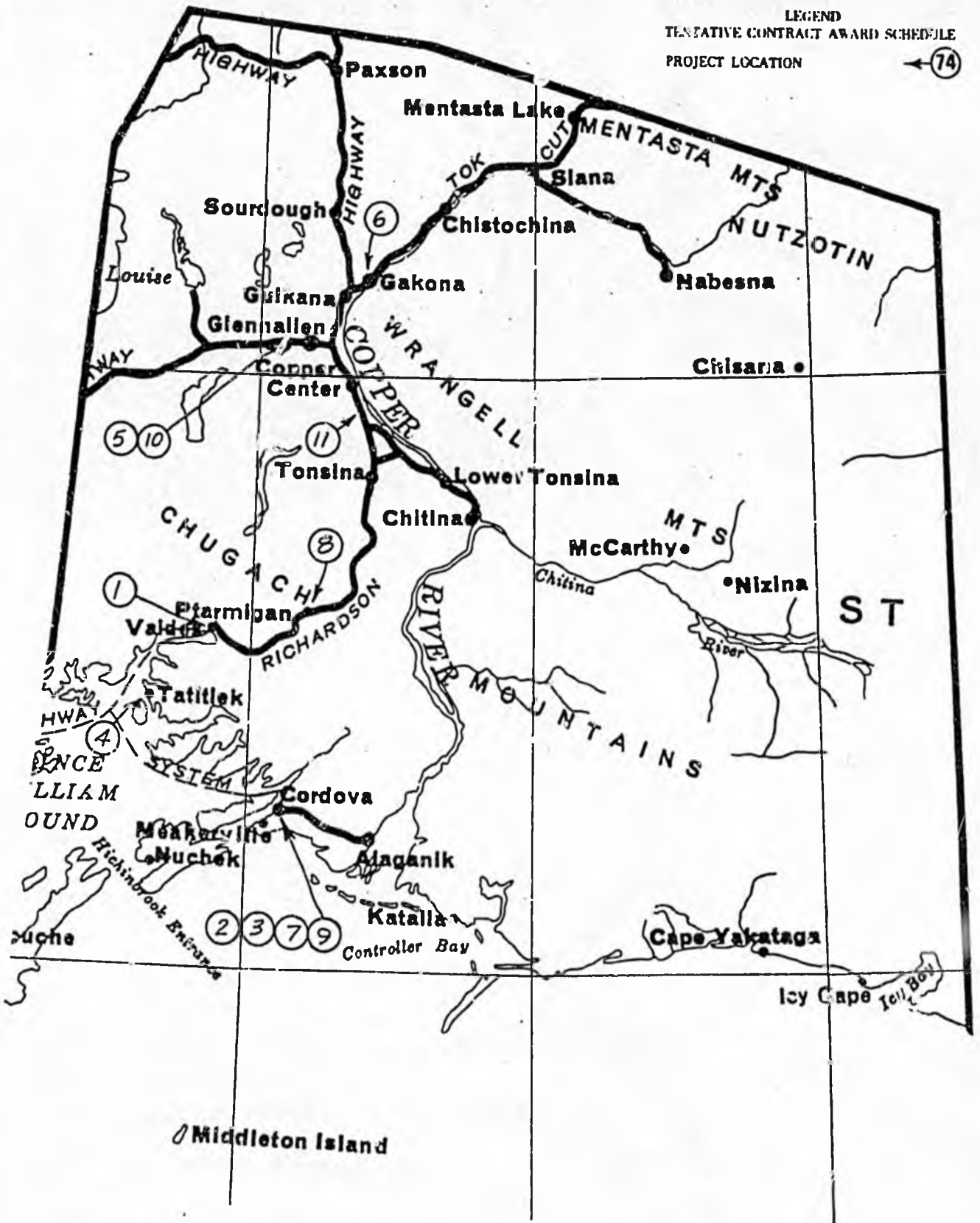


ALABAMA LEGISLATURE COMMITTEE FILES 1983-1984 86/2

3181 ST SB 7 - SB 10 (FILE 1)

3181

LEGEND  
 TENTATIVE CONTRACT AWARD SCHEDULE  
 PROJECT LOCATION ← 74



ALLOCATION DISTRICT 5

IDITAROD TRAIL COMMITTEE, INC.

POUCH X

WASILLA, AK. 99688

GRANT PROPOSAL



# IDITAROD TRAIL COMMITTEE, INC

January 5, 1983

Pappy H. Moss  
Alaska State Legislature  
Pouch V (MS 3100)  
Juneau, Ak. 99811

Dear Mr. Moss:

Iditarod '83 will start our second decade of the longest sled dog race in the world. And, quite frankly, we are proud of our contribution to promoting Alaska and long distance sled dog racing. Our emphasis has always been on strict rules regarding treatment of dogs on the trail and sportsmanship among the mushers. ITC has always wanted to reflect the most positive image possible on both the Iditarod and the State of Alaska.

This race we are expecting a record breaking number of mushers to sign up. In addition to the teams, we have hundreds of volunteers working hundreds of hours seeing to the details of the race from Anchorage to Nome. Our volunteers give of their time and many put expensive equipment, such as HAM radios and airplanes, on the line for us. People from every walk of life, lawyers, veterinarians, pilots, trappers, engineers clerks, subsistence dwellers, all join together in a special camaraderie.

Our news media coverage is international. The race has been filmed and reported by the British, Spaniards, Canadians, Germans, and we are working with STV in Japan on the possibility of filming Iditarod '83. CBS and ABC have covered the race. A thirty minute ABC 20/20 show last spring on the race and Susan Butcher has handled inquiries from all over the lower 48.

The January issue of GEO Magazine has an article on Iditarod. National Geographic will follow with a story in their March issue. And once again, CBS has international rights to live coverage of Iditarod '83.

Iditarod Sled Dog Race has become a year 'round business. Although we have tremendous sponsors for the race, we must turn to the State again and hope you merit our contributions to tourism and State exposure worthy of support of our two proposals.

The first proposal deals with the race itself. These requests are ones we feel will enhance the quality, safety, and organization of the Iditarod.

Our second proposal is for a much needed permanent headquarters. This building would include our offices, a sales outlet, and a museum.

IDITAROD '84

MEDICAL CARE AND DRUG TESTING PROGRAM FOR DOGS

Our veterinarians try to be at every checkpoint to check and administer any needed care to the dogs. The vets have the final say on a dog continuing in the Race. They also have medical supplies available to treat minor irritations and injuries. And, as our rules state, any dog that expires on the trail must have an autopsy.

Because of the rich purse and intense competition among mushers, ITC makes it a priority to keep drugs from being used on a dog. The vets have a right to randomly check dogs during the race for drugs. Then all dogs are checked at the end of the race. These samples are sent to Cornell University in New York for analysis.

For medical supplies, autopsies, drug testing supplies, sample shipping cost, and analysis.

Cost.....\$9,850.00

IDITAROD AIR FORCE

Our trail Air Force is composed of volunteers who are willing to fly their planes along the trail to move dog food, vets, hams, dropped dogs, race officials, and any other person or object needing to go from checkpoint to checkpoint. Because of the financial restrictions on the Iditarod, we have never been able to provide the full protection the private pilot needs. Airplanes and parts have become so expensive, we can no longer recruit pilots and expect them to "out-of-pocket" any damage to their plane while flying for the Iditarod.

Full coverage aviation insurance for Iditarod Air Force during March.....\$5,050.00

AIRCRAFT

Each year our trail manager must start earlier flying up the trail. Checkpoints and checkers must be secured. Trail breaking, marking, and maintenance must be coordinated. All of this is done before the race.

During the race, it is becoming essential ITC have a plane at our disposal. Each year brings different emergencies. We must get our Race Marshal to a checkpoint, or a doctor in to treat an injured musher, or a vet to an injured dog. To ensure the safety of our mushers and their teams, the enforcements of our rules, and a organized operation, we are requesting funding for a Maule M-6 airplane.

Cost.....\$48,000.00

RADIOS

For better communications so we are able to respond to problems and emergencies, we need high frequency portable radios. These radios may be used by our pilots or ground crews.

Four (4) HF Radios.....\$4,750.00

SNOWMACHINES

Of course there are times when all air support is grounded by weather. But our race continues. To enable our officials and trail breaking crews to operate we need double track machines. If we have an emergency somewhere a plane cannot land, we need the machines to get to the location. And, just to have the ability to maintain surveillance between checkpoints, the machines would be invaluable.

Two Alpine double track snowmachines.....\$10,400.00

Each year we offer a \$100,000.00 purse to the top twenty mushers. This distinguished the Iditarod as not only the longest sled dog race in the world, but also the richest. This purse also ensures the Iditarod a place in the major athletic events in the world. The purse gives mushers the incentive to train for the race. Consequently we have mushers and teams that are physically and mentally prepared to challenge the Iditarod Trail.

Money for purse.....\$35,000.00

TOTAL JF PROPOSAL #1

\$113,050.00

## PERMANENT IDITAROD HEADQUARTERS

Each year interest in the Iditarod Sled Dog Race grows.

