

ALASKA LEGISLATURE COMMITTEE FILES 1901-1904

2123 HT HB 649 - HB 651 2103

AMENDMENT

OFFERED IN THE HOUSE:

By: ANDERSON

To: CS-TRANS.

HOUSE BILL No. CS HR 649

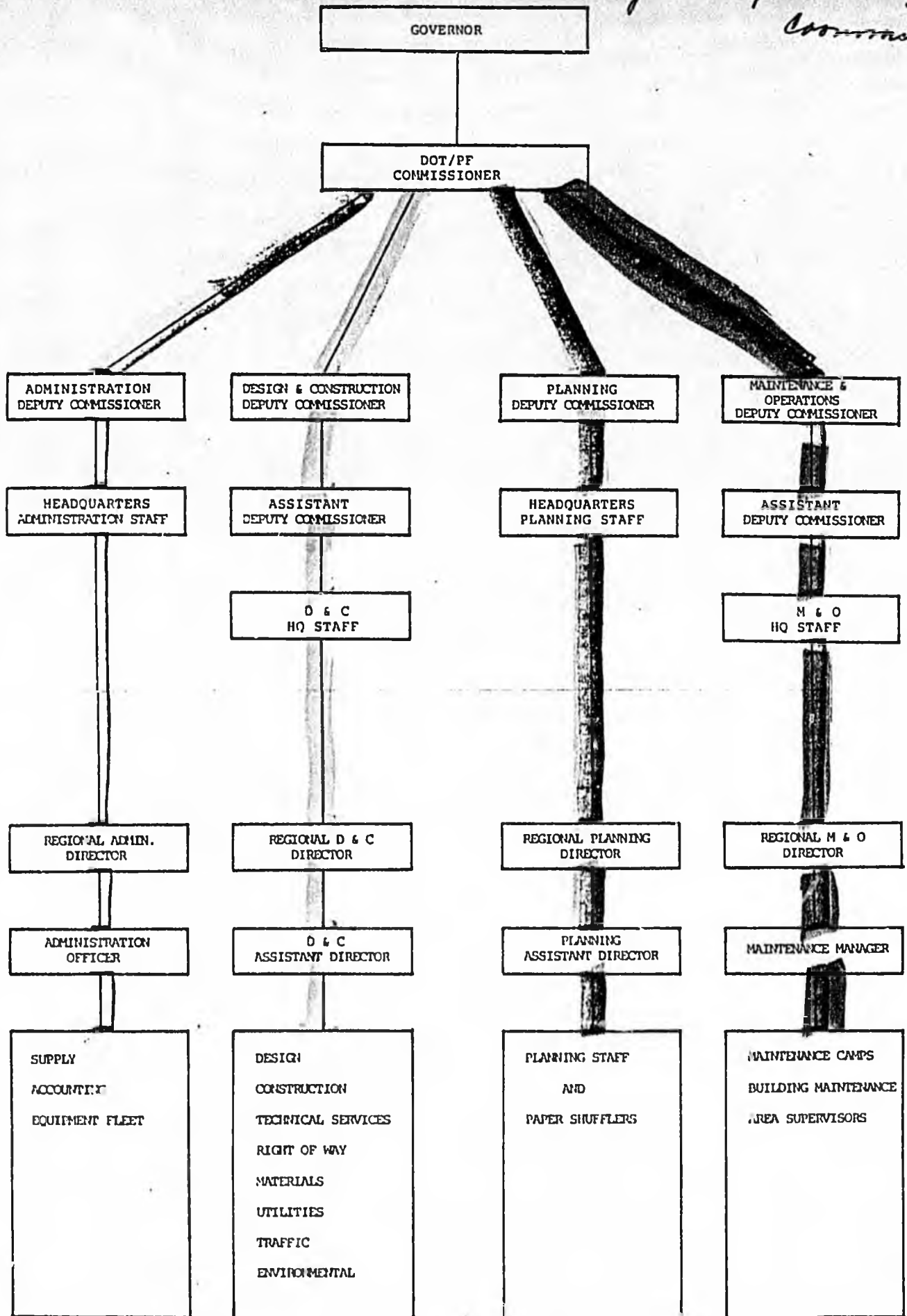
SENATE BILL No. —

PAGE: 3

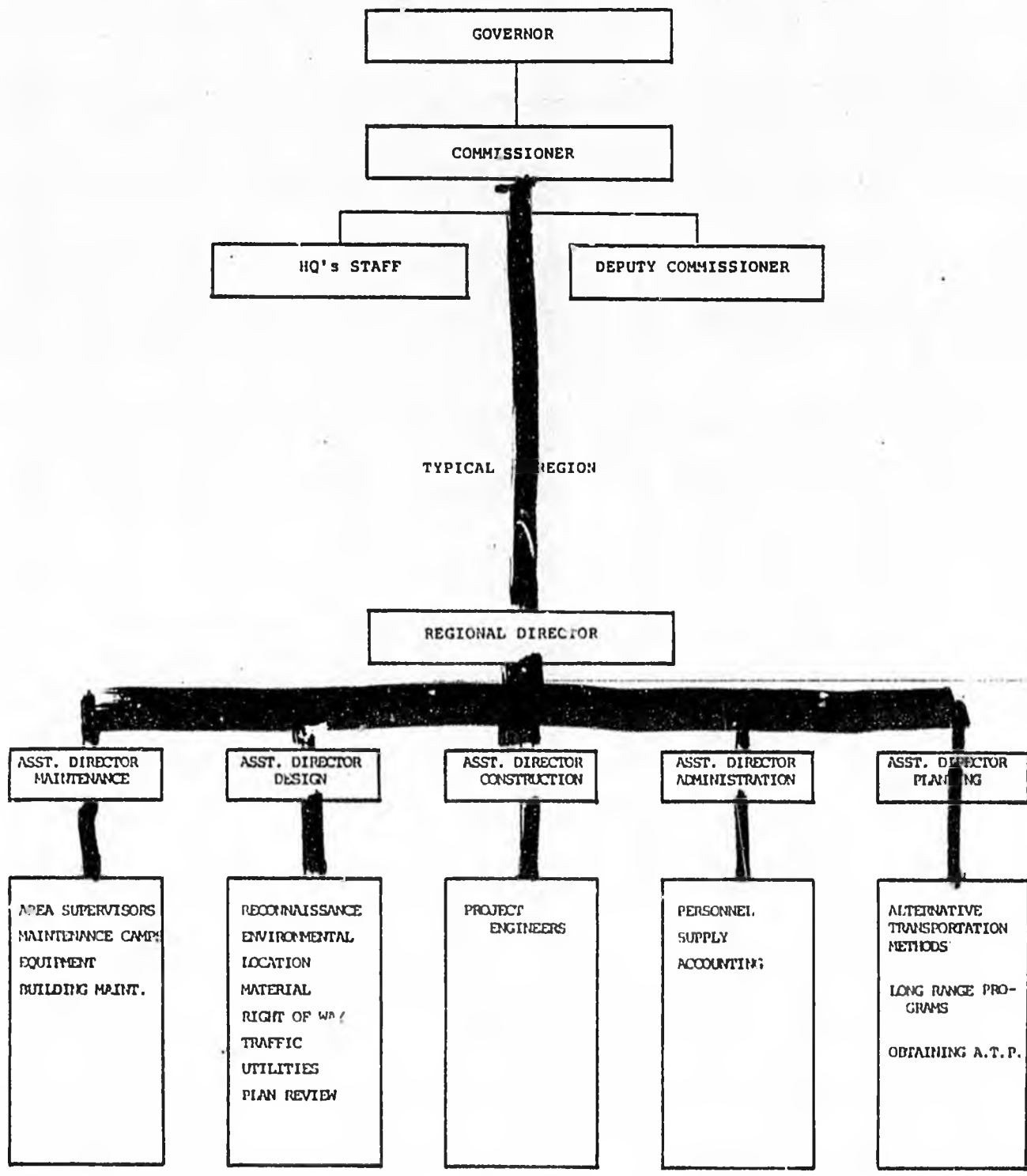
LINE: 20

AFTER "PLANS," DELETE "PROGRAM"
AND INSERT "AGENCY"

*By Transportation
Committee*



*By Transportation
Committee*



TESTIMONY ON CS HB 648, CS HB 649, CS HB 651,
CS HB 652 and CS HB 654

My name is Walter B. Parker. I am a resident of Anchorage, Alaska residing at 3724 Campbell Airstrip Road. I have been active in Alaskan transportation operations and planning since 1946.

CS HB 649

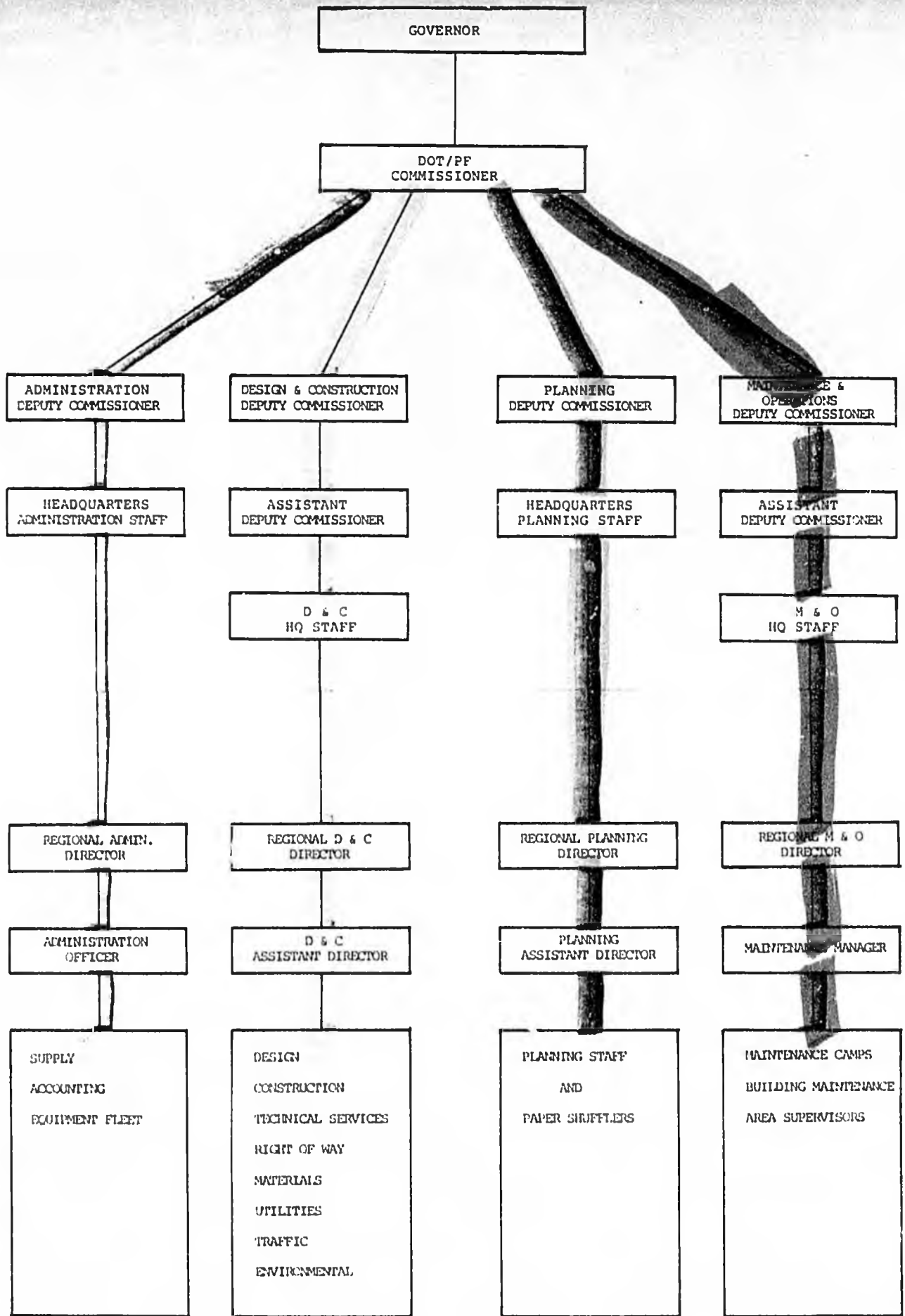
I strongly support the primary concepts contained in this bill. The original idea of a state DOT envisioned regional transportation directors who would be responsible for coordinating planning, programming, operations and maintenance in their regions and who would report directly to the Commissioner. The director for each region could be selected for a background that most suited the problems of that region.

Normally, it is bad practice to place administrative boundaries in the statutes as this bill does. However, it is not a major problem and if other regions were created it could be accomplished at the next legislative session.

I would hope that we would soon have another region for Kodiak, the Aleutians, the Alaska Peninsular and Bristol Bay. I believe that the unique transportation requirements of western Alaska can best be met by having two regions which are devoted solely to those problems and staffed to handle those problems.

I also believe that the AMATS and FMATS structures could be separated out from their regions and handled as independent entities with liaison and coordination staff from DOT. This would leave Central Region and Interior free to handle the state concerns and the intent of AMATS and FMATS for maximum municipal control would be further enhanced. In the same manner, there is no particular reason why the Anchorage and Fairbanks International Airports could not be independent entities for administrative purposes. This would ensure that the regional director would focus most of his energies on regional concerns rather than on the major units for which he has responsibility. Obviously, planning would relate to all of the above both at the regional and statewide level but it would be planning for systems and not for day to day operations and maintenance.

