more employees.

29 * Sec. 12. AS 35.10.015(c) is amended to read:

30 (c) In this section, "public facilities" includes vessels owned by the state and
31 operated by the Alaska Marine Highway Authority [DIVISION OF MARINE

TRANSPORTATION OF THE DEPARTMENT AS A PART OF THE ALASKA MARINE HIGHWAY SYSTEM]. All ferries owned or operated by the state shall be equipped with elevators or other passenger lifting equipment, ramps, or other facilities and devices to ensure that these vessels are accessible to and usable by physically handicapped, aged, or infirm passengers. In this subsection, "accessible to and usable by" means that a physically handicapped, aged, or infirm passenger can board, disembark, and move between decks and about the public areas aboard a state ferry with personal comfort and safety, and with safety to, other passengers and members of the crew.

* Sec. 13. AS 35.10.015(d) is amended to read:

(d) A [AFTER JUNE 25, 1976, A] ferry may not be constructed, lengthened, completely renovated, or purchased for use or entered into service by the Alaska Marine Highway Authority [DIVISION OF MARINE TRANSPORTATION OF THE DEPARTMENT AS A PART OF THE ALASKA MARINE HIGHWAY SYSTEM] that does not include adequate facilities and devices to ensure that the vessel is accessible to and usable by physically handicapped, aged, or infirm passengers. Some staterooms and all restrooms, indoor passageways, outdoor weather decks, and other public areas aboard the vessel shall be so designed and constructed as to permit access and use by physically handicapped, aged, or infirm passengers, including [BUT NOT LIMITED TO] those persons occupying a wheelchair.

* Sec. 14. AS 35.27.020(c) is amended to read:

(c) At least one percent or, in the case of a rural school facility, at least one-half of one percent of the construction cost of a building or facility approved for construction by the legislature after September 1, 1977, will be reserved for the following purposes: the design, construction, mounting, and administration of works of art in a school, office building, court building, [VESSEL OF THE MARINE HIGHWAY SYSTEM,] or other building or facility that [WHICH] is subject to substantial public use.

* Sec. 15. AS 35.27 is amended by adding a new section to read:

Sec. 35.27.025. Application to Alaska Marine Highway Authority. This chapter applies to the Alaska Marine Highway Authority. Compliance with this

1 chapter is the sole responsibility of the authority with respect to the buildings and
2 facilities of the authority.

3 * Sec. 16. AS 35.27.030(1) is amended to read:

4 (1) "building" or "facility" means a permanent improvement constructed
5 by the department or authority; the term

6 (A) includes, but is not limited to,

7 (i) schools, office buildings, and court buildings;

8 (ii) other buildings that [WHICH] the commissioner
9 determines are designed for substantial public use;

10 (iii) [BOATS AND VESSELS OF THE MARINE
11 HIGHWAY SYSTEM;

12 (iv)] transportation facilities that [WHICH]
13 accommodate traveling passengers;

14 (B) excludes other transportation facilities and boats and
15 vessels of the authority;

16 * Sec. 17. AS 35.27.030 is amended by adding a new paragraph to read:

17 (4) "authority" means the Alaska Marine Highway Authority.

18 * Sec. 18. AS 36.30.015(g) is amended to read:

19 (g) The Alaska Marine Highway Authority [DEPARTMENT OF
20 TRANSPORTATION AND PUBLIC FACILITIES] shall adopt regulations to manage
21 the procurement of supplies, services, professional services, and construction for the
22 repair, maintenance, and reconstruction of vessels, docking facilities, and passenger and
23 vehicle transfer facilities of the Alaska marine highway system. The regulations must
24 be based on principles of competitive procurement consistent with this chapter to
25 satisfy the special requirements of the Alaska marine highway system as determined
26 by the Alaska Marine Highway Authority [DEPARTMENT OF
27 TRANSPORTATION AND PUBLIC FACILITIES].

28 * Sec. 19. AS 36.30.850(b)(29) is amended to read:

29 (29) construction of new vessels by the Alaska Marine Highway
30 Authority [DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES]
31 for the Alaska marine highway system;

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

2 (1) "agency"

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

6 (B) does not include

7 (i) the University of Alaska;

8 (ii) the Alaska Railroad Corporation;

9 (iii) the Alaska Housing Finance Corporation;

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

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

18 (vi) the Alaska Aerospace Development Corporation;

19 (vii) the Alaska State Pension Investment Board;

20 (viii) the Alaska Seafood Marketing Institute;

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

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

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

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

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

21 (d) In this section,

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

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

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

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

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

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

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

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

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

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

1 (11) the officers and employees of the following boards, commissions,
2 and authorities:

- 3 (A) [REPEALED
4 (B)] Alaska Permanent Fund Corporation;
5 (B) [(C)] Alaska Industrial Development and Export Authority;
6 (C) [(D)] Alaska Commercial Fisheries Entry Commission;
7 (D) [(E)] Alaska Commission on Postsecondary Education;
8 (E) [(F)] Alaska Aerospace Development Corporation;
9 (F) Alaska Marine Highway Authority;

10 * Sec. 26. AS 39.30.150(b) is amended to read:

11 (b) Employees of the Alaska Marine Highway Authority [DIVISION OF
12 MARINE TRANSPORTATION] included in the public employees' retirement system
13 through the process of collective bargaining under AS 39.35.680(21)(D) may, under
14 the terms of a collective bargaining agreement, utilize contributions made under (a) of
15 this section on their behalf to offset the costs of inclusion in the public employees'
16 retirement system; however,

17 (1) the state is placed under no obligation to continue making
18 contributions under this section if the state resumes participation in the federal social
19 security system;

20 (2) the bargaining agreement must provide a mechanism for satisfying
21 any residual liabilities that might exist if the state resumes participation in the federal
22 social security system; and

23 (3) funds contributed under (a) of this section on behalf of employees
24 who are not covered by maritime union contracts may not be obligated or expended
25 to pay any costs associated with the inclusion of marine transportation employees in
26 the public employees' retirement system.

27 * Sec. 27. AS 39.35.680(21) is amended to read:

28 (21) "member" or "employee"

29 (A) means a person eligible to participate in the system and
30 who is covered by the system;

31 (B) includes