According to surveys done with our out of state visitors, the Iditarod fulfills the image and fantasy of Alaska. News media from the world over come to report the "Last Great Race." Because of the coverage, more and more tourists want to visit Iditarod Headquarters and see first hand the operation of the race.

After ten years we have collected invaluable paraphernalia connected with each race. These items are a part of our history, but are perilously close to being lost because we have no place to store them. The impression each visitor or reporter leaves our headquarters with reflects on the Iditarod and our great state.

At present we are located above Teeland's Country Store in Wasilla. As our volume of traffic increases, not only is it disruptive to Teelands, but our own space is grossly strained. We have no place to store our race records or paraphernalia. Nor do we have the space to accommodate volunteers working on the race and visitors at the same time.

Because of the problems listed above, the Iditarod Sled Dog Race is requesting funding for a permanent headquartes in Wasilla. We want our building to be in the true spirit of Alaskan history and dog mushing, so our decor would be styled on a log cabin -- Roadhouse theme. To complement our building, we need an acre of land that can be landscaped to encourage visitors to stop and enjoy.

In our headquarters we need office space, storage area, conference room, retail sales outlet and a museum. Maximum exposure for our building is a must to ensure us the tourist and drop in trade we

will count on to cover operation and maintenance.

Our request is for: a 3350 sq. ft. building at \$100 per foot building .

Cost.....\$335,000.00

One acre land located on Parks Highway in or about Wasilla.

Cost .....\$ 26,000.00

Office equipment, furnishings, display cases, cash register, shelves, hangers, and protective equipment for museum.

Cost.....\$ 53,000.00

Landscaping, artwork, outside tables and benches and plaques.

Cost.....\$ 18,000.00

TOTAL REQUEST.....\$422,800.00

\*\*\*\*\* BROWSE FILE IN BILL ORDER \*\*\*\*\*

BILL NUMBER	STATUTE	ACTION
SB 7	01.10.070	REFERENCE
SB 7	19.30.111	REFERENCE
SB 7	19.30.121	REFERENCE
SB 7	19.30.127	REFERENCE
SB 7	19.30.131	REFERENCE
SB 7	19.30.141	REFERENCE
SB 7	19.30.151	REFERENCE
SB 7	19.30.161	REFERENCE
SB 7	19.30.171	REFERENCE
SB 7	19.30.181	REFERENCE
SB 7	19.30.201	REFERENCE
SB 7	19.30.211	REFERENCE
SB 7	19.30.221	REFERENCE
SB 7	19.30.231	REFERENCE
SB 7	19.30.233	REFERENCE
SB 7	19.30.241	REFERENCE
SB 7	19.30.251	REFERENCE
SR 8	35.25.040	ADDED
SB 9	41.20.070	AMENDED

SELECT A BILL NUMBER AND HIT ENTER BILL NUMBER SB 9 STATUTE 4120070  
RETURN TO MAIN MENU ?

129 SLA 1968

HB 636 am 5

HC 636

HB 782

Malone

Chapter 0129 SLA 1968

Chapter 0158 SLA 80

/

# COMMITTEE TAPE LOG 1983

tape no. 1, side B

committee: Senate Transportation

date 2/10/83 to \_\_\_\_\_

bill numbers: SB7 | | | | | | | |

other information:

Date/Time	Tape Meter No.	Bill	Significant Information (Witness, Action)
2/10/83	435	SB7	Call to Order
	455		Sen. Ferguson - Prime Sponsor - described Bill and program, discussed phase-out of program
	558		Questions - McMan asked whether communities have difficulty with agreements with DOT due to ongoing maintenance constraints.
	609		Sen. Fabrikowski responds
	615		Sen. Fails question
	625		Sen. Ferguson's answer
	654		Sen. Kestalla testify on history of SB7 as response to farmed market road project in 71 or 72. Proposed system to build corridors into arterials - only legal way to build secondary roads - local response to regional system of DOT/PE

# COMMITTEE TAPE LOG 1983

tape no. 1, side B

committee: \_\_\_\_\_

date 2/10/83 to \_\_\_\_\_

bill numbers: 

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other information: \_\_\_\_\_

Date/ Time	Tape Meter No.	Bill	Significant Information (Witness, Action)
	749		Sen Fahrenkamp - from a second class brough. not sort handling when local government choose for themselves where they need roads, rather than DOT choosing roads.
	770		Sen Kestulla - only legal way
	784		Sen Fahrenkamp - insurance
	795		Sen Kestulla - under constitution
	838		Sen Moss - Delta road
	851		Sen Moss - Delta road Ngt Kenny - <del>State</del> <sup>Arizona</sup> Loop road - series 56 flume
	860		- good possibility (Moss)
	870		Appare <del>Dean</del> Dean doubled road system
	885		Moss - recognized Bob
	891		Bob Machado - Bay scouts have marked trails - expressed concern over farm <sup>use</sup> site of Sawmill Creek trail.

# COMMITTEE TAPE LOG 1983

tape no. \_\_\_\_\_

committee: Senate Transportation

date \_\_\_\_\_ to \_\_\_\_\_

bill numbers: 

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other information:

Date/ Time	Tape Meter No.	Bill	Significant Information (Witness, Action)
2:00	931		Unnamed road needs Moss - this bill would help your historical society
	950		Ed Kieker - Boy Scouts of America - wants bicycle trail
	969		Moss - Bond appropriation in 1978
	980		Ed - money is not supposed to be used outside city limits
	985	Moss	Clyde will check it out - not enough money
	003		Moss - Linda, any other else
	11		buschpage - no participants Saldana - no answer
	19		Fairbanks - no answer
	25		Valdez - Gene Wright will speak - Engineer for city of Valdez - 2 discontinuous sections of lake path. Historic goat trail through Keystone

# COMMITTEE TAPE LOG 1983

tape no. 6 side B

committee: Senate Transportation

date 2/10/93 to \_\_\_\_\_

bill numbers: SB 7 | | | | | | |

other information:

Date/Time	Tape Meter No.	Bill	Significant Information (Witness, Action)
	042		Moss - hope this program will help you out
	046 051		Moss - any other cannot Gilman - Bates, Quinter John Bates, North Commander of DOT/PF
	061		Gilman - we have heard that DOT/PF does not want to take on any more roads for maintenance
	075		Bates - we have tried to get local
	083		Gilman - DOT/PF has made a <del>continuous</del> conscience effort not to accept.
	120 138		Bates - quoted from legislator Gilman. not that I am opposed to this bill, but money may not be used if DOT/PF won't maintain.
	154		Bates - if they have road sewers, we would like them to
	161		



# Alaska State Legislature

SENATOR  
H. PAPPY MOSS  
P.O. BOX 182  
DELTA JUNCTION, ALASKA 99737  
(907) 895-4384



WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA  
99811  
(907) 465-4921

## State Senate

### FIVE-DAY NOTICE OF FIRST PUBLIC HEARING

SENATE TRANSPORTATION COMMITTEE

DATE: February 2, 1983

<u>BILL NUMBER</u>	<u>TITLE</u>	<u>DATE OF HEARING</u>	<u>TIME</u>	<u>PLACE</u>
SB 7	"An Act making an appropriation to the Department of Transportation and Public Facilities for local service roads and trails; and providing for an effective date."	2-10-83	1:30 p.m.	Butrovich Room

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB7 Date on Bill: 1/18/83  
 Title: An Act making an appropriation to DCTPF for local service roads and trails  
 Sponsor: Ferguson, Kerttula, and Moss  
 Requestor: \_\_\_\_\_

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital	10,000.0			
Operating		209.0	218.0	
Total	10,000.0	209.0	218.0	

b. Revenues:

Revenue				
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2. Source of funds to offset fiscal impact of bill:

Not identified by sponsors of bill.