Finally, the structure proposed in this bill would enable the Commissioner's office to become a lean planning, auditing and evaluating function. This would leave the Commissioner free for interaction with the regional directors, other state and federal agencies, the Governor and the legislature to maintain overall policy direction. The main point is that the relationship between regional directors and the Commissioner would be uninterrupted by other staff levels. Overall system direction for highways, aviation, marine, transit and other systems could be maintained through assignments in the Commissioner's office.



Bill Analysis by Rep. Bette Cato's office.

HB 649 "an act relating to regions in the Department of Transportation and Public Facilities; prescribing the duties of regional transportation and public facilities directors; and providing for an effective date."

This bill establishes boundaries for regions in the state of the Department of Transportation and Public Facilities. It requires that each director has at least 6 years experience in transportation construction or engineering. It gives geographical boundaries (charted on a map for the committee consideration) and also lists duties of regional transportation and public facilities directors.

Sec. 3. AS 44.42 Adds a new section for duties of the directors.

(a) Each director is responsible for planning, design, and construction within the region consistent with the state transportation plan and the public facilities plan.

(b) directors shall submit to the commissioner proposed program plans, program budget requests, and reports of program performance at a time directed by the director of the division of budget and management. The commissioner may comment on the plan but shall forward it to budget and management without change.

(c) The directors shall submit to the commissioner a plan for their region implementing the statewide plan 90 days prior to the end of the fiscal year, for the following year. A change in the plan can be submitted at any time but the commissioner has 90 days to disapprove of the plan.

This bill takes effect July 1, 1982

HB 649-REGIONS

**GO THROUGH THE BILL ANALYSIS

**I would like to read the comments of Walt Parker for the committee. His thoughts are very accurate on this bill

**On the desk in front of you are maps that outline the new regions. Keep in mind that the boundaries themselves are important, but the most important item is the regional authority and accountability.

Just think of it. If this bill passes, it may be possible for you and your constituents to call the regional office and get an answer to a question about a project that is in that region. Wouldn't that be amazing?

On the fiscal note, I believe that this is not an accurate judgement of the impact. DOT has told the committee that regionalization is complete. They have "regionalized" into three regions that are in essence "Satellites" of the powerful headquarters staff. Look at the organizational charts. In the existing case "all power for coordination is in the commissioner's office" In reality, nobody talks to each other. Planning is involved in every phase of a project. I have personally witnessed emergency situations where the people in the field are ready to move in and secure the area but must wait until it can be, "cleared through Juneau First". The largest problem that I witnessed in several occasions was "finding" the appropriate person to get authorization.. I submit that regional personnel that work and live in the area each day, given the authority are in a much better position to make decisions than a person hundreds of miles or more away via a telephone line.

I would be happy to answer questions.....

Alaska State Legislature

House of Representatives

Committee on Transportation



Rep. Bette Cato, Chairman

Wednesday
March 31, 1982

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

Testimony before House Finance Committee - HB 649 - Regions

Contents in YOUR folder

Bill Analysis
Walt Parker's testimony
Two Charts
Map
Committee Substitute
Fiscal Note

Contents we gave to committee

Contents are identical.

Alaska State Legislature

House of Representatives



Rep. Bette Cato, Chairman

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

TO: Transportation Committee Members

FROM: Bette Cato, Chairman
House Transportation Committee

RE: Transcript from this morning's meeting - HB 654
Transportation Board.

DATE: Wednesday, February 24, 1982

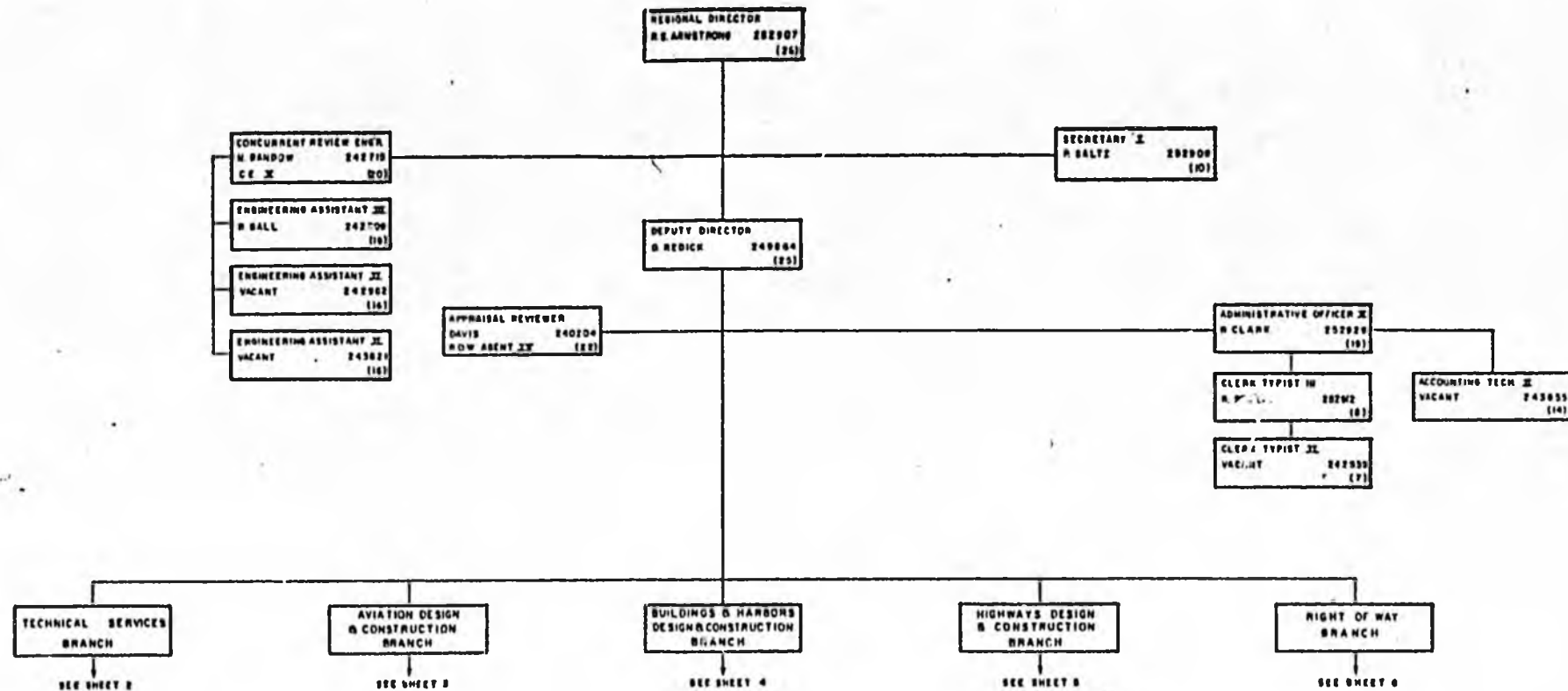
The following is a transcript of a portion of this morning's House Transportation Committee meeting:

Rep. Sutcliffe - ... "I can see that if we did it carefully, that couldn't we create a board that did function and actually did work....I know there's a chance in there that it might not work...is the risk too great, that it might not function and that it might dilute the whole system further...but can't you see that the Board would function properly and really have a place in a..."

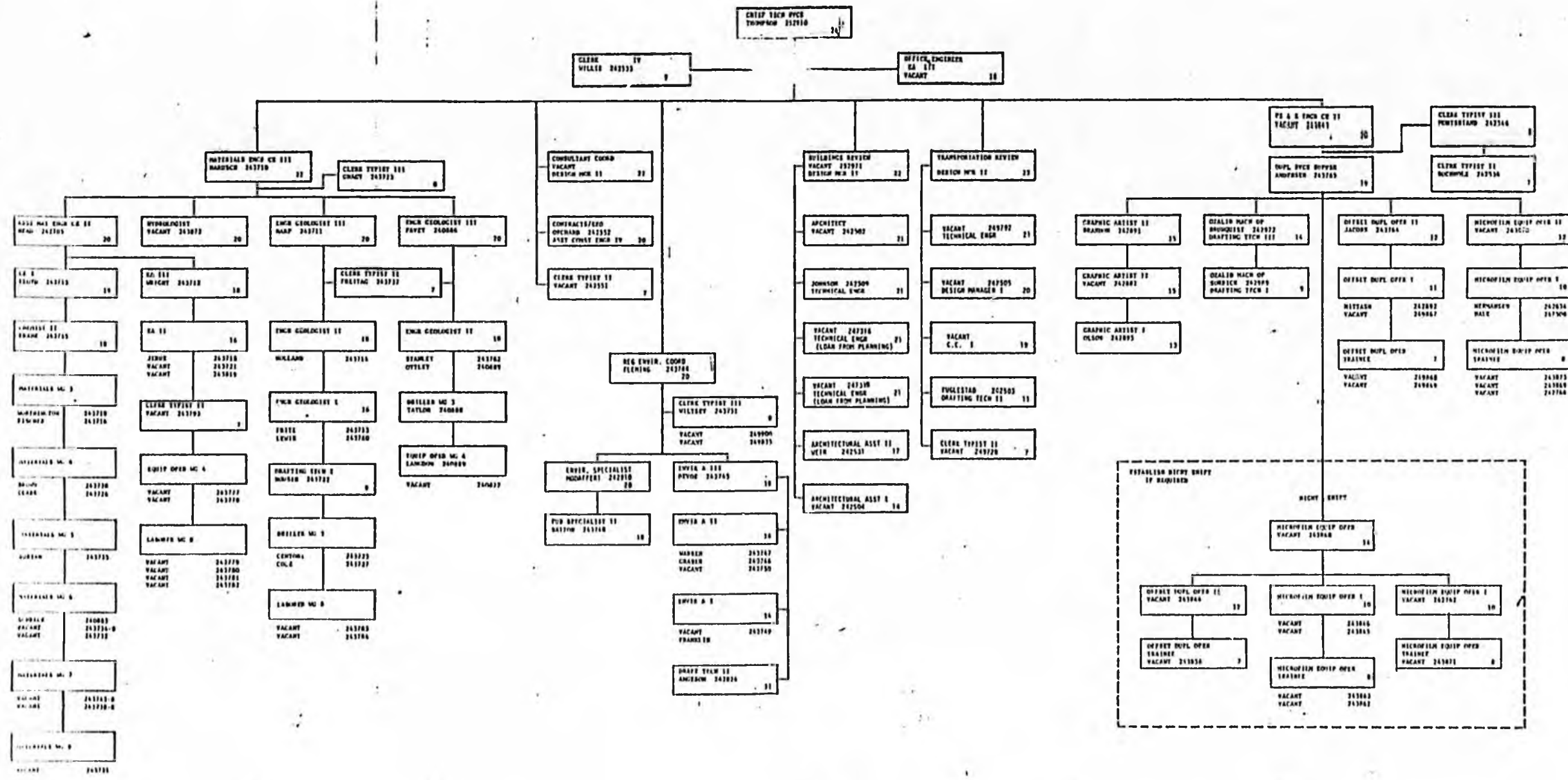
Ron Lind, Deputy Commissioner, DOTPF, - .. "Madam Chairman, I think that part of it is a philosophical, ah, discussion, in that, I don't think, that, well, in my philosophical view of what, sort of, government is doing, a board shouldn't be there; it shouldn't function; I mean it might run a department. But it seems to me that the purpose of the elected process is to have changes and that by that I don't think that transportation/construction is so important in terms of the total thing that you want to give up that ability to change the direction of the department when you change an administration. In other words, if the administration is elected on the view that, ah, economic resource development, in terms of new roads, new expansions into other areas is the thing that the, ah, electorate elected him for and you have a board from a holdover from another type of, ah, viewpoint and they're saying "no, we're doing something else". I just think that those things should be changeable with the administration. Now, the Board of Regents....."

CENTRAL REGION DESIGN & CONSTRUCTION

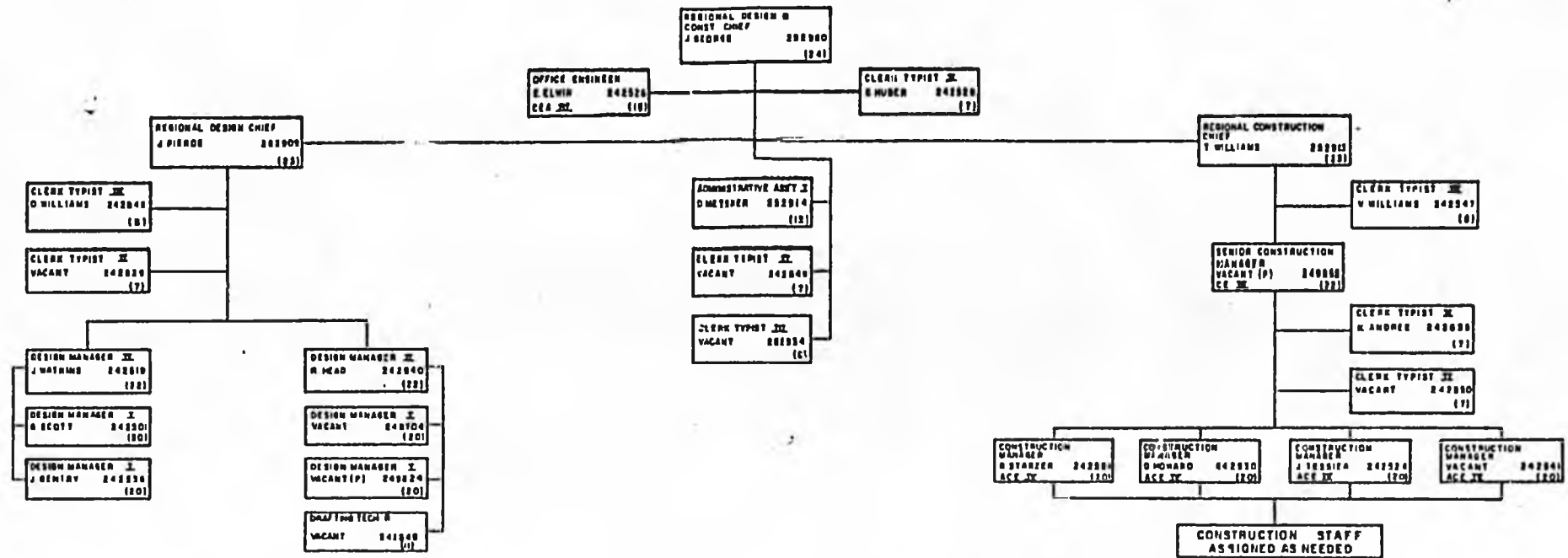
PROPOSED - Title, classes, pay, grades, and staff are not, in all cases, approved by personnel and are subject to change.