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Wayne Weeks Phone: 465-4070  
 Division: Planning and Programming Date: 2/10/83  
 Approved by Commissioner: *J. Brate* Date: 2/10/83  
 Department: Transportation and Public Facilities

Distribution:  
 Original to Legislative Finance  
 Copy to OMB  
 Copy to Sponsor  
 Copy to Requestor

2/8/83

HERE TO OBSERVE:

- 1. ROBERT ANDER, VALDEZ TRAILS SERVICE COMMISSION, BOX 543, VALDEZ 99686  
835-1909
- 1. GENE WRIGHT, CITY OF VALDEZ PROJECTS ENGINEER, BOX 370, VALDEZ 99686  
835-4713

NXT MSG U/R/C \_ PREV MSG U/R/S \_ RESEND \_ CANCEL \_

MSG 83-00007594 PRTY 1 02/10/83 13:47:50 ORIG: LF01 IN= 0001 OUT= 0001  
 FROM: ANNIE IN FAIRBANKS TO: JUNEAU T/C  
 TARGET: LJ20 SUBJ: SEN. TRANSP. S.B.7 T/C 2/10/83 PAGE 001

HERE TO OBSERVE:

- 1. THOMAS SCHWETZ, FAIRBANKS NORTH STAR BOROUGH, P.O. BOX 1267, FAIRBANKS  
99701 452-4744

NXT MSG U/R/S \_ PREV MSG U/R/S \_ RESEND \_ CANCEL \_

MSG 83-00007593 PRTY 1 02/10/83 13:43:40 ORIG: LD00 IN= 0005 OUT= 0001  
 FROM: LINDA/DELTA TO: TIN  
 TARGET: LJ20 SUBJ: SB 7 ROADS & TRAILS T/C PAGE 0001

TIN:

ADDITIONAL PART: ED KIKER, BOX 15, DELTA JCT. ALASKA 095-4718  
 REP. BOY SCOUTS

NXT MSG U/R/S \_ PREV MSG U/R/S \_ RESEND \_ CANCEL \_

MSG 83-00007592 PRTY 1 02/10/83 13:30:34 ORIG: LD00 IN= 0004 OUT= 0001  
 FROM: LINDA/DELTA TO: TIN  
 TARGET: LJ20 SUBJ: SB 7 ROADS AND TRAILS T/C PAGE 001

- PART # 1 NAT KENNEY, BOX 1080 DELTA JCT. 99737 095-4443  
REF. SELF
- # 2 JOANN DEAN, CITY CLERK, CITY OF DELTA JCT.  
BOX 229, DELTA JCT. 095-4656
- # 3 BOB MACHADO, MILE 1414 AK. HGH. DELTA JCT.  
095-4750 REP. SELF..

OBSERVER:

- # 1. FERN BARKNESS, BOX 852 DELTA JCT.  
REF. SELF..

COMMITTEE REPORT  
SENATE

1/18/83

FURTHER: FINANCE

Date: 2-10-83

Mr. President:

The Committee on TRANSPORTATION has had SENATE BILL NO. 7

An Act making an appropriation to the Department of Transportation and Public Facilities for local service roads and trails; eff. date.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title
- and recommends \_\_\_\_\_  new title
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

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CHAIRMAN

# Alaska State Legislature

SENATOR  
H. PAPPY MOSS  
P.O. BOX 182  
DELTA JUNCTION, ALASKA 99737  
9071895-4794



WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA  
8981  
9071465-4921

## State Senate

### M E M O R A N D U M

Date: February 9, 1983

Subject: Some DOT/PF Correspondence Concerning the Local Service Roads and Trails Program

To: Committee Members  
Senate Transportation Committee

From: Senator H. Pappy Moss, Chairman,  
Senate Transportation Committee *HPM*

Please find attached three pieces of correspondence included to provide some documentation on the position of DOT/PF regarding the LSRT program.

The first letter, dated November 24, 1982, is included to illustrate the response given by DOT/PF to local communities requesting funding under the LSRT program. The bracketed portion is highlighted as the relevant text concerning DOT/PF's philosophy toward the program.

The second letter, dated April 16, 1982, is included to provide an example of a local community's response to DOT/PF's attitude toward the LSRT program.

The third piece of correspondence is included to show the positive attitude of DOT/PF field managers toward the program.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
Division of Planning and Programming, Interior/Western Region

University Plaza - West, Suite D  
600 University Avenue  
Fairbanks, Alaska 99701  
(907) 479-4284

November 29, 1982

Robert L. Brean  
Executive Director  
Upper Tanana Development Corporation  
P.O. Box 459  
Tok, AK 99780

Dear Mr. Brean:

RE: Tok Homesite Tract Road

We are responding to your letter of November 1, 1982 to Mr. Don Ronken, Regional Local Service Roads and Trails Engineer, regarding an access road to Homesite Tract ASL Survey #77-164.

The Department has not requested funding for continuance of the Local Service Roads and Trails Program in recent budget requests, since the functions of this program have been largely supplanted in recent years by the Municipal Grant Program and by line item appropriations added by the legislature to our Departmental request. Determination of projects to be added as grants or line item insertions is a prerogative of the legislature.

This policy has enabled the Department to concentrate its resources on the urgent needs of the regional transportation system, from reconstruction and rehabilitation of the existing major roads and bridges to upgrading essential rural airport runways and lighting systems.

Our statewide transportation needs assessment already includes in excess of four billion dollars worth of needed improvements to the existing system. This tremendous backlog of identified projects coupled with the reduced state revenues now being projected makes it increasingly difficult to include in our budget our priorities for the facility improvements required for inter-community transportation, and certainly precludes us from budgeting for new facilities to service strictly local needs.

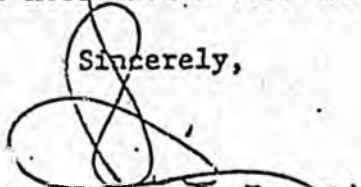
While your request is relatively small and for good purposes, there are far too many local needs of this type in our region for us to make an exception to our policies for your particular request.

November 29, 1982

We would be happy to provide technical assistance, in terms of engineering expertise and cost estimates, but are unable to include an actual funding request in our annual Capital Improvement Program.

Given these situations in relationship to your immediate need, it is suggested that you contact your local legislative contingent to ascertain if they might be willing to include a grant or appropriation for the access road during the coming session. We will be forwarding a copy of your letter to Senator Moss with a cost estimate.

Sincerely,



Robert R. Venusti  
Director

cc: Senator H. "Pappy" Moss ✓

# fairbanks north star borough

p.o. box 1267 520 fifth ave. fairbanks, alaska 99707 907-452-4761



April 16, 1982

Commissioner Bob Ward  
State of Alaska  
Department of Transportation  
Pouch Z  
Juneau AK 99811

Dear Commissioner Ward:

I am responding to your March 12 letter in which you expressed your plans to phase out the Local Service Roads and Trails program.

I regret that you feel the need for this action, since the LSR&T Program provides a real and an essential service to people in this area. I do understand the impact of this program on your department and the problems which can arise--and have done so--in this regard. I would ask, however, that we first attempt to safeguard these services to the public and attempt to prevent the negative consequences which an abrupt elimination of the program would generate.

Your letter makes several statements with which I cannot concur, at least in regard to the comments on local government.

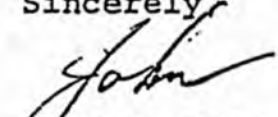
I think we are all aware that the state capital projects funding to local governments, as well as to state agencies, is being drastically reduced this year because of declining revenues to the State of Alaska. The special capital project funds we have received in the last two years have been for one-time activities and were specifically designed not to involve the Borough in expanded program operations.

Consequently, I can assure you that we do not have special funds in reserve which could be called upon to fund phased-out LSR&T activities. I would ask that, in view of the serious consequences which could flow from the elimination of this program, that DOT officials contact

Commissioner Bob Ward  
April 16, 1982  
Page two

their appropriate Borough counterparts to discuss ways and means by which a mutually beneficial arrangement might be reached, without first taking action that might later result in some harm to the public at large.

Sincerely



JOHN A. CARLSON  
Borough Mayor

/sek

TO: Charles D. Karella  
State LSR&T Engineer  
DOT/PF  
Headquarters/Juneau

DATE November 24, 1982

FILE NO

TELEPHONE NO 443-5266

FROM: Jeffrey S. Chandler *JSC*  
Acting LSR&T Manager  
DOT/PF  
Interior Region/Nome Residency

SUBJECT: LSR&T Program In Rural Communities

In response to your enquiry regarding the involvement of the Local Service Roads and Trails Program in rural communities of Western Alaska, and the attitudes held by the rural communities towards the Program, I offer the following information.

The LSR&T Program generally has been highly regarded and supported by the bush communities. The underlying reasons for this are as follows:

### I. LOCAL PRIORITIES

The City Council of each community sets the priorities for local service projects needed in that community.

This process insures the Program's responsiveness to local needs. Within the limits of available funding, a community may designate access roads, local streets, bridges, boardwalks, or trail repairs for inclusion under the Program. Since LSR&T is primarily a reimbursement program, the local governing body may start construction as soon as a Project Agreement is approved and materials or equipment available, and is then reimbursed periodically for expenses. For larger heavy construction projects utilizing State equipment or a private contractor, costs are generally paid directly by the State.

### II. LOCAL INVOLVEMENT

The local community has direct input into all phases of each project, from planning through construction.

The scope of the project selected is determined by the City Council, within the limits of sound engineering principles. For locally constructed projects, flexibility is preserved through the construction phase, allowing alterations to accommodate local concerns which may not have been anticipated initially. Although LSR&T administers the project, it is basically a community enterprise in which the community shares responsibility. Through cooperative effort the State provides a helping hand rather than a hand-out. A completed project becomes a source of pride for residents of a rural community because they were integrally involved in creating the end product.

### III. LOCAL HIRE

Locally hired crews are employed to construct most rural LSR&T projects.

With labor intensive projects such as boardwalks and trail construction, the crew is hired locally by the local governing body which also appoints a local foreman.

Day to day operations of small scale heavy construction projects involving local equipment are also handled by a local foreman. On larger heavy construction projects involving State equipment, LSR&T may provide a foreman and/or a heavy-duty mechanic, while the construction crew is hired locally. In the event the local labor pool is exhausted, workers are generally sought from neighboring villages. The primary exception to this procedure occurs when a project has been let to contract, where hiring is done by a contractor whose policies generally tend to be more restrictive than those of local managers.

#### IV. LOCAL TRAINING

Training of local residents in new skills is necessary for most remote LSR&T road projects.

It is unusual to find the required number of qualified equipment operators and truck drivers locally available for the typical local road construction project. Training is therefore provided by an LSR&T representative or designated foreman and mechanic. Emphasis is placed on proper equipment care and usage, not only for safety reasons, but also to avoid unnecessary downtime. Safety awareness is encouraged through the life of a project in order to reduce the chances for injury or accident. This policy of training employees allows a greater proportion of local residents to obtain jobs than is the case with contractors, who generally require skilled workers for available positions. It also results in an added benefit outlasting the life of the project: a pool of trained workers who may be able to later obtain jobs for which they were previously unqualified.

#### V. LOCAL EQUIPMENT

Local equipment, public or private, is utilized for heavy construction projects whenever available.

For local road projects, LSR&T encourages the use of locally available equipment: from the local governing body, from DOT/PF, or from other public or private sources, in any combination necessary to perform the work. This practice results in substantial cost savings and production increases for the project, by avoiding the extra costs of mobilizing equipment from outside the community. LSR&T also has its own construction fleet, which is generally moved from project to project on an annual basis to supplement local equipment. In the event that adequate equipment is not available either locally or from LSR&T, and when private enterprise is available, then a project is generally put to contract with a contractor who is preferably already mobilized on site. It should be noted here that due to age and the phase-out of the LSR&T Program, most of the LSR&T equipment fleet will have been exceeded by the end of the year.

#### VI. REGION WIDE PROJECTS

All local communities in the Nome Residency area are eligible for participation in LSR&T's region-wide projects.

Winter Trail Staking and Shelter Cabins are two projects in which most rural communities participate annually. Although a limited amount of funds are available, these are distributed among local communities to help defray the costs of marking trails each winter, and the costs of putting up shelter cabins on the most heavily used trails for the use of the traveling public. A limited number of permanent trail markers are installed each year during Trail Staking. Permanent trail markers could be installed on the 1,400 miles of primary overland

trails in the Nome Residency area within two years, if current funding levels were doubled.

#### VII. PROFESSIONAL SUPPORT

Technical support services are provided to each project in proportion to the demands of the project and the needs of the community.

Engineering, supervisory, mechanical expertise, and expediting services are available for each LSR&T administered project. Where sufficient local initiative, labor, and expertise is available, periodic visits of the LSR&T Engineer is all that is required, resulting in lower administrative charges to the project. For small scale heavy construction projects, LSR&T provides a highly qualified roving heavy-duty mechanic, who periodically visits each project as needed to assist the local foreman in handling complex emergency mechanical repairs. For larger scale projects, the LSR&T Engineer or designated representative may direct the project and provide experienced foreman and qualified heavy-duty mechanic for the duration of the work. The key to this approach is flexibility: the fewer the resources of a local community, and/or the more complex the nature of the project, the greater the level of direct assistance provided, and vice-versa.

#### VIII. ADMINISTRATIVE SUPPORT

Most rural communities need some administrative support to keep their projects from bogging down.

This applies to a majority of local development projects involving local administration, whether funded through LSR&T, special legislative appropriations expended through LSR&T, or direct legislative grants to the villages. This need can be met by consulting engineering firms and contractors where funds are sufficient. However, for smaller projects a little common sense advice and direction is frequently all that is required, rather than a costly and lengthy study which doesn't help the local governing body with the day to day problems associated with doing its own construction projects. Although not mandated to do so, LSR&T has been providing technical information, quantity and cost estimates, and alternative recommendations to villages seeking guidance for the application of their direct grants for new construction equipment, new equipment storage buildings, and local transportation-related construction projects. The Nome office has handled seventeen such calls from different villages in the last five months.

#### IX. SUMMARY

Given the limits of available funding for rural areas, the LSR&T Program has made some substantial contributions in helping local communities to meet their own transportation needs. By and large, remote communities have not requested advanced development projects. Basic projects have been the rule, providing boardwalks, access roads, or streets for the community, frequently for the first time. Additionally, the Program has received strong support from the Bering Straits and NANA Regional Native Corporations, in the form of streamlined permit procedures, free use materials, and expedited right-of-way reconveyance agreements. Finally, the LSR&T Program has retained the flexibility to fund those projects requested by villages which have not been addressed through the legislative process under line-item appropriations or specific grants. Hopefully this information will assist in the evaluation of the LSR&T Program as it has functioned in the Nome Residency, and contribute to the formation of a policy or program through which rural communities may continue to receive State support in alleviating their transportation problems.

MEMORANDUM

Date: February 8, 1983

Subject: Transportation Committee Meeting

To: Senator Frank Ferguson

From: *HM* Senator H. Pappy Moss, Chairman,  
*1/11/83* Senate Transportation Committee

The purpose of this memo is to remind you of the Senate Transportation Committee meeting concerning SB 7, Local Service Roads and Trails. The meeting is at 1:30 p.m., February 10, 1983, in the Butrovich Room. According to our records, you are scheduled to testify concerning this legislation.

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SP7 Date on Bill: 1/18/83  
 Title: An Act making an appropriation to DOTPF for local service roads and trails  
 Sponsor: Ferguson, Kerttula, and Moss  
 Requestor: \_\_\_\_\_

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital			10,000.0					
Operating				209.0	218.0			
Total			10,000.0	209.0	218.0			

b. Revenues:

Revenue								
---------	--	--	--	--	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

Not identified by sponsors of bill.

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Wayne Weeks Phone: 465-4070  
 Division: Planning and Programming Date: 2/10/83

Approved by Commissioner:  Date: 2/10/83  
 Department: Transportation and Public Facilities

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2/8/83

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB7 Date on Bill: 1/18/83  
 Title: An Act making an appropriation to DOTFF for local service roads and trails  
 Sponsor: Ferguson, Kerttula, and Moss  
 Requestor: \_\_\_\_\_

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital			10,000.0					
Operating				209.0	218.0			
Total			10,000.0	209.0	218.0			

b. Revenues:

Revenue								
---------	--	--	--	--	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

Not identified by sponsors of bill.

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Wayne Weeks Phone: 465-4070  
 Division: Planning and Programming Date: 2/10/83  
 Approved by Commissioner: *W. Weeks* Date: 2/10/83  
 Department: Transportation and Public Facilities

Distribution:

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2/8/83



Official Business

# Alaska State Legislature

## House of Representatives

Pouch V  
State Capitol  
Juneau, Alaska 99811

### MEMORANDUM

TO: House Minority Republican Caucus Members

FROM: Sarah Robinson, Staff

DATE: June 19, 1983

RE: SB 7

Senate Bill 7 has been selected as a House Minority Republican Caucus priority. This legislation appropriates \$10,000,000 from the general fund to the Department of Transportation and Public Facilities for grants for local service roads and trails authorized by AS 19.30.111-AS 19.30.251 under Section 1. Section 2 of the bill provides an immediate effective date.

The local service roads and trails system (LSR&T) is a program of vital importance to both urban and rural communities in the state. This legislation has been placed on the priority list of the Governor and the House Democratic Minority, as well as the House Minority Republican Caucus for bills to be addressed and passed this Session. The program provides funding for construction of local roads and trails that are not eligible to receive matching federal highway funding.

The Hammond Administration began a phase-out of the LSR&T program last year. The rationale for this policy action has been stated publicly by DOT/PF as an overlap between the municipal grant program and line item appropriations. It should be pointed out that line item appropriations and municipal grants are effectively the same thing in most cases. When making a line item appropriation to a community, the legislature designates it as a municipal grant. The municipal grant program is essentially a legislative procedure allowing the state to contract with local communities. The LSR&T program has traditionally been viewed by the Legislature as a mechanism for funding road projects the Administration and Legislature were unable to consider due to time constraints but were in need of construction or repair immediately.

The \$10 million supplemental will allow DOT/PF to enter into contract agreements with local communities for projects that have been identified as in need of funding. Due to the phase-out begun by the Hammond administration DOT/PF has not been entering into contracts for projects

they have recognized as priorities. Since the LSR&T program did not receive funding this fiscal year, the \$10 million will allow DOT/PF to enter into agreements for new projects this construction season and continue operations into the next fiscal year.

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FILE No. 1



## ALASKA RAILROAD TRANSFER PROJECT

## WORK PLAN OUTLINE

The Alaska Railroad Transfer Act of 1982 was signed into law by President Reagan on January 14, 1983. This legislation establishes a detailed process for assembling the specific information necessary to a thorough consideration by the state of the transfer proposal, while also specifying the time framework for effecting an eventual transfer. Date of enactment serves as a trigger for several key provisions which involve a great deal of work activity in order to accomplish a thorough addressing of the transfer question. The following discussion highlights the major work tasks confronting the state, along with some explanation of the state's response to satisfy these requirements.