CENTRAL REGION TECHNICAL SERVICES



CENTRAL REGION BUILDINGS & HARBORS



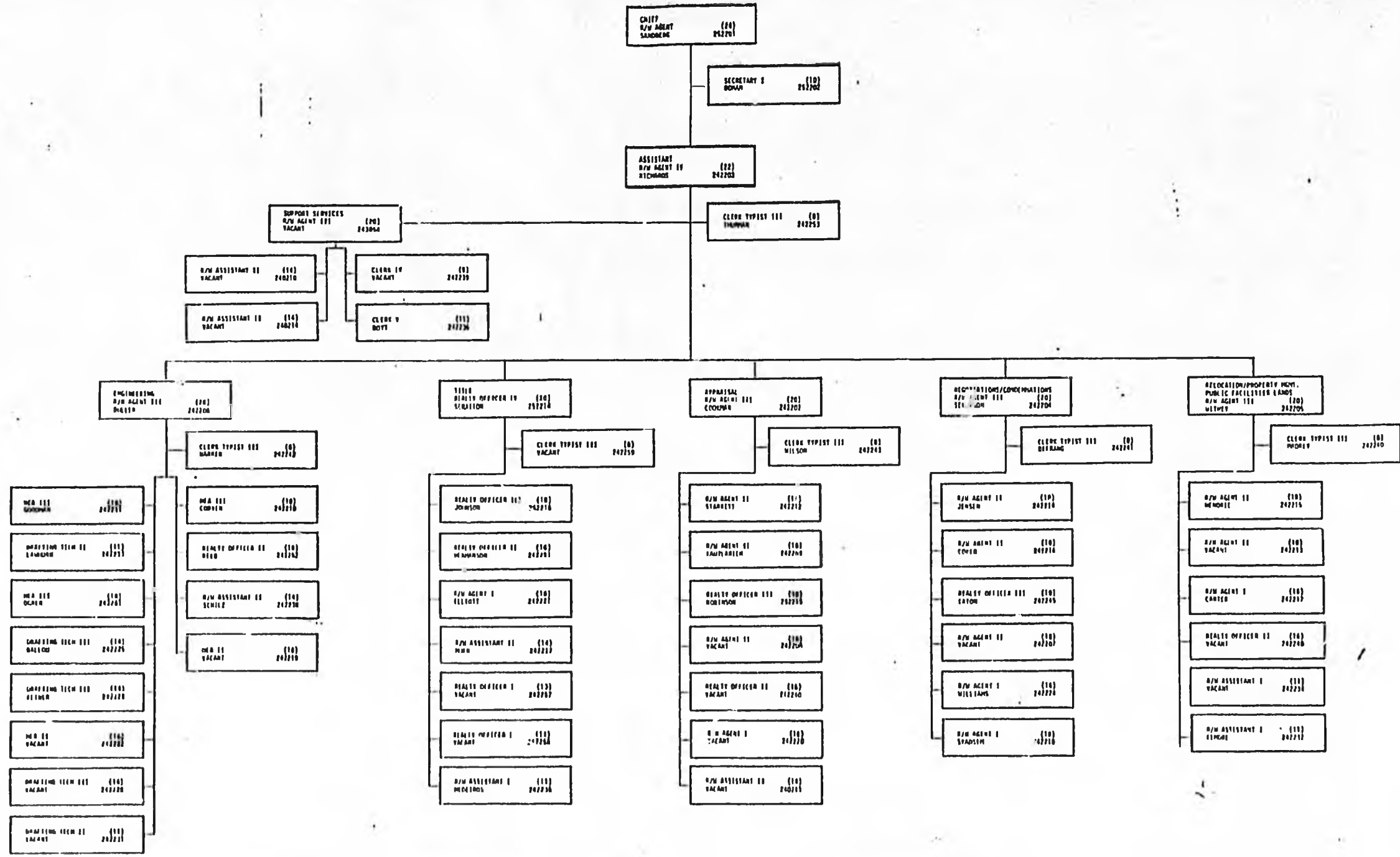
ACE II
VACANT 247418
VACANT 247480

ACE III
J. MARQUARDT 242881
A. MATYS 242892
J. SHULZ 242841
D. SHEPWOOD 242848
VACANT 242880
JUDD 242710
KEENAN 242844
VACANT 242800
241831
241803
242884
242888

ACE I
VACANT 242810

ENGINEER CLASS II
P. PROKOPONKH 242807
VACANT 242886
242887

CENTRAL REGION RIGHT - OF - WAY



WORK ORDER 12-1988

"an act relating to regions in the Department of Transportation and Public Facilities; prescribing the duties of regional transportation and public facilities directors; and providing for an effective date."

This bill establishes regions as does the bill that outlines the board and it's responsibilities. That bill may incorporate this bill as there are some differences. *** Keep in mind here and throughout this analysis, that all of these bills were drafted as though if one of them passed and the others didn't, the individual bill that did pass would serve to help out some of the identified problems that the bills, in total, are to address. Therefore, they can stand alone on their own and at the same time can be incorporated as a group easily.***

It also requires that each director has at least 6 years experience in transportation construction or engineering. It gives geographical boundaries (could be charted on a map for the committee consideration) and also lists duties of regional transportation and public facilities directors. See Sec. 3 page 3, for complete language.

Set Analysis

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This bill takes effect July 1, 1982

Please keep in mind that the final notes have been prepared ^{by} the very department we are "dealing" with.

****COPY****

1531

ALASKA HOUSE OF REPRESENTATIVES
QUORUM

2ND SESSION 12TH LEG

4/18/82 7:15 PM

		32	YEAS	0	NAYS	3	EXC	5	ABS		
Y		Y	ABOOD	Y	CHUCKWUK	Y		Y	HAUGEN	Y	PHILLIPS
Y	E	Y	ADAMS	Y	CLOCKSIN	Y		Y	HAYES	A	RANDOLPH
Y		Y	ANDERSON	Y	COTTEN	Y		Y	HURLBERT	Y	ROGERS
Y		Y	BARNES	Y	CUDDY	Y		Y	MALONE	Y	SMITH
Y		Y	BEIRNE	A	DUNCAN	Y		Y	MARTIN	Y	SUTCLIFFE
Y		Y	BETTISWORTH	Y	FANNING	Y		Y	MEEKINS	A	VASKA
Y		Y	BROWN	E	FREEMAN	Y		Y	METCALFE	Y	ZHAROFF
Y	E	Y	BUCHHOLDT	Y	FULLER	Y		Y	MILLER		
Y		Y	BYLSMA	A	GARDINER	Y		Y	MONTGOMERY		
Y		Y	CARNEY	Y	GRUSSENORF	Y	A	Y	MOSS		
Y		Y	CATO	Y	HALFORD	Y		Y	O'CONNELL		

+ VOTED FOR
* CHANGED VOTE

1533

****COPY****
ALASKA HOUSE OF REPRESENTATIVES
CSHB 649 TRSF AM EFD

2ND SESSION 12TH LEG

4/18/02 8:21 PM

		21 YEAS	15 NAYS	4 EXC	0 ABS		
Y	ABOOD	N	CHUCKWUK	E	HAUGEN	N	PHILLIPS
E	ADAMS	N	CLOCKSIN	Y	HAYES	Y	RANDOLPH
Y	ANDERSON	N	COTTEN	Y	HURLBERT	N	ROGERS
Y	BARNES	Y	CUDDY	N	MALONE	N	SMITH
Y	BEIRNE	N	DUNCAN	Y	MARTIN	Y	SUTCLIFFE
Y	BETTISWORTH	Y	FANNING	N	MEEKINS	Y	VASKA
N	BROWN	E	FREEMAN	Y	METCALFE	N	ZHAROFF
E	BUCHHOLDT	Y	FULLER	N	MILLER		
Y	BYLSMA	N	GARDINER	Y	MONTGOMERY		
Y	CARNEY	N	GRUSSENDORF	N	MOSS		
Y	CATO	Y	HALFORD	Y	O'CONNELL		

+ VOTED FOR
* CHANGED VOTE

A M E N D M E N T

1.

OFFERED IN THE HOUSE:

By: ANDERSON

To: CS - TRANS.

HOUSE BILL No. CS HB 649

SENATE BILL No. —

PAGE: 3

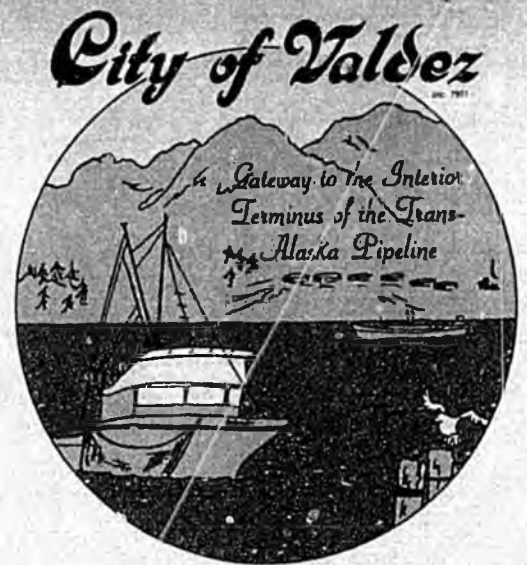
LINE: 20

AFTER "PLANS," delete "PROGRAM"
AND INSERT "AGENCY"

adopted
u/c

1
adopted

OFFICE OF ADMINISTRATION
February 23, 1982



Representative Bette Cato
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: House Bill No. 649
Valdez Backup Information

Dear Representative Cato:

Due to perceived inefficiencies within the Department of Transportation and Public Facilities (DOT/PF), the Commissioner decided, during the spring of 1981, to reorganize the DOT/PF design section into three regions. Historically, there have been five regions administered from Valdez, Nome, Anchorage, Fairbanks and Juneau. However, not all functions of the department were necessarily represented in each region.

The reorganization plan is reducing the number of regions responsible for design functions to three, eliminating the design component in Valdez (Nome not currently having a design component) by transferring Valdez construction employees to Anchorage and Fairbanks. In conjunction with this transfer will be the expansion of the three regional offices' authority and responsibilities so that disputes can be settled on the regional level and need not be mediated by the Juneau Headquarters. This reorganization is supposedly being accomplished in order to increase the efficiency of the department by:

- . facilitating the integration of department functions and eliminating duplicative efforts by maximizing the utilization of available design personnel; and
- . decentralizing headquarters authority into strong regional organizations that can more adequately fulfill the myriad types of projects required of the department.

However, from the outset there has been strong opposition to this reorganization from the Valdez community and the DOT/PF employees effected by the plan. Four points keep surfacing when considering the organizational changes and the affect it will and has had upon Valdez.

- 1) A major concern of the opponents of the move/reorganization is that the removal of the highway design function in the Southcentral Region, served by Valdez, may result in a reduced interest in the rural highway systems. There is legitimate and strong fear that the design component for those highway projects will have to compete for attention and funding with urban projects.

This concern has already been proven justified due to the change in the five-year capital improvement priorities plan that has occurred since the reorganization of the Southcentral District Headquarters. The new capital improvement plan for this area now includes projects for the Whittier area, which had never previously been considered a part of the Southcentral District, and the overall budgets have been cut considerably for each year.

- 2) There was also considerable pride in Valdez that the Valdez design contingent has proven itself to be one of the most efficient design units in the State. Valdez residents have contended that if the DOT/PF Commissioner wants to increase the efficiency of the department, he should not integrate one of the most efficient units into a design unit that has a high concentration of problems.
- 3) Of major concern in and for Valdez are the adverse social and economic impacts on the community of Valdez. The loss of these state jobs will and is having an impact on retail businesses, the schools (the Growden-Harrison Grade School already under consideration for shutting down) and to some extent, the regional economy. Also, the Valdez DOT/PF design personnel are totally integrated within the community and are therefore actively involved in community affairs, serving on the many boards and commissions and providing many significant "professional" contributions to the growth and potential of the City.
- 4) The original reorganization plan stated that of the thirty-five positions in the design and construction unit in Valdez, twenty-five positions would move by October 01, 1981, leaving only construction employees in the design and construction unit in Valdez. As a result of these transfers, there would be two promotions and five demotions for the Valdez employees. In addition to the permanent employees in the design and construction unit in Valdez, there were fifty seasonal employees. After the transfer there would be fifty-two seasonal employees in design and construction in Valdez.