TASK #1 - TRANSFER TEAM ORGANIZATION.

A detailed organization is in the process of being established to direct all state activities pertaining to the railroad transfer. Because of the diverse nature of tasks involved and limited time available for work performance, an interdisciplinary team of state officials and outside expertise is necessary to accomplish the mission. Governor Sheffield has designated the Department of Transportation and Public Facilities to serve as the lead agency for all matters regarding the railroad transfer. As a result, Commissioner Dan Casey will serve as the state official responsible for the conduct of this project.

Commissioner Casey has appointed a transfer team of three individuals to direct all work activity regarding the proposed transfer. Mr. Mark Hickey of DOT/PF will serve as the staff coordinator and contact point for transfer team activities. Mr. Dave Walsh and Mr. Jack Day, who are in the process of being placed under contract to the state, will be working with Mr. Hickey to direct these efforts and will provide special outside expertise on certain specific aspects of the project. Mr. Jack McGee of the Attorney General's Office will also be working with this group, directing the legal research portions of the work. In this regard, the special services of the law firm of Wickwire, Lewis, Goldmark & Schorr will remain available to the state as needed. Additional state personnel from various agencies will be involved with specific aspects of individual tasks.

TASK #2 - FRA COOPERATIVE PROCEDURES/INFORMATION ACCESS.

Section 605(b) of the transfer legislation specifies the means by which the state can monitor railroad operations and inventory and evaluate rail properties prior to a decision to accept transfer. As part of this effort, the state will have to ascertain the position of the Federal Railroad Administration (FRA) regarding confidentiality limitations as also noted in Section 605(b). Additionally, there needs to be established a general framework for coordination of transfer duties and information access. Important in this area will be clear delineation of FRA liaison and contact personnel, along with explicit definition of current railroad management's role relative to

transfer proceedings. It is anticipated that FRA will respond to this project through some overview arrangement which includes an equivalent transfer team of federal personnel primarily dedicated to transfer activities. Assistance from other federal agencies, particularly the Department of the Interior, will also be important to the successful performance of transfer work.

Several steps have already been taken to address aspects of this task. FRA has appointed Mr. F. Colin Pease, Special Assistant to the Administrator, to serve as the responsible federal official for transfer matters. Mr. Pease is in process of appointing Mr. John Cikota of FRA to serve as the liaison contact on temporary duty at the railroad in Anchorage. Railroad personnel will serve as technical support staff for various transfer duties, but will not be directly involved in any of the policy aspects of the transfer. The Alaska State Office of the Bureau of Land Management has been designated as the lead DOI agency for transfer matters and has already established an Alaska Railroad Project Staff under the direction of Mr. Gary Bauer. Preliminary meetings have also occurred between the key state and federal personnel regarding coordination of transfer duties and information access procedures.

#### TASK #3 - STATE CONSENT FOR ARR ACTIONS.

During the period between date of enactment of the federal transfer legislation and the date of actual transfer, or an official negative response by the state to the transfer offer, certain specific types of actions and decisions by the Alaska Railroad (ARR) will require state consent. Section 605(b) specifies that the following actions fall into this category: (1) make or incur any individual capital expenditure in excess of \$300,000; (2) sell, exchange, give or otherwise transfer any real property; and (3) lease any rail property for a term in excess of five years.

Governor Sneffield has formally designated Commissioner Dan Casey to serve as the state official responsible for dealing with this matter. The transfer team is responsible for reviewing these items and forwarding recommendations to the commissioner for action. Mr. Hickey has been designated the responsible official for coordinating this activity. Information about specific items involving state consent is available through Mr. Hickey's office.

#### TASK #4 - CLOSING REPORT.

Section 605(a) requires the Secretary of Transportation and the Governor to prepare and deliver a report, commonly referred to as "the closing report", within six months from the date of enactment. It is envisioned that the Alaska State Legislature will have to review this report prior to authorizing final acceptance of the transfer. This document, which is intended to provide the state greater specificity regarding transfer particulars prior to final action on the offer, will describe all rail properties of the Alaska Railroad and the liabilities and obligations to be assumed by the state under the proposed transfer. Although the legislation contemplates that the federal and state governments will jointly prepare the closing report, the state has a greater

interest in its accuracy and completeness since since it will be the basis for subsequent transfer documents.

The following categories represent the major components which will be addressed within the closing report: (1) real property; (2) personnel obligations; (3) personal property; and (4) commercial/contractual/legal obligations. Each of these components will involve a process of identification and detailed description for inclusion within the closing report document. In the case of real and personal property, the parties will have to review systematically ARR records and conduct physical inventories where such records are considered inadequate or unreliable. There will also be a need to identify which of the real properties of the ARR are subject to claims of valid, existing rights and which are not. Finally, it will be necessary to offer some sense of personal property condition and the value of the railroad as going concern operation.

The state and the FRA have already discussed a procedure for agreeing jointly to the appropriate form and content of the closing report, as well as the actual process for drafting the various portions of the report. It is clearly understood that the FRA has the lead responsibility for the federal agencies involved with the transfer. Agencies of the DOI will support the FRA as a technical resource for matters pertaining to real properties, but they will not make any final decisions regarding policy questions. It is currently envisioned that a final draft of the closing report will be available for agency circulation by early June.

The following lists depict the specific resources being used by the state to address properly each component of this task. It should be added that these activities represent a line share of transition activities for the first six months following passage of the federal legislation.

ARR Real Property Team

Mark Hickey, Staff Coordinator  
Dave Walsh, ARR Transfer Team Leader  
Jack Day, ARR Transfer Team Leader  
Jack McGee, Attorney General's Office  
Sarah Kavasharov, Attorney General's Office  
Tom Koester, Attorney General's Office  
Jim Sandberg, DOT/PF - Right-of-Way  
Ted Richards, DOT/PF - Right-of-Way  
Bud May, DNR - Technical Services  
Clyde Duren, DNR - DTS (Cadastral)  
Carol Shobe, DNR - DTS  
Tony Braden, DNR - DTS  
John Hanley, Wickwire/Lewis  
Greg O'Leary, Wickwire/Lewis

ARR Personnel Team

Mark Hickey, Staff Coordinator  
Jack McGee, AG's Office  
Tom Brewer, Wickwire/Lewis  
DOA - Division of Personnel\*  
DOA - Div. of Ret. & Benefits\*  
DOA - Div. of Labor Relations\*

ARR Personal Property Team

Mark Hickey, Staff Coordinator  
Jack Day, ARR Transfer Team Leader  
Jack McGee, AG's Office  
Dave Zugsberger, OMB (Management)  
Dick Wiggins, DOT/PF - Planning  
Gary Cox, DOT/PF - Facilities  
Dick Meyer, DOT/PF - Facilities  
John Anderson, DOT/PF - Facilities  
John Hanley, Wickwire/Lewis

(\* resource yet to be identified)

ARR Commercial/Contractual/Legal Obligations Team

Mark Hickey, Staff Coordinator  
Dave Walsh, ARR Transfer Team Leader  
Dick Wiggins, DOT/PF - Planning  
Yale Lewis, Wickwire/Lewis  
Tom Brewer, Wickwire/Lewis

Jack Day, ARR Transfer Team Leader  
Jack McGee, AG's Office  
Dave Zugsberger, OMB (Management)  
Gerry Johnson, Wickwire/Lewis  
DOA - Div. of Risk Management\*

(\* resource yet to be identified)

TASK #5 - USRA FAIR MARKET VALUE DETERMINATION.

Section 605(d) requires the United States Railway Association to determine the fair market value of the Alaska Railroad within nine months from the date of enactment. This value, if any, will then become the amount which the state would have to compensate the United States to receive the railroad under the transfer offer in Section 604. In performing this work, the USRA is instructed to perform an appraisal of all real and personal property with consideration for the current fair market value and potential future value if used in whole or in part for other purposes. The USRA is also to take into account all obligations imposed by the transfer legislation and other applicable law (e.g., Alaska Native Claims Settlement Act) upon the operation and ownership of the state-owned railroad. Finally, the USRA is directed to use all relevant data and information from the closing report document in making the fair market value determination.

Preliminary meetings between the transfer team and USRA officials have already occurred regarding project schedules and appraisal methodologies. The USRA intends to perform three types of assessment to reach their determination of the railroad's fair market value: (1) real estate appraisal; (2) facilities and equipment; and (3) continued operations valuation. A preliminary report on this activity is currently scheduled to be available in June. The USRA has agreed to keep the state apprised of ongoing activity and allow review of all draft products. Members of the state transfer team will also be available to research any information requests. Mr. Jack Day of the transfer team has been designated to serve as the point individual for staff activity under this task.

TASK #6 - NATIVE VILLAGE CLAIMS NEGOTIATION.