The original strength of the entire Valdez DOT/PF contingent was 110 full-time positions and 100 seasonal.

positions. About 25% of the entire contingent will be or has been effected by the move.

Although we are unable to ascertain if this original plan has been precisely activated, I do feel sure that these are fairly accurate numbers when estimating the DOT/PF employees already relocated out of Valdez. Additionally, there is valid concern among Valdez residents that more transfers will follow. The construction unit (eight employees) will remain in Valdez through the 1982 construction season because of the large number of projects on-line in the Southcentral Region, but there is a great deal of uneasiness that some support personnel will be moved to Anchorage and Fairbanks subsequent to this transfer of the design unit.

Additionally, the housing impact is and will continue to be large, due to several houses going on the market at the same time in a town the size of Valdez. This affects the price of existing housing as well as new construction.

- 4) A final point of concern, one voiced by both employees of Valdez DOT/PF and by other members of the community, is that the DOT/PF design contingent works within a relatively compact DOT/PF unit in Valdez. There is justifiable concern that this move to the much larger structures in Fairbanks and Anchorage will contribute to inter-division disputes being sent to headquarters for resolution, thus delaying and diluting decisions. Currently, disputes and/or differences between different sections can be resolved easily in-house because of the smallness of the operation in Valdez.

Therefore, due to our concerns mentioned above, it is the City of Valdez' opinion that a five-region DOT/PF system is preferable to a three region system. A persuasive case can and has been made for preserving a "rural-oriented" highway design and construction unit in Valdez. If the existing unit in Valdez is meshed into the larger more urban-oriented Anchorage and Fairbanks regions, the rural highway needs of a vast section of Alaska will most likely suffer. A design unit located in a region where sensitivities are attuned to rural highway requirements will undoubtedly be more affective in dealing with those requirements.

One of the basics that cannot be overlooked is that the Department of Transportation and Public Facilities was created for several good reasons, one of which was to place the authority and responsibility for designing, constructing and maintaining public transportation facilities in the hands of those people closest to those facilities. The philosophy that prompted that decision was, "those people closest to the transportation problem are most intimate with the problem and left to their own

House Bill No. 649
February 23, 1982
Page four

devices, they are in the most knowledgeable position to solve that problem at the lowest possible cost to the taxpayer while providing the safest and most convenient transportation facility to the traveling public".

This then forms the basis for proceeding with House Bill 649 and our belief in a "rural-oriented" system, which is what a five-region program provides.

Much of Alaska's road system, covering less than one-fourth of the State, can be easily served out of Valdez. Consequently, Valdez' current role should be at least maintained if not expanded. Rather than abolishing the rural highway emphasis, serious consideration should be given to expanding the Valdez region's jurisdictional area to cover more highway miles, both north towards Fairbanks and north and west towards Anchorage. Approximately two years ago the DOT/PF even considered expanding the Valdez region's reach and we feel this consideration was valid.

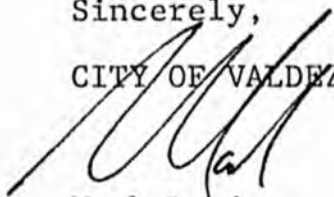
Additionally, the Prince William Sound area represents a major target area for expansion of the State's transportation system. The DOT/PF unit in Valdez should become the focal point for that expansion. Given the transportation benefits of making the area more accessible for recreation and visitor use as well as general economic development, an expanded DOT/PF presence in Valdez seems called for.

In closing I wish to reiterate that the City of Valdez heartily supports House Bill No. 649 and will assist its approval in any manner we possibly can.

If you require any additional information, please let me know.

Sincerely,

CITY OF VALDEZ



Mark Lewis
City Manager

mkr/lma

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 649 Relating to regions in DOTPF and prescribing
 Title duties of directors
 Requested by House Transportation Committee Date 1/21

II. FISCAL DETAIL
 Agency Affected _____
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	up to 9720.0					

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	up to	9720.0				
FEDERAL FUNDS						
OTHEP (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)
 The operating costs to duplicate the regional organizations for the Design and Construction Unit and the Planning and Programming Unit in two additional regions would approximate \$9.7 million in general funds. This estimate does not attempt to cover any costs which would be required for space and other capital costs.

The actual costs would vary greatly based upon the level of autonomy desired in the regions and the refinement of possible reduction in the existing regions. Reductions for duplication of effort would be minimal compared to the total cost.

Reductions to the existing regions have been limited to those now used for the Nome and Valdez Residencies and the three existing director positions which would be deleted.

IV. DATE February 22, 1982 PREPARED BY Ronald Lind *RL*
 AGENCY DOT/PF
 PHONE 465-3900
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

The cost estimates are based upon the assumptions that only the Design and Construction and Planning and Programming Units would be expanded into the two additional regions. No specific estimates have been made for costs of increased administrative services required in the regions.

The costs were calculated as follows:

For the Design and Construction activities, the lower general fund amount in the Southeast or Central Division in the 1983 budget for each component was used. The general fund costs for the two residencies were then deleted. The estimate for the Planning and Programming activities is based upon costs for the Transportation and Facility components for the Interior Region. The direct costs for capital projects were not included because it is assumed that they would be transfers.

Attachment

Attachment for Fiscal Note - HB 649

	<u>General Fund</u>	
	<u>Operating</u>	<u>Indirect</u>
Central Region - Director's Office	450.0	105.0
" " Technical Services	260.0	200.0
" " Buildings & Harbors	395.0	175.0
Southeast Region - Right of Way	310.0	20.0
" " Highway and Aviation	570.0	95.0
Subtotal:	<u>\$1,985.0</u>	<u>595.0</u>
Southcentral Residency	[30.0]	-
Western Residency	[40.0]	-
Estimated COLA 20%	<u>\$1,915.0</u>	<u>595.0</u>
	380.0	120.0
	<u>\$2,295.0</u>	<u>715.0</u>
Interior Transportation Planning	\$1,450.0	-0-
" Facility Planning	500.0	-0-
	<u>\$1,950.0</u>	-0-
Estimated COLA 10%	200.0	-0-
	<u>\$2,150.0</u>	
Subtotal D & C and P & P	\$4,445.0	715.0
Less estimate of 3 Directors which exist in current region	[300.0]	-0-
	<u>\$4,145.0</u>	<u>715.0</u>
Two additional regions	x 2	x 2
	<u>\$8,290.0</u>	<u>\$1430.0</u>
TOTAL		<u>\$9,720.0</u>

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 649 Relating to regions in DOTPF and prescribing
Title duties of directors
Requested by House Transportation Committee Date March 26, 1982

II. FISCAL DETAIL
Agency Affected _____
Program Category Affected _____
ERJ, Program, Or Subprogram(s) Affected _____
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
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FUNDING (Thousands of Dollars)

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GENERAL FUND	up to	9720.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

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FULL TIME						
PART TIME						
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IV. DATE March 30, 1982 PREPARED BY Ronald Lind
AGENCY DOT/PF
Original: Legislative Finance PHONE 465-3900
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

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" " Technical Services		260.0	200.0
" " Buildings & Harbors		395.0	175.0
Southeast Region - Right of Way		310.0	20.0
" " Highway and Aviation		570.0	95.0
Subtotal:		<u>\$1,985.0</u>	<u>595.0</u>
Southcentral Residency		[30.0]	-
Western Residency		[40.0]	-
Estimated COLA 20%		<u>\$1,915.0</u>	<u>595.0</u>
		380.0	120.0
		<u>\$2,295.0</u>	<u>715.0</u>
Interior Transportation Planning		\$1,450.0	-0-
" Facility Planning		500.0	-0-
		<u>\$1,950.0</u>	-0-
Estimated COLA 10%		200.0	-0-
		<u>\$2,150.0</u>	
Subtotal D & C and P & P		\$4,445.0	715.0
Less estimate of 3 Directors which exist in current region		[300.0]	-0-
		<u>\$4,145.0</u>	<u>715.0</u>
Two additional regions		x 2	x 2
		<u>\$8,290.0</u>	<u>\$1430.0</u>
	TOTAL		<u>\$9,720.0</u>

ALASKA

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES REGIONS

JULY, 1981

PREPARED BY THE
STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND
PUBLIC FACILITIES
UNIT SUPPORT SECTION - MAPPING

LEGEND

- EXISTING HIGHWAY SYSTEM _____
- DESIGN CONSTRUCTION PLANNING AND PROGRAMMING REGION _____
- ADMINISTRATION MAINTENANCE AND OPERATIONAL REGION _____
- FEARY ROUTE _____



H B

6 5 0

House Bill 650

This bill relates to Capital Improvement Projects proposed by the Legislature. The idea of funding these projects in two phases could be very helpful because it has been my experience that without the detailed analysis of costs and the schedules contained in the Governor's Capital Improvement Program, it is very difficult to come up with a realistic cost estimate and construction schedule. The two phase funding approach would give everyone an opportunity to make these detailed estimates. This bill will, for all practical purposes, eliminate the public criticism directed at the Legislature and the Department resulting from inaccurate scheduling and poor funding estimates.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 650 Relating to legislative additions to
 Title capital improvement projects proposed by the governor.
 Requested by House Transportation Date _____

II. FISCAL DETAIL

Department of Transportation & Public Facilities
 Agency Affected _____
 Program Category Affected Transportation
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This bill would not have a direct fiscal impact on DOT/PF. Certain projects may be modified as a result of better information prior to appropriation of construction funds. This savings is not calculable.

IV. DATE _____

PREPARED BY *RJL*
 AGENCY DOT/PF
 PHONE 465-3900

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 650 Relating to legislative additions to
Title capital improvement projects proposed by the governor.
Requested by House Transportation Date _____

II. FISCAL DETAIL

Department of Transportation & Public Facilities
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IV. DATE _____ PREPARED BY RJL
AGENCY DOT/PF
Original: Legislative Finance PHONE 465-3900
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

CATO NEWS CONFERENCE

THANK YOU VERY MUCH FOR BEING HERE TODAY. THE REASON I HAVE CALLED THIS PRESS CONFERENCE IS TO RELEASE AN AUDIT BY THE INSPECTOR GENERAL IN THE *United States* OFFICE OF THE SECRETARY OF TRANSPORTATION. *The Audit* ~~WHAT THIS AUDIT BASICALLY SAID~~ *was* THAT THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES RECORD *Keeping System* IS IN ^{such} DEPLORABLE CONDITION ^{that} ~~AND~~ UNTIL IT'S CHANGED, ALASKA IS NOT AUTHORIZED TO RECEIVE ONE DOLLAR OF FEDERAL ^{Aid - Airport} MONEY. THAT'S AN IMMEDIATE LOSS OF \$12.7 MILLION FEDERAL DOLLARS.

THE AUDIT ALSO SAID THAT THE RECORD KEEPING AT DOT/PF WAS SO BAD THAT MONEYS COULDN'T BE TRACKED, ~~AT ALL~~. FOR EXAMPLE, THEY WERE UNABLE TO EXPRESS AN AUDIT OPINION FOR OVER \$35 MILLION OF CONSTRUCTION PROJECTS FOR 41 AIRPORT PROJECTS. THIS MEANS THAT MANY ALASKAN COMMUNITIES WHO WERE CONFIDENT THAT THEIR AIRPORTS WOULD BE EXPANDED ARE NO LONGER SURE THERE WILL BE ANY WORK DONE AT ALL.

WHEN I WAS BACK IN WASHINGTON D.C. LAST OCTOBER I WAS TOLD BY THE FEDERAL HIGHWAY ADMINISTRATOR ^{F. Ray Barnhart} THAT "ALASKA WAS HANDLED DIFFERENTLY IN THE VIEW OF THE FEDERAL DEPARTMENT OF TRANSPORTATION." WE WEREN'T TOLD HOW OR WHY ~~AND~~ ^{it's obvious} ~~NOW WE~~. THIS AUDIT CLEARLY SHOWS THAT WE ARE HANDLED DIFFERENTLY BECAUSE DOT/PF'S RECORDS ARE IN SUCH BAD SHAPE THAT EVEN THE FEDERAL GOVERNMENT DIDN'T KNOW HOW TO FOLLOW THE ACCOUNTING PROCEDURES. ^{But now}

THE INTERIM TRANSPORTATION COMMITTEE WHICH I CHAIR LOOKED AT THE DOT/PF PROBLEMS AND WE HAD ^{an} ~~NO~~ IDEA WE ^{could} ~~WOULD~~ FIND PROBLEMS OF THIS MAGNITUDE INASMUCH AS THIS IS THE FIRST INTERIM FOR A STANDING COMMITTEE ON TRANSPORTATION IN THE ALASKA STATE LEGISLATURE.

RATHER THAN BORE YOU WITH MORE RHETORIC, I AM PASSING OUT SELECTED PASSAGES OF THE AUDIT FOR YOU. ~~THE COMPLETE AUDIT WILL BE AVAILABLE IN MY OFFICE.~~ ARE THERE ANY QUESTIONS?

Cato--2

and that could mean a loss of hard dollars into the millions and millions of dollars. This audit only covers about 20 to 30 percent of the total Federal involvement in DOT/PF. Now we are going to have to hold our breath before we find out about over \$100 million in cash revenues. If we lose that money we aren't going to have any new roads or paving for a long time to come."

Other parts of the Federal audit noted that the "number and character of deficiencies found far exceeded the range of acceptability to be considered isolated and we cannot, therefore, provide any audit assurances as to the fair presentation of contract construction costs incurred and claimed through September, 1980." Furthermore the report stated that there were "numerous and widespread payment and procedural deficiencies" in all of DOT/PF's Division of Aviation Design and Construction districts.

This report does not come as a complete surprise to me. After reviewing the state audits, I realized that there were immediate changes needed in the department to make it ~~more~~ accountable. The seven bill package (HB 648-654) was introduced as an attempt to correct the deficiencies and raise the issues before the entire legislature and the state of Alaska. I am confident that both houses of the legislature, and the Governor, now realize the seriousness of the situation.

FOR IMMEDIATE RELEASE

FOR MORE INFORMATION: Bette Cato
465-4858

"Bordering on criminal neglect" were the words Representative Bette Cato (D) Valdez used to describe the most recent audit of the State of Alaska, Department of Transportation and Public Facilities (DOT/PF). At a news conference today Cato released portions of a Federal audit which informed the State of Alaska that \$12.7 million will immediately be discontinued until the DOT/PF comes into compliance with Federal standards for fund control.

"That's not the worst news," Bette Cato stated. "According to the Federal auditors for airport funding, DOT/PF has 'misused' over \$35 million for airport funding across the state. And by misused I mean they can't find the money. In other words there are 41 airport projects that can't be funded even though the funds were appropriated and given. Those projects won't happen because DOT/PF lost the money. This includes the Anchorage International Airport, the Fairbanks Airport and airports in Ketchikan, Wrangell, Petersburg, Nome, Bethel and many more. [Complete list attached.]"

Over the past three years there have been two other audits of DOT/PF, both of which stated that DOT/PF was in violation of Federal and State auditing practices and that if their budget and auditing procedures were not changed monies would be withheld. "They have been told for three years to clean up their records," Cato noted. "Now we will have to face the music. We're already short because of the oil revenue decline and now we've lost \$12.7 million Federal dollars. This borders on criminal neglect. Where did that money go? \$35 million dollars doesn't just disappear?"

The audit by the Office of the Inspector General under the Secretary of Transportation stated that DOT/PF currently has "improper computer programming for accounting system changes, lack of systems discipline in processing financial data, lack of written procedures, an inadequate planning in the consolidation of a financial management system with an archaic project ledger within the State Department of Administration's accounting system caused by merger of two State departments into the DOT/PF." In essence, the Federal auditors said that DOT/PF's records had been in turmoil since the merger of the old Department of Highways and the Division of Public Works in 1977. The report continued, "As a result the financial management cannot be relied upon to produce current, accurate, or complete disclosure of project expenditures to serve as a basis for preparing claims, for financial reimbursements from the FAA."

In spite of the fact that there had been several audits, DOT/PF Commissioner Bob Ward had stated that the Federal government "did not point up major errors or weaknesses which would require them to undertake an emergency revamping of the financial management system."

"What this means to me," Cato said, "was that DOT/PF basically told the Federal auditors that they didn't really care what the auditor said. They were going to do it their own way. Well they sure did. And because they did we lost \$12.7 million Federal dollars. If this audit is any indication of things to come we are going to have a complete Federal audit of all money

Alaska State Legislature

House of Representatives



Rep. Bette Cato, Chairman

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

TESTIMONY BEFORE THE HOUSE FINANCE COMMITTEE

HB 650 LEGISLATIVE ADDITIONS TO CAPITAL IMPROVEMENT PROJECTS

BY THE HOUSE TRANSPORTATION COMMITTEE

House Bill 650 is a bill that is in the House Transportation Committee bill package that addresses situations in the Department of Transportation/Public Facilities. Historically, the public, contractors, and legislators have been dismayed with the capital project delays. There has been blame placed on various sources for these problems. Studies have been conducted, recommendations made, although little action has been taken.

In short, this bill provides for "two-phase funding". Through the interim study and looking at Legislative Budget and Audits recommendations in the five-phase audit of the Department of Transportation and public Facilities the committee received much input and support for this concept.

amend line 24, page 1, after "planning" to insert "or Engineering". A vote to move the bill came and this language was not amended. In as much as planning is important, the limiting factor is the engineering, to provide the necessary data to construct a project.

I would hope that the Finance Committee could amend this bill with this change. It would simplify the requirement and provide for more complete project information that could speed the process.

In your packet of back up,

there is a letter of support from the Commissioner of the Department of Transportation, and I understand that there is somebody from the Department to testify,

A letter from Woody Johansen, and a copy of his thoughts on HB 650,

A letter from Legislative Budget and Audit on this bill, and a

A fiscal note of zero from the department.

Steve Soenksen, Administrative Assistant for the Committee has a brief presentation and a chart that shows the time line of the two phase funding process...

The analysis that follows gives general content and highlights in the bills for your information. This will give an overview of the seven bill package introduced by the House Transportation Committee, House Bills 648-654.

HB 648 "An Act relating to the Department of Transportation and Public Facilities to the Department of Administration; establishing the Department of Transportation; and providing for an effective date."

This bill separates the Public Facilities function to the Department of Administration, and establishes the Department of Transportation. (There is a detailed analysis from Leg. Affairs Legal Services attached)

This bill also serves as a house keeping function as there are numerous references to the Department of Highways and the Department of Public Works.

FEB 17 1982

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

POUCH Z
JUNEAU, ALASKA 99811
(TELEX 45-328)

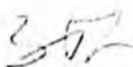
February 17, 1982

Honorable Bette Cato
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Cato:

I would like to take this opportunity to express the Department of Transportation and Public Facilities support of the concept of phase funding of capital improvement projects proposed by the Legislature as introduced by your House Transportation Committee in H.B. 650. The Department uses the concept of funding capital projects by phases and has found it helpful in determining the optimum scope of projects and in the preparation of reliable cost estimates. Phase funding also allows appropriations for funding of construction of capital projects to be made just prior to the construction season. This eliminates the problem of appropriations being made but unspent for several years. Any possible negative impacts derived from phase funding would be more than off set by the advantages.

Sincerely,


Robert W. Ward
Commissioner

JAN 27 1982

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

January 26, 1982

The Honorable Bette M. Cato
Chairman
House Transportation Committee
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Ms. Cato:

We have reviewed proposed legislation introduced by your committee making certain changes to the Department of Transportation and Public Facilities.

Our review was made in consideration of recommendations contained in our performance review of the Department's Capital Improvement Program. The following comments are provided on only those bills that relate to issues raised in our series of five reports.

House Bill No. 650

HB 650 proposes amending Title 37 to require a two-year budget cycle for legislative additions to capital improvements proposed by the Governor and, in addition, requires the use of allocations within appropriations and the use of the capital project budget form.

This bill exactly addresses the recommendations we made for expediting the expenditure of capital project appropriations.

House Bill No. 649

Sections one and two of HB 649 require the establishment of five specific regions of the Department's organization. Section three details the duties of the five regional transportation and public facilities directors.

The Honorable Bette M. Cato
January 26, 1982
Page 2

As you know, we recommended the Department increase regional authority and responsibility to provide for more efficient and effective operations of the capital project program. One area we did not review was the number of regions the Department needed. Therefore, we are not sure if there is a need for five regions for all functions of the Department.

One aspect of this bill that causes us some concern is the degree of authority given to the regional directors, or more specifically, the reduced authority of the Commissioner prescribed in AS 44.42.045(b).

We agree that increased regional planning and program authority is desirable, however, there is also a need for a central office function to provide a coordinated statewide program. We feel the Commissioner should be vested with all necessary authority to ensure regional consistency and coordination.

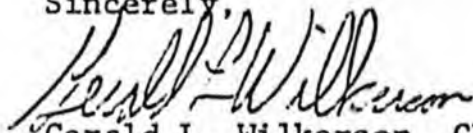
House Bill No. 653

HB 653 proposes changing the Department's fiscal year end to September 30. Although we did not address this issue in our reports, we did closely review the Department's accounting and control of their project system.

The Department could benefit from such a change primarily due to the construction season and the federal fiscal year. However, significant accounting problems would result in the Department of Administration relating to the State's accounting system. Administration's Division of Finance would be in the best position to describe the difficulties of accounting for only one State Department on a different fiscal year.

If you have any questions or would like to discuss the contents of this letter, please feel free to contact me at 465-3830.

Sincerely,



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

Speak to Jay

Further analysis of the CSHB 650 Finance does not differ substantially from the CSHB 650 Transportation. The wording and order of provisions have been changed and Legislative Legal Services should draft the Finance CS.

As the CS is written the following amendments should be made to continue in the original intent of HB 650.

Sec. 37.05.312 CAPITAL IMPROVEMENT PROJECTS (a) has included the governors proposed projects. This provision is good although legal services made some comment on this provision in the transportation committee. They should be consulted further for the draft CS.

Line 14 should be amended to read: planning, [and pre-] design [work] and preliminary engineering.

Line 18 should be amended to read "determined by the governor or the legislature in consultation with the Department of Transportation and Public Facilities to be a project..." This amendment should be included so that the legislature in consultation with DOT/PF makes the determination whether they will fund a project in two phases or one.

Line 20 should read; "require detailed planning or engineering, as set out...", as per finance committee amendment .

Sec. 37.05.312 (c) (1) as in the Transportation Committee CS, should be left in the bill. Through the interim study by the House Transportation Committee, it was determined that if appropriations were made by region or by election district, they could not be transferred out of that election district. This is not so much a problem in urban districts as it is in the rural or bush districts. Money appropriated by election district could not be used outside that election district and this would be a guarantee to a legislator that once money is approved for a specific project in a certain election district, that it could not be transferred outside that election district.

Other important information is that in the followup of the five phase audit of DOT/PF by the Legislative Audit division, this recommendation is still valid and necessary.

Alaska State Legislature

House of Representatives



Rep. Bette Cato, Chairman

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

MEMORANDUM

TO : Rep. Al Adams, Chairman
House Finance Committee

FROM : Rep. Bette Cato, Chairman
House Transportation Committee

RE : HB 650; relating to legislative additions to capital
improvement projects proposed by the governor.

DATE : February 24, 1982

Attached to this memo, are backup materials for HB650 for the Finance Committee's consideration.

In short, this bill provides for "two-phase funding". Through the interim study and looking at Legislative Budget and Audits recommendations in the five-phase audit of the Department of Transportation and public Facilities the committee received much input and support for this concept.

Appropriations for capital projects that "is intended to alleviate an emergency situation or that does not require detailed planning...need not conform to ..." two phase funding. The committee discussed this section at length and intended to amend line 24, page 1, after "planning" to insert "or Engineering". A vote to move the bill came and this language was not amended. In as much as planning is important, the limiting factor is the engineering, to provide the necessary data to construct a project.

I would hope that the Finance Committee could amend this bill with this change. It would simplify the requirement and provide for more complete project information that could speed the process.

Thank you for your consideration and if there are questions about this please contact my office. I will be available to testify on the committee bills when the come before the Finance Committee for hearing.

Alaska State Legislature

House of Representatives



Rep. Bette Cato, Chairman

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

HB 650 LEGISLATIVE ADDITIONS TO CAPITAL IMPROVEMENT PROJECTS
BY THE HOUSE TRANSPORTATION COMMITTEE

House Bill 650 is a bill that is in the House Transportation Committee bill package that addresses situations in the Department of Transportation/Public Facilities. Historically, the public, contractors, and legislators have been dismayed with the capital project delays. There has been blame placed on various sources for these problems. Studies have been conducted, recommendations made, although little action has been taken.

In short, this bill provides for "two-phase funding". Through the interim study and looking at Legislative Budget and Audits recommendations in the five-phase audit of the Department of Transportation and public Facilities the committee received much input and support for this concept.

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A fiscal note of zero from the department.

Steve Soenksen, Administrative Assistant for the Committee has a brief presentation and a chart that shows the time line of the two phase funding process...

MAR 9 1982

Woodrow Johansen
P.O. Box 80422
College, AK. 99708

March 3, 1982

Subject: House Bills/DOT&PF

Steve Soenksen
Administrative Assistant
House Transportation Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Soenken:

I want to thank you for the opportunity of reviewing the seven pieces of legislation recently introduced to the House of Representatives concerning reorganization of the Department of Transportation and Public Facilities.

I found the proposals interesting and it is heartening to know that there are concerns in Juneau for the efficient administration of the transportation segment of the state government.

I cannot agree with all proposed changes but they definitely are a starting point for discussion.

There are attached my comments on the bills submitted in numerical sequence.

Sincerely,



Woodrow Johansen

Attachments

House Bill 650

This bill relates to Capital Improvement Projects proposed by the Legislature. The idea of funding these projects in two phases could be very helpful because it has been my experience that without the detailed analysis of costs and the schedules contained in the Governor's Capital Improvement Program, it is very difficult to come up with a realistic cost estimate and construction schedule. The two phase funding approach would give everyone an opportunity to make these detailed estimates. This bill will, for all practical purposes, eliminate the public criticism directed at the Legislature and the Department resulting from inaccurate scheduling and poor funding estimates.

Alaska State Legislature

House of Representatives



Rep. Bette Cato, Chairman

Committee on Transportation

MEMORANDUM

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

TO : Rep. Russ Meekins, Subcommittee Chairman
for HB 650, House Finance Committee

FROM : Rep. Bette Cato, Chairman
House Transportation Committee

RE : Proposed CSHB 650 (Finance)

DATE : March 23, 1982

To adopt the proposed CSHB 650 (Finance) is to completely change the intent by which this legislation was drafted. I strenuously object to this draft. I would like to respond to the letter to you from Jay Hogan to you dated March 18, 1982.