During the ten months following the date of enactment, there is a requirement for the state, the Department of the Interior, and all affected Native village corporations to enter into a good faith effort to negotiate settlements for as many outstanding claims as possible. Some 3,800 non-right-of-way acres of the ARR's total 38,000 acres are affected by village corporation filings under Section 3(e) of the Alaska Native Claims Settlement Act. Additionally, as many as 3,300 acres of right-of-way land may also be subject to similar filings. In the latter case, however, the transfer legislation structures a different procedure for this issue whereby the state will ultimately receive the railroad's right-of-way free and clear of any such encumbrances. With respect to the 3,800 acres of non-right-of-way land, the first step will be identification of the specific parcels involved, along with obtaining appropriate legal descriptions.

The state is in the process of organizing a negotiating team, while also determining an appropriate policy stance for each specific parcel. Information and recommendations is being collected from knowledgeable ARR officials regarding the railroad importance of each parcel. There is also the need to conduct some discussion and investigation with personnel from DNR and DOI regarding the availability of other state or federal land which might facilitate achievement of settlements. Mr. Dave Walsh has been assigned the role as point individual for staff activity for these negotiations. Mr. Walsh will have direct support from Mr. Hickey and members of the Attorney General's office.

#### TASK #7 - TRANSFER DOCUMENTS.

Section 604(b) details a series of legal documents which will effect the actual transfer assuming state acceptance. Specifically, the following four documents are required: (1) a bill of sale conveying title to all rail properties except real property; (2) an interim conveyance of real property of the Alaska Railroad not subject to unresolved claims of valid existing rights; (3) an exclusive license granting the state the right to use all real property not conveyed pending resolution in accordance with the review and settlement process or final administrative adjudication of claims of valid existing rights; and (4) an exclusive-use railroad easement for that portion of the railroad's right-of-way within Denali National Park and Preserve.

The content of these documents will require lengthy discussion and careful drafting by the state and FRA. Direct and extensive legal assistance will be needed to achieve this task. Mr. Hickey will direct these efforts with assistance from the Attorney General's Office and the state's special counsel, Wickwire, Lewis, Goldmark & Schorr. Actual completion of this work is contingent on state acceptance of the transfer offer. Preliminary work on this task should begin following completion of the closing report. The final documents do not have to be finished until after the Alaska State Legislature ratifies the transfer proposal and the Secretary of Transportation certifies the state has agreed to all of the required terms and conditions as specified in the transfer bill.

#### TASK #8 - ICC REQUIREMENTS.

Section 605(c) requires that prior to transfer the ARR's accounting practices and systems shall be capable of reporting data to the Interstate Commerce Commission in formats required of comparable rail carriers subject to ICC jurisdiction. It will also be necessary to obtain an ICC certificate of public convenience and necessity to ensure continued operation of the railroad following transfer. As a result, it will be necessary to petition the ICC to promulgate proceedings to respond within the anticipated time period, along with preparing the necessary filings to provide for the operation of the state-owned railroad. A final ICC-related task involves rate-making authority for the new state entity. Although the transfer legislation provides a two-year hiatus, staff should probably engage in discussions with ICC officials regarding this matter, prepare preliminary filings, and direct background valuation work which will serve as the basis for future rate-making filings.

Efforts have already been initiated to accomplish some of these tasks. Work is in progress to review current accounting practices and systems in light of ICC requirements. Additionally, efforts are underway to petition the ICC for a promulgated proceeding for obtaining a certificate of public convenience and necessity. The remaining tasks, which are more substantive in nature, should be initiated within the next few months and will carry into the time period following transfer. Mr. Hickey will direct these efforts with assistance from the state's special counsel. Additional outside assistance will be needed from individuals knowledgeable with ICC procedures and railroad valuations.

#### TASK #9 - PRE-TRANSFER PREPARATIONS.

This task covers a range of duties related to ensuring an orderly and timely transfer. Much of this activity will be integrally tied to the creation and implementation of an appropriate entity to own and operate the railroad. The following list details the major task of this nature that can be identified: (1) legal research regarding appropriate state response to comply with the federal certification requirements under Section 604; (2) necessary state activity to allow assumption of current ARR collective bargaining agreements for the mandated two-year protection period; (3) further assessment of implications of anti-trust liabilities following transfer; (4) various planning activities related to required waivers of compliance with railroad safety laws and OSHA compliance requirements; (5) investigation of need for full-scale inventory and condition survey of ARR assets; (6) initiation of long-range capital planning effort for future railroad needs; and (7) anticipating and satisfying all other critical labor, administrative, regulatory, insurance and fiscal requirements prior to actual transfer.

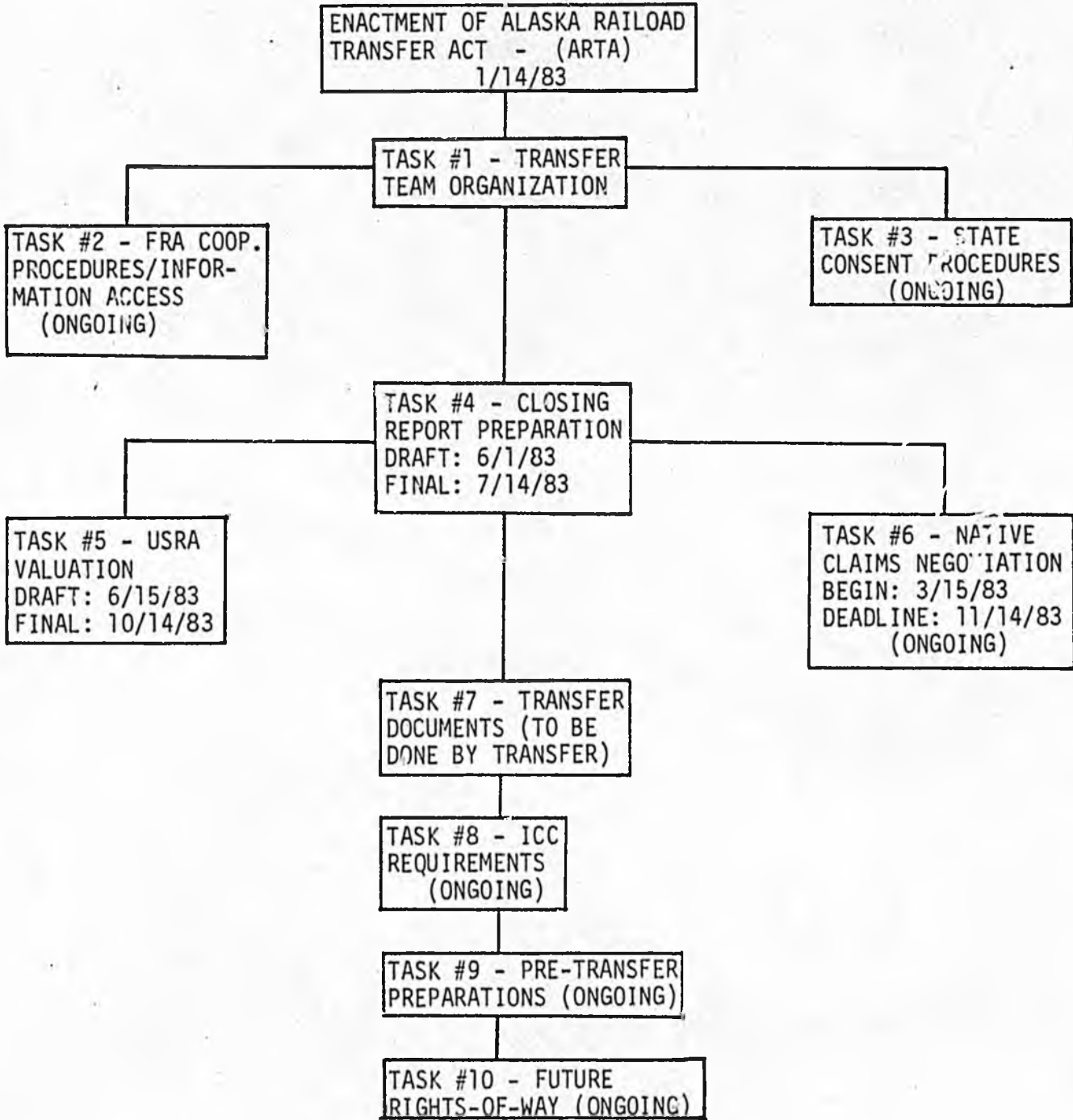
The time frame for the performance of these activities will span the entire period between enactment of the federal bill and formal completion of the transfer. Certain elements will be important in relation to the creation of a state entity to own and operate the railroad, which will be governed by the framework for action within the Alaska State Legislature. The state transfer team will be responsible for the performance of these tasks.

#### TASK #10 - FUTURE RIGHTS-OF-WAY.

Section 609 sets out the appropriate process whereby the state-owned railroad will be able to secure future rights-of-way across federal lands. In response to this provision, the state has initiated a process to develop an acceptable policy position for obtaining needed reservations in an intelligent and orderly manner. Once this activity is completed, work efforts will be undertaken to survey the selected routes and to prepare necessary application submittals for the federal and state portions. Additional funding will be needed to perform this effort.