I must ask if this draft CS was written by Jay Hogan, or by Legislative Affairs, Legal Services, or someone else? Legal Services has told my office that they have not worked on such a draft. There were issues that were discussed with the attorneys, at length that legal services felt were necessary that are eliminated in this draft.

Provision 2 is exactly opposite to what this legislation was intended. Perhaps you want the governor to decide if your Capital Improvement Projects need phased funding, but I and other legislators that I have talked to surely do not. The decision should be made by the legislator in consultation with the Department of Transportation. DOT/PF is in a better technical position to assist the legislator in making that determination.

Provision 3, "Clearly excluded from the two-phase approach are major maintenance and repairs to existing airports, highways, roads and trails, and other existing public facilities." It was never intended to include major maintenance. The original bill speaks to capital improvement projects. Major maintenance to be phased would have to be a reconstruction and if the state allows public facilities to deteriorate to that stage, we are all in trouble. I don't feel such a provision is needed.

The requirement to appropriate by region is one of the most important parts of this legislation. This should be left in the bill. In the interim, the House Transportation committee was advised that if appropriations were made by region or election district, monies could

not be reallocated outside of that region. Perhaps this is not a problem to you in your district, but for rural or bush legislators, such transfers of funds are frequent. Even bond issues for specific projects have had monies transferred to similar projects in different regions with no money reallocated to bonded projects. This is a very serious problem that the legislature should deal with, not delete a provision that does address the issue.

As to item 5, I don't object to this change.

I also was surprised to see that the only amendment that I and DOT/PF agreed upon and the Finance Committee adopted was not included in this draft. This was to include on line 24 after "planning", the words, "or engineering". This should be included.

I would hope that you take these concerns to heart make appropriate changes in the Finance Committee CS. This bill as originally written is an important piece of legislation that I feel is completely diluted by the proposed changes. Please contact my office if you have any questions.

JAN 27 1982

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

January 26, 1982

The Honorable Bette M. Cato
Chairman
House Transportation Committee
State Capitol
Pouch V
Juneau, Alaska 99811

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Our review was made in consideration of recommendations contained in our performance review of the Department's Capital Improvement Program. The following comments are provided on only those bills that relate to issues raised in our series of five reports.

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The Honorable Bette M. Cato
January 26, 1982
Page 2

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One aspect of this bill that causes us some concern is the degree of authority given to the regional directors, or more specifically, the reduced authority of the Commissioner prescribed in AS 44.42.045(b).

We agree that increased regional planning and program authority is desirable, however, there is also a need for a central office function to provide a coordinated statewide program. We feel the Commissioner should be vested with all necessary authority to ensure regional consistency and coordination.

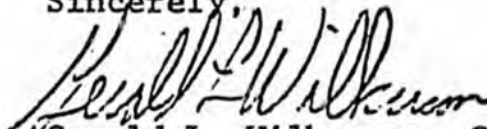
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If you have any questions or would like to discuss the contents of this letter, please feel free to contact me at 465-3830.

Sincerely,



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

CURRENT FINDINGS AND RECOMMENDATIONS

Recommendation No. 8

A two-year budget cycle should be considered for projects appropriated by the Legislature as additions to the Department's proposed budget.

A two-year budget cycle would be based on a two-stage funding process. The first stage should provide funding for the planning and pre-design work of specified projects. This funding would provide DOTPF adequate resources and time to determine the feasibility of projects and prepare accurate cost estimates, identify potential legal problems, conduct survey work and other necessary tasks.

The following year the Department would be in a position to provide the Governor and the Legislature with this information. This would enable the Legislature to make a more informed funding decision. The second stage of the appropriation process would then provide funds for the construction related costs.

A two-year appropriation process would improve the accuracy of capital appropriations and expedite the expenditure of construction related funds. This two-year system should be implemented for all medium- to large-scale projects. Projects of small scope or emergency situations could remain in a one time appropriation system, since these projects, if well defined, require much less planning and pre-design work. To ensure adequate information is provided on these projects as well as the larger scope projects, we recommend the use of the capital project budget submittal form proposed by the Legislative Finance Division (see Appendix B).

Implementation of this recommendation should improve coordination between the Legislature and DOTPF and provide the interaction necessary for an improved Capital Improvement Program.

Recommendation No. 9

The Legislature should consider means of expediting the expenditure of capital project appropriations.

Since Fiscal Year 1975 (SLA 74), the Legislature has appropriated approximately \$3.8 billion for capital improvements Statewide. However, capital expenditures from FY 75 to FY 80 average

less than \$300 million per year. As of June 30, 1980, approximately \$825 million of FY 75-80 appropriations remained unexpended. Although it is anticipated that in FY 81 and future years expenditures will increase, at the FY 80 level of Statewide expenditure, these remaining funds and the FY 81 capital appropriations, totalling approximately \$1,655 billion, would not be totally expended until 1986.

The majority of capital appropriations have been made on a project-by-project basis. The progress of projects is directly related to the priorities assigned by the various State agencies, the Governor, and the Legislature. Therefore, many projects of lesser priority included in the above remaining funds will not be constructed for several years. Considering the effects of inflation and other external factors, it is unlikely that these projects can be constructed at the scope originally intended for the funding amount appropriated several years earlier. As a result, many projects will be reduced in scope, require additional funding, or simply not be constructed.

In our opinion, legislative concern should be centered around means of expediting the expenditure of capital appropriations. Methods of accomplishing this goal include:

- A. Implementation of a two-year budget cycle to provide funding for planning and pre-design work prior to the appropriation of construction related funds (see Recommendation No. 8 of this report).
- B. Implementing the use of the capital project budget form proposed by the Legislative Finance Division for all legislative capital project additions to the budget. This form would provide the responsible agencies with improved scope definitions and other information, and improve the efficiency of project progress (see Appendix B).
- C. Allowing a certain degree of controlled flexibility in capital project appropriations, especially those funded through the General Fund. Capital projects in Chapter 50, SLA 80 (HB 60), for example, were virtually all funded at an appropriation level. This prohibits the flexibility sometimes needed to make minor funding adjustments between projects caused by higher than estimated bids, unusual and/or unpredictable costs, and other external factors. As a result, appropriation level projects are often delayed until supplemental funding can be obtained. The use of allocations

within appropriations by region, election district, or other desired levels would provide flexibility between projects, yet control funding.

Recommendation No. 10

A Statewide CIP project accounting system should be established within the State accounting system.

Presently, it is necessary for virtually all departments involved in the State's Capital Improvement Program to maintain separate project accounting systems. These systems range from sophisticated in-house computers to hand prepared records. In DOTPF, for example, it will be necessary for financial data to be entered into three computerized systems:

- A. State Accounting System: All appropriations and expenditures must be entered in the accounting system maintained by the Department of Administration. However, this system does not presently meet DOTPF's needs to account for thousands of projects which span several years and have several funding sources.
- B. Financial Management System: This in-house system provides for DOTPF's individual project accounting. However, it does not provide adequate appropriation controls and has yet to be reconciled to the State accounting system.
- C. Management Information System: This proposed new system is presently in the development stage and will provide summary information by project, but the financial data generated will not necessarily reconcile to either the State accounting system or the Financial Management System and will, therefore, be of limited reliable use.

The Legislature, through the passage of Chapter 168, SLA 78, intended to provide for changes in the accounting and reporting of CIP projects within DOTPF, among other issues. However, the accounting and reporting aspects of this act have not been implemented due to non-standard accounting requirements and an Attorney General's Opinion questioning the legality and contents of the act. In our opinion, both Chapter 168 and the Attorney General's opinion contain accounting and reporting theory weaknesses.

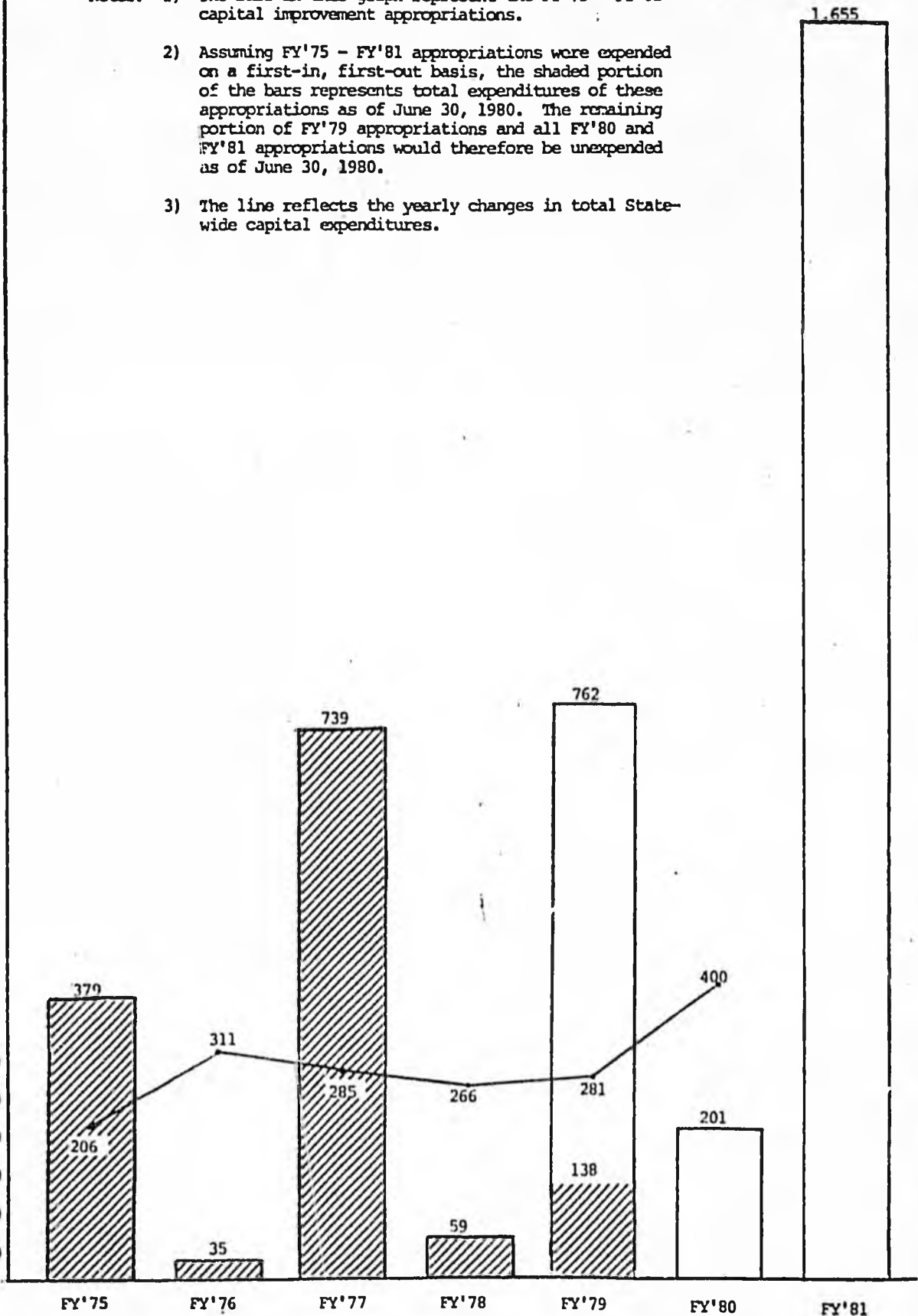
APPENDIX A

STATEWIDE CAPITAL PROJECT
APPROPRIATIONS AND EXPENDITURES

In Millions

\$1700
1650
1600
1550
1500
1450
1400
1350
1300
1250
1200
1150
1100
1050
1000
950
900
850
800
750
700
650
600
550
500
450
400
350
300
250
200
150
100
50

- Notes: 1) The bars in this graph represent the FY'75 - FY'81 capital improvement appropriations.
- 2) Assuming FY'75 - FY'81 appropriations were expended on a first-in, first-out basis, the shaded portion of the bars represents total expenditures of these appropriations as of June 30, 1980. The remaining portion of FY'79 appropriations and all FY'80 and FY'81 appropriations would therefore be unexpended as of June 30, 1980.
- 3) The line reflects the yearly changes in total State-wide capital expenditures.



JAY S. HAMMOND, GOVERNOR
(907) 465-3900

Department of Transportation and Public Facilities
OFFICE OF THE COMMISSIONER

Pouch Z
Juneau, Alaska, 99811
(Telex 45-328)

December 30, 1980 000H

RECEIVED

Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

DEC 30 1980

Dear Mr. Wilkerson:

**LEGISLATIVE
AUDIT**

In reference to your letter of December 10, 1980 concerning the appropriation process for capital projects, I offer the following information and suggestions.

The Executive Branch is in the process of implementing the facility planning process for project development as established in Chapter 168, SLA 78. This process will be enhanced to the extent possible by the use of Public Facility Planning Funds to develop project plans, specification estimates and land status prior to the request for project funding for construction.

We believe that once the process is fully implemented, the accuracy of the estimates and time schedules for facilities will improve greatly.

This Department has experienced considerable difficulty with some of the legislative "add on" capital projects. These problems relate to funding, scope, and schedule as follows.

Funding: Many Legislators contact this Department to provide estimates of cost for their special project. If this project is selected from an early year in our six year plan, we have had the opportunity to already review the land status and construction costs of the project and feel more confident with the estimates we provide. If the project is new and if the request is received during the winter months, it is difficult to adequately assess the conditions which may be encountered during development and construction of the project. As a consequence, these estimates may not be realistic. Some Legislators provide their own estimates based on information from consultants or other "knowledgeable" persons. Such estimates often prove to be inadequate.