ALASKA RAILROAD TRANSFER PROJECT

FLOW CHART



ALASKA RAILROAD TRANSFER PROJECT

SCHEDULE

TASKS

JAN. 14, 1983

JULY 14, 1983

OCT. 14, 1983

NOV. 14, 1983

JULY 14, 1984

CLOSING REPORT



FRAMEWORK FOR  
STATE ACTION ON  
TRANSFER OFFER



(TRANSFER TO OCCUR AS  
SOON AS POSSIBLE AFTER  
STATE ACTION)

U.S. RAILWAY  
ASSOCIATION  
VALUATION



NATIVE VILLAGE  
CLAIMS NEGOTIATION



STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 10 Date on Bill: 1/18/83  
 Title: An Act relating to the Alaska Railroad  
 Sponsor: Kerttula  
 Requestor: \_\_\_\_\_

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating			-0-	100.0	-0-	-0-		
Total			-0-	100.0	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

Not identified by the sponsor.

3. Assumptions:

Given the railroad's recent revenue trends, operating revenues should be more than sufficient to cover operating expenses in the short-term (i.e., 2-3 years). It is difficult to predict beyond FY 86 whether this condition will continue to exist. It should be added that the issues of capital rehabilitation needs, ongoing capital reinvestment needs, long-term operating deficits and passenger service subsidies have not been directly addressed by the proposed authority legislation.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. I not represent the policy of the Sheffield Administration or the final estimate of impact.

Prepared By: Mark Hickey Phone: 364-2121  
 Division: DOT/PF Date: 2/22/83

Approved by Commissioner: *[Signature]* Date: 2/22/83  
 Department: Department of Transportation and Public Facilities

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
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No direct fiscal impact is anticipated for FY 83 since the bill carries an effective date only triggered by subsequent legislative action to ratify the closing report or a proposed lease arrangement. Given the mandated time lines in the federal bill, this subsequent action will probably not occur until sometime next session.

The \$100,000 in requested funds for FY 84 is to cover various start-up costs for initiation of the Alaska Railroad Authority. These funds will cover the time period between creation of the entity and actual assumption of railroad operations.

SB 10 represents a very complex and thorough piece of legislation. A great deal of work and analysis has already gone into developing the current draft. SB 10 proposes to create an independent public authority responsible for operating the Alaska Railroad following transfer in accordance with sound business practices, while also balancing it with an appropriate, but not burdensome, level of oversight and monitoring by state government. Without attempting to evaluate at this point specific provisions of the proposed bill, it should be mentioned that there remains several unanswered policy questions such as those pointed out in the bill analysis section.

A great deal of current and hard data will be generated in the next few months during the preparation of the closing report and performance of the valuation determination by the United States Railway Association. Both of these efforts are mandated by provisions of the Alaska Railroad Transfer Act of 1982. It is our view that any attempt to resolve these unanswered questions and reach a consensus regarding the desired form of the state entity to accept and operate the railroad should await the completion of these tasks. Efforts should be initiated to provide for timely and thorough analysis of this information, which will result in an expeditious handling of the transfer issue at the appropriate time.

\*\*\*\*\* BROWSE FILE IN BILL ORDER \*\*\*\*\*

BILL NUMBER	STATUTE	ACTION
SB 10	09.10.120	REFERENCE
SB 10	09.50.250	REFERENCE
SB 10	09.50.260	REFERENCE
SB 10	09.50.270	REFERENCE
SB 10	09.50.280	REFERENCE
SB 10	09.50.290	REFERENCE
SB 10	09.55.310	AMENDED
SB 10	09.55.350	AMENDED
SB 10	09.55.420	REFERENCE
SB 10	09.55.430	REFERENCE
SB 10	09.55.440	REFERENCE
SB 10	09.55.450	REFERENCE
SB 10	09.55.460	REFERENCE
SB 10	09.65.040	REFERENCE
SB 10	14.17.009	REFERENCE
SB 10	14.17.250	REFERENCE
SB 10	19.00.000	REFERENCE
SB 10	23.10.055	REFERENCE
SB 10	23.10.420	REFERENCE

*Code of Civil Procedure*

*Education*  
*Highway + Ferries*

SELECT A BILL NUMBER AND HIT ENTER      BILL NUMBER SB 10 STATUTE 2310420  
RETURN TO MAIN MENU ?

\*\*\*\*\* BROWSE FILE IN BILL ORDER \*\*\*\*\*

BILL NUMBER	STATUTE	ACTION
SB 10	23.10.420	REFERENCE
SB 10	23.40.070	REFERENCE
SB 10	23.40.080	REFERENCE
SB 10	23.40.090	REFERENCE
SB 10	23.40.100	REFERENCE
SB 10	23.40.110	REFERENCE
SB 10	23.40.120	REFERENCE
SB 10	23.40.130	REFERENCE
SB 10	23.40.140	REFERENCE
SB 10	23.40.150	REFERENCE
SB 10	23.40.160	REFERENCE
SB 10	23.40.170	REFERENCE
SB 10	23.40.180	REFERENCE
SB 10	23.40.190	REFERENCE
SB 10	23.40.200	REFERENCE
SB 10	23.40.210	REFERENCE
SB 10	23.40.212	REFERENCE
SB 10	23.40.215	REFERENCE
SB 10	23.40.220	REFERENCE

*Labor and workers' compensation*

SELECT A BILL NUMBER AND HIT ENTER      BILL NUMBER SB 10 STATUTE 2340220  
RETURN TO MAIN MENU ?

\*\*\*\*\* BROWSE FILE IN BILL ORDER \*\*\*\*\*

BILL NUMBER	STATUTE	ACTION
SB 10	23.40.220	REFERENCE
SB 10	23.40.225	REFERENCE
SB 10	23.40.230	REFERENCE
SB 10	23.40.240	REFERENCE
SB 10	23.40.245	REFERENCE
SB 10	23.40.250	REFERENCE
SB 10	23.40.260	REFERENCE
SB 10	30.15.000	REFERENCE
SB 10	35.00.000	REFERENCE
SB 10	37.00.000	REFERENCE
SB 10	37.05.000	REFERENCE
SB 10	37.07.000	REFERENCE
SB 10	37.07.050	REFERENCE

*Navigation, Harbors and Shipping*

SB 10	Public Finance	37.10.020	REFERENCE
SB 10		37.10.030	REFERENCE
SB 10		37.10.040	REFERENCE
SB 10		37.10.050	REFERENCE
SB 10		37.10.060	REFERENCE

SELECT A BILL NUMBER AND HIT ENTER BILL NUMBER SB 10 STATUTE 3710060  
 RETURN TO MAIN MENU ?

\*\*\*\*\* BROWSE FILE IN BILL ORDER \*\*\*\*\*

BILL NUMBER		STATUTE	ACTION
SB 10		37.10.060	REFERENCE
SB 10		37.10.085	REFERENCE
SB 10		37.20.000	REFERENCE
SB 10		37.25.000	REFERENCE
SB 10	Public lands	38.05.000	REFERENCE
SB 10		38.05.150	REFERENCE
SB 10		39.00.000	REFERENCE
SB 10		39.20.080	REFERENCE
SB 10		39.20.180	REFERENCE
SB 10	Public officers and	39.50.000	REFERENCE
SB 10	Employees	39.50.090	REFERENCE
SB 10		39.50.200	ADDED
SB 10		42.20.240	REFERENCE
SB 10		42.20.410	ADDED
SB 10		42.20.420	ADDED
SB 10	Public utilities	42.20.515	ADDED
SB 10	and carriers	42.20.535	ADDED
SB 10		42.20.555	ADDED
SB 10		42.20.600	ADDED

SELECT A BILL NUMBER AND HIT ENTER BILL NUMBER SB 10 STATUTE 4220600  
 RETURN TO MAIN MENU ?

\*\*\*\*\* BROWSE FILE IN BILL ORDER \*\*\*\*\*

BILL NUMBER		STATUTE	ACTION
SB 10		42.20.600	ADDED
SB 10		42.20.620	ADDED
SB 10		42.20.720	ADDED
SB 10		42.20.770	ADDED
SB 10		42.20.900	ADDED
SB 10		42.40.010	ADDED
SB 10	Public utilities	42.40.020	ADDED
SB 10	and carriers	42.40.030	ADDED
SB 10		42.40.030	REFERENCE
SB 10		42.40.040	ADDED
SP 10		42.40.040	REFERENCE
SB 10		42.40.050	ADDED
SB 10		42.40.060	ADDED
SB 10		42.40.070	ADDED
SB 10		42.40.080	ADDED
SB 10		42.40.090	ADDED
SB 10		42.40.200	ADDED
SB 10		42.40.210	ADDED
SB 10		42.40.210	REFERENCE

SELECT A BILL NUMBER AND HIT ENTER BILL NUMBER SB 10 STATUTE 4240210  
 RETURN TO MAIN MENU ?