Secondly, most all legislative "add on" projects are line item appropriations. This leaves no flexibility to accommodate minor funding shifts between projects even in the same area or region. The Executive Branch requests appropriations by region and allocation by mode. By this process, if one project is delayed or a higher priority project requires additional funds, the adjustments can be made and a contract awarded for construction. We strongly recommend that the legislative "add on" projects be grouped as regional allocations and not made as specific project appropriations or establish an adequate contingency for each region.

We also recommend revision of the fiscal note forms to better reflect the costs in terms of project phases i.e. design, land, utilities, construction, etc.

Scope: Some projects in Chapter 50, SLA 80 are excellent examples of this Department finding that it has an appropriation for a capital project with no idea of the project scope. Considerable time is lost in identifying the author of the project and securing a definition of what the appropriation should accomplish. In some cases, the desired end result is not consistent with the legislative language and time is again lost in resolving the conflict. We recommend that any legislative "add on" project be required to provide the same project information as the Executive Branch. We recently received a proposed budget submittal form from Legislative Finance that, if utilized, would greatly reduce the question of project scope.

Schedule: Projects of a complex nature should not be anticipated for construction in the same calendar year as the authorizations. Complex projects are defined as projects requiring major design, land acquisition or federal and state use permits. In many cases, even simple projects are precluded from going to contract in the same year as the appropriation when the authorization is not effective until late June or July 1 of each year. Also, projects funded with G.O. bonds require an additional six months delay awaiting voter approval.

As a possible cure for some of these problems, I would recommend that the "add on" projects be funded through design development during one legislative session and the construction phase be funded after this Department has completed project development and is confident of the actual land and construction costs.

Consideration of passing an appropriation for capital projects early in the session for projects that have completed project development or have minimal development requirements would enhance this Department's ability to construct the project in the same calendar year.

We appreciate the opportunity to provide our perspective on this process and welcome any discussion on the content of this letter.

Sincerely,

 acting for
Robert W. Ward
Commissioner

H B

651

Bill Analysis by Rep. Bette Cato's office

HB 651

"An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority"

Sec. 1 Purpose : The purpose of this act is to establish an authority for the operation, management, and planning and construction of facilities for the marine highway system that is independent of state government. The authority shall be the exclusive state agency directly associated with the operation, management, planning and construction of facilities for the marine highway system.

Sec. 2 Adds a new chapter 70 to title 19; AS 19.70.010, ALASKA MARINE HIGHWAY AUTHORITY.

This section creates the Marine Highway Authority as a public corporation of the state. The corporation 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 continues until its existence is terminated by law.

Sec. 19.70.020. DIRECTORS Directors, consists of seven directors, the commissioner of DOT/PF, ex-officio, (non-voting), and six directors appointed by the governor with the following qualifications; a representative of commercial carriers, representative of the maritime industry, a representative of the tourism industry, and three members of the public representing regions, Region 1, southeast Alaska, Kodiak, Region 2, and Region 3, southcentral (Prince William Sound).

Most language in this section is boilerplate "board" language pertaining to qualifications, conflict of interest... Directors serve without compensation, but are entitled to travel and per diem expenses.

Sec. 19.70.030 OFFICERS AND QUORUM The directors elect a chairman from their number. The directors shall elect a secretary that need not be one of the directors. Four directors constitute a quorum. Majority motions or action may be taken.

Sec. 19.70.040 STAFF The authority may employ staff, may contract for services in exercising it's powers.

Sec. 19.70.050 POWERS OF THE AUTHORITY Sets out powers and obligations of the authority.

Sec. 19.70.060 authorizes the name for the system; "ALASKA MARINE HIGHWAY SYSTEM."

Sec. 19.70.070 COMPREHENSIVE LONG RANGE PLAN, mandates a comprehensive long range plan for the marine highway system that shall be updated at least every five years.

Sec. 19.70.080 ACQUISITION OF LAND AND EASEMENTS, sets out procedures that the authority utilizes to acquire property.

Sec. 19.70.090 AUTHORITY TO PURCHASE PROPERTY FOR THE PURPOSE OF EXCHANGE allows the authority to purchase property for exchange.

Sec. 19.70.100 VACATING OF LAND OR RIGHTS IN LAND, This section allows the authority to vacate land or use rights by filing a deed in the appropriate recording district. Upon vacating, title reverts to persons, heirs, successors, or assigns in whom it was vested at the time of the taking. The authority may transfer land to the Department of Natural Resources for disposal, proceeds of which go to the General Fund.

Sec. 19.70.110. ANNUAL REPORT. By March 1 of each year, the authority shall submit to the governor and the legislature a comprehensive report describing the operations, income, and expenditures for the preceding calendar year.

Sec. 19.70.120 ANNUAL AUDIT Also by March 1, records shall be checked by a CPA. Allows a legislative auditor access to these records at any time.

Sec. 19.70.130 BUDGET AND APPROPRIATIONS The authority is funded by the legislature through the governor by the Executive Budget Act (AS 37.07) Money is directly appropriated and may be spent as authorized.

Sec. 19.70.140 PUBLIC RECORDS; OPEN MEETINGS. Subject the authority to open meetings and public records.

Sec. 19.70.150 NAMING OF VESSEL OR FACILITY sets guidelines for naming

Sec. 19.70.160 DEFINITIONS should be self explanatory.

Sec. 3 AS 19.60.010 and following sections of the bill are amended to read "authority" instead of "Department" giving the authority jurisdiction in law where the department had been specified.

No other substantive changes have been made in this bill

TESTIMONY ON CS HB 648, CS HB 649, CS HB 651,
CS HB 652 and CS HB 654

My name is Walter B. Parker. I am a resident of Anchorage, Alaska residing at 3724 Campbell Airstrip Road. I have been active in Alaskan transportation operations and planning since 1946.

CS HB 651

I support the concept of the Marine Highway Authority and believe it could work well with a restructured DOT. I believe the Authority could have financing options available that would be more difficult to achieve as a regular state agency.

If the legislature elects to establish this Authority I would urge to allow for a reasonable break in period. It will not be possible for the Authority to impress itself overnight on the old operation and the real gains make take five years or longer to achieve.

In passing, it would seem that board members of the Authority should receive the same compensation as other major state boards.

Alaska State Legislature



House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

Wednesday
March 31, 1982

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

Testimony before House Finance on HB 651 - Marine Highway Authority.

Contents in YOUR folder.

Bill Analysis
Amendments to CSHB 651
Walt Parker's testimony
Newsclippings
Letter from Sam Akin (complaint letter)
Committee Substitute HB 651
Fiscal Note
Ron Lind's letter re: federal funding.

Contents we gave to committee.

Bill Analysis
Walt Parker's testimony
Newsclippings
Letter from Sam Akin (complaint)
I assume staff gave them CS
Fiscal Note

STATE OF ALASKA

RAY S. HAMMOND, GOVERNOR

(907) 465-3900

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER - ADMINISTRATION

POUCH Z
JUNEAU, ALASKA 99811

February 22, 1982

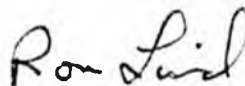
Honorable Bette M. Cato, Chairman
House Transportation Committee
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Cato:

Your assistant requested that we answer the question "would an authority as proposed in House Bill 651, be eligible to receive federal highway construction funds as a pass through from the designated State agency"? The simple answer is "we assume that they would be eligible to receive pass through funding." The authority would need to have an organization and financial system which met all of the requirements of the federal program.

Since there is not a category of federal funding set aside for marine construction, the use of funds for their purpose reduces the amounts available for other projects. We do not believe it would be in the State of Alaska's best interest to require the authority to meet all of the federal requirements. In the projected future, there should be a sufficient level of state funds available to provide State project funds if the legislature and the governor agree.

Sincerely,



Ron B. Lind
Deputy Commissioner

Recently, news reports have referred to possible legislative action to restructure the Department of Transportation and Public Facilities, or to establish a separate operating agency for the Division of Marine Highways which operates the Alaska Ferry System.

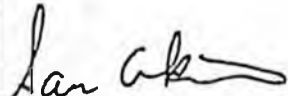
Last summer, our family had the distinct displeasure of traveling from Seattle to Juneau aboard the ferry system vessel MV Matanuska. I was embarrassed for all Alaskans to hear the comments about the voyage by visitors from out of state, and I was tremendously disappointed in the functioning of a group of state employees who are the first Alaskans many of our visitors encounter. So disappointed, in fact, that I wrote the attached letter to the System Director, Jim Eide.

Mr. Eide responded to my letter, but in the ensuing months, I have misplaced that letter. His response was polite, but only apologetic, not giving any indication that serious effort would be taken to improve the situation which ruined our trip.

I hope that when the matter of restructuring the DOT/PF arises, you will take some of the information in my letter to Eide as a basis for considering the problem. The present DOT simply is too massive and unwieldy for any single person to control, and long-entrenched employees have made plain that they have no interest in improving their performance or the system's operation. If the ferry system is to continue as a viable substitute for highways in Southeast, some action must be taken to bring the organization back under control of properly constituted authority. At the moment, it appears that only union membership carries authority within the ferry system.

You may use my letters in whatever fashion you deem appropriate.

Sincerely


Sam C. Akin

1740 Patterson Ct.
Anchorage, AK 99504
Sept. 11, 1981

Mr. James Eide
Director, Division of Marine
Highway Systems
Alaska Department of Transportation
and Public Facilities
Pouch R
Juneau, AK 99811

Dear Mr. Eide

This letter is one of complaint. I am writing it one month after beginning the ferry trip concerned, hoping that my comments will not be too colored by the intense disgust and anger aroused by the events of the trip.

On August 11, my wife, daughter, mother-in-law and I embarked from Seattle aboard the MV Matanuska, bound for Haines/Skagway, with a layover in Juneau. We had made reservations for the voyage during the preceding May, and had paid our fare the required 45 days in advance. At the time we made reservations we were unable to obtain stateroom reservations, and so made plans to have our names placed on the waiting list upon our arrival at the Ferry System office in Seattle. We did so, and subsequently obtained a room after departure from Seattle. That, and the pleasant treatment received from the Seattle office staff were about the only favorable aspects of the trip.

As we were traveling with a large camper, our tickets were written in such a manner that the Matanuska purser would not allow us to board except as a group in the camper. Inasmuch as foot passengers were boarded before passenger vehicles, we were among the last passengers to board the vessel. By the time we reached the passenger facilities aboard, the only remaining seats were located in the forward observation lounge. All deck seats and recliner seats were occupied by passengers, back packs, sleeping bags and other impedimenta. There was no effort by the purser staff to determine which seats were being used as seating and which were being used as convenient luggage storage. During the first several hours of the voyage, while stateroom vacancies were being checked, we occupied seats in the forward lounge. Throughout that time, over the public address system, the staff continually announced that all luggage would have to be removed from the lounge area, and placed in lockers. All lockers, unfortunately, were in use. Needless to say, we remained where we were, sitting with sleeping bags and toilet kits on our laps.

When we lodged a complaint with the purser about the boarding system used, he responded that "This is the way we've been doing it for twenty years, and we don't intend to change." That was the moment when I realized that the Ferry System was no longer under control of the State government, but under control of the crew.

I am convinced that passengers who are required to pay fares in advance should at least have equal opportunity for deck seating with those foot passengers who pay their fares on the date of sailing. As a matter of fact, I cannot see why the Ferry System cannot devise a means of assuring that those who pay in advance are allowed to board in advance. When a party is ticketed with a vehicle, only the driver needs to board with that vehicle. Why cannot your people adjust their system to allow others of the party to board with pre-ticketed foot passengers ?

to off-load our camper at Ketchikan, Wrangell and Petersburg to allow off-loading of cargo vans. Yet, when preparing for loading at Seattle, all vehicles were lined up in an apparent effort to load them in reverse order of their destinations. In other words, vehicles going to Ketchikan were loaded after those destined for Wrangell. This makes sense, doesn't it? But yet at Ketchikan, Wrangell and Petersburg, about a dozen vehicles were off-loaded, then re-loaded after cargo was discharged. The excuse given us, and the other inconvenienced passengers, was that "Safety rules" required this process. Then why go through the exercise of pretending to load cargo in reverse order of destination? To me, and to the other passengers who played "on and off the ferry" it seemed apparent that the first officer simply did not wish to be bothered with the extra effort required to load in sensible fashion.

There was sufficient time in Ketchikan for most passengers to do some sight-seeing. However, those of us who were waiting on the dock to reload our vehicles were told to remain with the vehicles, as we would be reloaded as soon as all cargo was removed. About a half hour after all passengers had returned to the vessel, our vehicles were reloaded. Again, it seems to me to be more inconsiderate handling of passengers. There was no reason for us to remain dockside with our vehicles. It simply was easier for the person responsible for cargo loading to do it that way.

Incidentally, the first officer, whose name I failed to get, very coldly informed me after a similar botchup in Wrangell, that I "should stop chipping teeth", and let him get on with his very important job. Frankly, the urge to chip a couple of his teeth was almost overpowering. To think that I've paid taxes for over 20 years to support a clod of this type!

On reboarding after the scheduled stop at Sitka, we were informed by an assistant purser that our ticket was improperly prepared, and that we might not be able to reboard. This was our fourth boarding of the vessel, and only now was our ticket unacceptable. The young lady was polite, and when she realized that I was at the extreme limit of my patience with the ferry crew, she allowed us to board, and subsequently corrected our ticket, blaming the problem on an error by inexperienced clerks at the Anchorage office. I don't care whose error it was, it should have been detected at our first boarding, not our fourth!

After stopping over in Juneau, we boarded the "Columbia" on Aug. 17 to continue our trip to Haines. Thankfully, we had no problem boarding, and met a young man who seemed to know what he was doing. Probably one of your lower-paid employees, he was responsible for lining vehicles up prior to loading. He knew his job, and was able to communicate very effectively and politely. Frankly, you might want to groom him as a purser or first officer. At least he wasn't alienating passengers!

Once aboard the "Columbia", however, we again found that seating was at a premium. Boarding had been at about 2:00 AM, and most seats and sheltered areas already had been claimed. However, in the recliner lounge area, we found that people were sleeping on the floor between the seat rows, having the effect of occupying three seats for one passenger.

The watchman didn't seem too concerned about that. Not nearly so concerned as he was about my wife sleeping on the floor in front of his time clock. When he needed to punch in on the clock, he simply prodded her with his foot and told he she'd have to move.

Our plans had been to go by ferry to Skagway from Haines, but after the experiences detailed in this now over-long letter, we elected discretion as the better move, and left the vessel in Haines to return to Anchorage.

The events I've detailed completely spoiled a trip we had contemplated for several years. Very honestly, I have no intention of ever boarding an Alaska ferry again, and I certainly will do my best to discourage others from doing so.

While I understand the basic need for the ferries as transport for residents of Southeast, and concur fully in the validity of the concept, I have found nowhere in your travel promotional materials a warning that such inconveniences should be expected, or that the system hires surly officers so as to discourage pleasure passengers.

We found most of the deck and dining crew to be pleasant, cooperative and interested in assuring that we enjoyed the voyage. The pursers (there were two plus assistants on the voyage to Juneau) and the first officer we encountered have left a bad taste we'll be a long time forgetting. Other passengers commented to us from time to time, also, about the apparent lack of interest in passenger care exhibited by these officers.

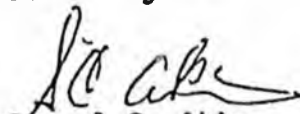
I have taken time to write this letter because I am deeply disturbed that the State of Alaska will tolerate attitudes of the kind we encountered among its employees, and particularly so in a group which represents much of the first impression visitors from outside will have of our State.

I am sending copies of this letter to my area legislators, and to the editors of the various newspapers in the Southeast ports touched by the ferries. Copies also are going to the various tourism promotional groups in the State.

In the future, I will recommend to friends and acquaintances planning a trip aboard the ferry system that they think twice before making reservations.

I believe that you and your administrative staff should take a careful look at the procedures used to ticket passengers, at the methods used to determine loading/offloading procedures, and that you should make a very careful examination of the public relations attitudes of ships' crews and officers, particularly those who are in daily contact with passengers.

Sincerely


Samuel C. Akin

WILLIAM J. TOBIN
Associate Editor
And General Manager

DREX HEIKES
Managing Editor

Anchorage
Times

Heavy seas

IN ALL the operations of the state government, there must be nothing more difficult than running the Alaska marine highway system. Things have not been going well with the ferry service. As a matter of fact, the situation hasn't been good for a long time.

Granted, it's proper to expect high performance from all those who draw state pay for providing public services. True, it's disappointing when things don't seem to function properly. Admittedly, it's all too easy to be critical when that happens.

A new legislative report makes the marine highway operation a matter of timely concern. A \$16.5 million refurbishing job on the ferry Taku, it was reported, has left the vessel listing, with serious mechanical and structural deficiencies.

Who's to blame?

ACCORDING TO Sen. Bill Ray, the Juneau Democrat who heads the Senate Transportation Committee, the fault lies with the Alaska Department of Transportation and Public Facilities, the agency that directs the ferry system.

Department officials deny the allegation. They say the legislative investigation, conducted by Sens. Ray and Ed Dankworth, the Anchorage Republican who is co-chairman of the Senate Finance Committee, was inadequate and deficient itself.

Indisputably, there is concern over the way the ferry system is being run. Complaints are common about the mishandling of passenger bookings. Hardly anyone can be certain that schedules will be met because frequent mechanical breakdowns result in cancellation of sailings. Indifference seems to be the

by-word for customer relations. There has been a running battle over the propriety of having Alaska ferries manned mainly by crewmen who live in Seattle. The ships seem to spend more time tied up in Seattle for repairs and servicing than they do in plying their routes. Things are so bad financially that Gov. Jay Hammond has canceled service to and from Seattle for three months early next year.

Rather than emphasizing the negative, however, Alaska's goal should be to find a positive approach to correct the problems and make the system sail smoothly. Surely there must be a way — or is the situation so hopeless that the only alternative would be to abandon the whole operation?

NOBODY WANTS THAT to happen. The ferries were conceived primarily to provide surface transportation between the island cities of Alaska's scenic Southeastern panhandle, where it is impossible to build highways in the traditional sense.

The task of operating the system is one of the many responsibilities of the Department of Transportation. Maybe that's one of the problems. It could be that the duties and responsibilities of the department and its people are so wide-ranging that, bureaucratically speaking, effective management is impossible.

The first step may be to provide the department with effective assistance to examine its structure and procedures — not in an atmosphere of accusation and condemnation but with a positive approach aimed at corrections that will make the ferry system work.

Clearly, something must be

A real puzzler

THE OPERATION of Alaska's ferry system has always been something of a mystery to those who live in this part of the state. It appears that it likewise is pretty much a mystery to those who live in Southeastern Alaska, where the ferries are an important slice of the social and economic life.

Who could make much sense out of spending millions of dollars to build and staff vessels, only to assign the three largest ships in the fleet to be tied up and left idle at the Port of Seattle for one quarter of the year?

THAT'S THE WORD this week from the state's Marine Highway office, which announced that budget cuts imposed by the 1981 legislature will force cancellation of all service between Seattle and Alaska next March, April and May. During that period, the largest ships will be tied up at dockside and smaller ferries will make runs between Prince Rupert, B.C., and Southeastern Alaska ports.

Service will be continued to and from Seattle through the winter months of December, January and February — a time when it would seem that

traffic would be light. But the other side of that coin is that winter driving conditions are such that ferry business might be lost because people would be reluctant to undertake the 900-mile drive from Seattle to Prince Rupert.

GOV. JAY HAMMOND has said on previous occasions that the best way to save money on ferry operations is to keep the vessels tied up and out of operation. This latest move indicates that the experts managing the system agree.

But it's a funny way to way to run a ferry system — or so it seems from a distance, at any rate.

If the demand isn't great enough to support the system, or if the rates can't be set high enough to bring in reasonable revenues measured against operating expenses, this move is nothing more than a stop-gap remedy.

The situation calls for a long-term solution. That doesn't appear to be forthcoming from Juneau.

As it is, docking the ferries is good business for the Port of Seattle. But how it helps Alaska is — as we said at the beginning — a real mystery.

Q: 2-10/15/81

Ferry

Wages discussed

By LORI EVANS

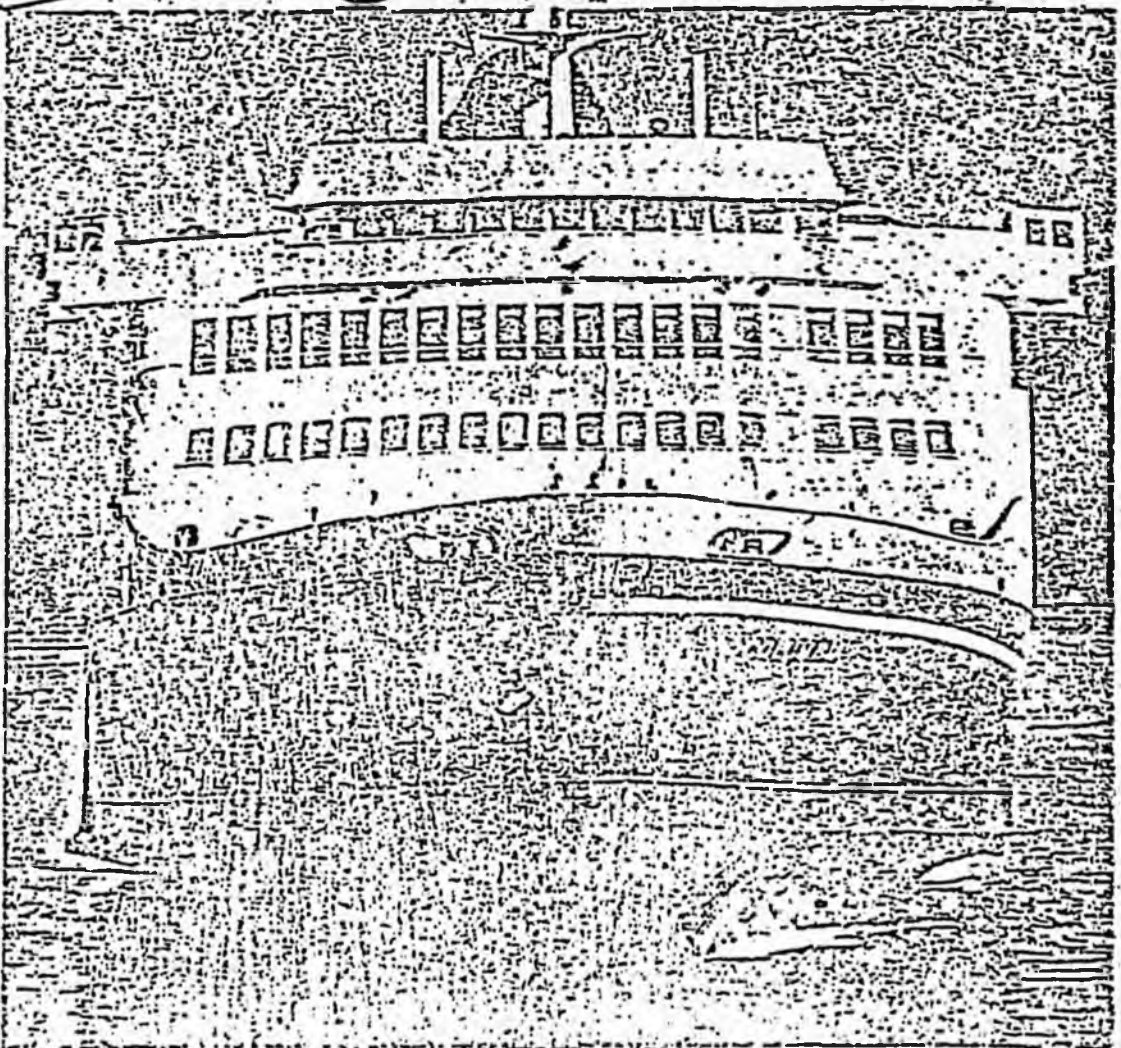
Empire Staff Reporter

Everything from selling the ferry fleet to a private corporation to establishing wages that reflect the cost-of-living between Alaska and Seattle are being considered as alternatives to induce ferry workers to move to Alaska, according to a list released by Juneau Sen. Bill Ray, chairman of the Senate Transportation Committee.

Ray and three members of his committee, along with House Transportation Committee Chairwoman Bette Cato, D-Valdez, presented the list of 15 alternatives to ferry workers — about 34 percent which live outside Alaska — during meetings this weekend in Seattle.

In addition to selling the fleet and favoring Alaskan ferry workers with higher wages, other alternatives in the list include:

- Paying a cost-of-living allowance to Alaska residents;
- Discontinuing Seattle service and establishing Prince Rupert, British Columbia, as the southern terminus;
- Placing a Malaspina or Columbia class vessel on the Seattle run for twice weekly service between Seattle and Ketchikan with all other vessels on intra-state routes only;
- Minimizing lay-up time in Seattle by using Ketchikan and Juneau as tie-up terminals. Seattle would only be used for dry dock for a maximum of two weeks per year;
- Giving preference to Alaskans in hiring;



The state ferry Columbia steams into Auke Bay

• Reclassifying ferry workers to eliminate the right to strike;

• Mandating a state stance on hiring practices, eliminating Seattle-based union hiring halls;

• Replacing mainline vessels with a fleet of hydrofoils with smaller crews (five to seven compared to 25 to 50) and completely automated engine rooms with independent

wheel house control;

• Contracting with a private management firm to operate and manage the ferry system;

• Placing ferry workers in a partially exempt or exempt service;

• Encouraging ferry workers to decertify Seattle based unions in favor of Alaska-based organizations.

Ray said the purpose of the weekend meetings was

to present union officials with ideas being considered to entice ferry workers to live in the state.

While Ray said the meeting, which lasted about four hours, was "positive," he added it is too early to say what — if anything — came of it.

Of the approximate 645 people employed on the ferries about 220 live outside of Alaska.

This amendment is suggested so that the authority will have seven voting members instead of six and so that southeast Alaska that has the highest dependence on the marine highway system, as well as the largest budget allocation, have adequate representation.

A M E N D M E N T

Offered in the HOUSE

By Cato

TO: CSHB 651(Trsp)

Page 1, line 24:

Delete "seven" and insert "eight"

Page 1, line 27:

Delete "six" and insert "seven"

Page 1, line 29:

Delete "three" and insert "four"

Page 2, line 1:

Delete "with one" and "each of the following"

Page 2, line 2, following "highway":

Insert "as follows"

Page 2, line 2, following "(1)":

Insert "two members from"

Page 2, line 3, following "(2)" and following "(3)":

Insert "one member from"

Page 9, line 9:

Delete "six" and insert "seven"

Page 9, line 12:

Delete "two" and insert "three"