\*\*\*\*\* BROWSE FILE IN BILL ORDER \*\*\*\*\*

BILL NUMBER		STATUTE	ACTION
SB 10		42.40.210	ADDED
SB 10		42.40.210	REFERENCE
SB 10		42.40.220	ADDED
SP 10		42.40.230	ADDED
SB 10		42.40.240	ADDED
SB 10	Public Utilities	42.40.300	ADDED
SB 10	and carriers	42.40.300	REFERENCE
SB 10		42.40.310	ADDED
SB 10		42.40.310	REFERENCE
SB 10		42.40.320	ADDED

SB 10	42.40.325	REFERENCE
SB 10	42.40.330	ADDED
SB 10	42.40.400	ADDED
SB 10	42.40.400	REFERENCE
SB 10	42.40.410	REFERENCE
SB 10	42.40.415	ADDED
SB 10	42.40.415	REFERENCE
SB 10	42.40.430	ADDED

SELECT A BILL NUMBER AND HIT ENTER BILL NUMBER SB 10 STATUTE 4240430  
 RETURN TO MAIN MENU ?

\*\*\*\*\* BROWSE FILE IN BILL ORDER \*\*\*\*\*

BILL NUMBER	STATUTE	ACTION
SB 10	42.40.430	ADDED
SB 10	42.40.500	ADDED
SB 10	42.40.510	ADDED
SB 10	42.40.520	ADDED
SB 10	42.40.525	ADDED
SB 10	42.40.530	ADDED
SB 10	42.40.540	ADDED
SB 10	42.40.545	ADDED
SB 10	42.40.550	ADDED
SB 10	42.40.560	ADDED
SB 10	42.40.565	ADDED
SB 10	42.40.570	ADDED
SB 10	42.40.600	REFERENCE
SB 10	42.40.610	ADDED
SB 10	42.40.610	REFERENCE
SB 10	42.40.615	ADDED
SB 10	42.40.615	REFERENCE
SB 10	42.40.700	ADDED
SB 10	42.40.710	ADDED

*Public Utilities  
and Carriers*

SELECT A BILL NUMBER AND HIT ENTER BILL NUMBER SB 10 STATUTE 4240710  
 RETURN TO MAIN MENU ?

\*\*\*\*\* BROWSE FILE IN BILL ORDER \*\*\*\*\*

BILL NUMBER	STATUTE	ACTION
SB 10	42.40.710	ADDED
SB 10	42.40.730	ADDED
SB 10	42.40.740	ADDED
SB 10	42.40.755	ADDED
SB 10	42.40.870	ADDED
SB 10	42.40.880	ADDED
SB 10	42.40.890	ADDED
SB 10	44.62.000	REFERENCE
SB 10	44.62.310	REFERENCE
SB 10	44.62.640	REFERENCE
SB 10	44.71.010	REFERENCE
SB 10	44.71.020	REFERENCE
SB 10	44.71.030	REFERENCE
SB 10	44.71.040	REFERENCE
SB 10	44.77.010	REFERENCE
SB 10	44.77.020	REFERENCE
SB 10	44.77.030	REFERENCE
SB 10	44.77.040	REFERENCE
SB 10	44.77.050	REFERENCE

*State Government*

SELECT A BILL NUMBER AND HIT ENTER BILL NUMBER SB 10 STATUTE 4477050  
 RETURN TO MAIN MENU ?

\*\*\*\*\* BROWSE FILE IN BILL ORDER \*\*\*\*\*

BILL NUMBER	STATUTE	ACTION
SB 10	44.77.050	REFERENCE
SB 10	44.77.060	REFERENCE
SB 10	44.77.070	REFERENCE
SB 10	44.80.010	REFERENCE

DRAFT

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the Alaska Railroad; establishing the Alaska Railroad Corporation; and providing for effective date."

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

\* Section 1. AS 42 is amended by adding a new chapter to read:

CHAPTER 40. ALASKA RAILROAD ACT.

ARTICLE 1. CREATION AND ORGANIZATION.

Sec. 42.40.010. ALASKA RAILROAD CORPORATION. The Alaska Railroad Corporation is established 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.

Sec. 42.40.020. GOVERNING BODY. The board of directors of the corporation shall conduct the business of the corporation.

Sec. 42.40.030. APPOINTMENT AND COMPOSITION OF BOARD. (a) The board of directors of the corporation consists of the commissioner of transportation and public facilities and five public members appointed by the governor. The public members may not be public officers or employees. Appointments to the board shall be made without regard to political affiliation and shall represent the state's geographic interests to the maximum extent possible.

(b) Public members appointed to the board must include at least one banker, one attorney, one economist, and one person engaged in private business.

2  
3 Sec. 42.40.040. TERM OF OFFICE; VACANCIES. (a) The public  
4 members of the board serve for a term of four years.

5 (b) A vacancy on the board shall be filled by appointment by th  
6 governor and the appointment must be confirmed by the legislature in  
7 joint session. A member selected to fill a vacancy holds office for  
8 the balance of the full term for which his predecessor on the board wa  
9 appointed.

0 (c) A vacancy on the board does not impair the authority of a  
1 quorum of members to exercise all the powers and perform all the dutie  
2 of the board.

3 Sec. 42.40.050. CONFLICT OF INTERESTS. Upon appointment and  
4 annually during his term of office, a board member shall declare pri-  
5 vately in writing to the governor and the board any financial or busin  
6 interest he has which might conflict with the public nature of his  
7 membership on the board. If there is a conflict, the board may ask t  
8 member to abstain from decisions resulting in a conflict or to resig  
9 from the board.

0 \* Sec. 42.40.060. COMPENSATION AND EXPENSES. Members of the boar  
1 receive no salary, but are entitled to per diem and travel expenses  
2 authorized by law for other state boards.

3 Sec. 42.40.070. QUORUM AND NOTICE OF MEETINGS. Four members ar  
4 a quorum for the transaction of business unless the bylaws require a  
5 larger number. Notice of a meeting of the board must be given to eac  
6 member.

7 \* Sec. 42.40.080. PUBLIC BOARD MEETINGS. The meetings of the boar  
8 are public.

9 Sec. 42.40.090. MINUTES OF MEETINGS. The board shall keep minu

3 counsel for the corporation. He shall advise the corporation in leg  
4 matters and represent it in suits.

5 Sec. 42.40.110. PRESIDENT. The board may employ a president  
6 manage the corporation. The president must be professionally train  
7 and experienced in the performance of his duties. His selection i  
8 subject to the approval of the governor. The president may not ha  
9 any financial or business interest that might conflict with the mana  
10 ment of the corporation in the public interest. The board may deleg  
11 powers and duties to the president.

12 ARTICLE 2. POWERS AND DUTIES.

13 Sec. 42.40.120. GENERAL POWERS. The corporation may

- 14 (1) exist continuously as a corporation;
- 15 (2) adopt a seal;
- 16 (3) adopt bylaws and regulations governing the business  
17 the corporation;
- 18 (4) sue and be sued;
- 19 (5) appoint officers, employees, trustees, and agents, a  
20 prescribe their powers and duties;
- 21 (6) make contracts and execute instruments necessary or c  
22 venient in the exercise of its corporate powers and duties;
- 23 (7) acquire by purchase, lease, bequest, devise, gift, t  
24 satisfaction of debts, the foreclosure of mortgages, or eminent doma  
25 under AS 09.55.240 - 09.55.460, and hold, maintain, use, operate,  
26 lease, alienate, dispose of, and convey real or personal property
- 27 (8) borrow money and issue its negotiable bonds or notes  
28 provide for and secure their payment, provide for the rights of the  
2 holders and purchase, hold, or dispose of any of its bonds or note

gage or other lien on its contracts, revenues, income, or property, except that it may not incur secondary liability by guaranty or endorsement of the obligations of another corporation or legal entity, except endorsement of checks, bank drafts, or other commercial paper in the ordinary course of business;

(10) accept grants or loans from and contract with the Federal government, the state, or its political subdivisions, and to that end comply with the provisions of federal, state, or local program when necessary;

(11) acquire, hold and dispose of stocks, memberships, contracts, bonds, or other interests in another corporation or legal entity, and exercise the powers or rights in connection with these interests which are provided in contracts or agreements and which are allowed by law concerning the satisfaction of debts;

(12) operate, maintain, and control the tracks and equipment transferred to it by the federal government or by any person, and be governed by the rules and regulations of the Interstate Commerce Commission as a rail carrier;

(13) acquire, construct, maintain, equip and operate connecting, switching, terminal, or other railroads and railroad facilities in the state;

(14) do what is necessary to carry out its powers and duties under this chapter or other laws of the state, or the laws and regulations of the federal government.

Sec. 42.40.130. OPERATION OF ALASKA RAILROAD. The corporation shall operate the Alaska Railroad after it is transferred to the corporation by the federal government, and may extend the operations of the Alaska Railroad to the extent that the corporation considers desirable

3 in accordance with the Administrative Procedure Act (AS 44.62) to  
4 implement this chapter.

5 Sec. 42.40.150. ANNUAL REPORT. The board shall prepare and dis-  
6 tribute to the governor and to each legislator by December 30 of each  
7 year a report describing the operations, financial condition, and  
8 short- and long-term plans of the corporation. The board may include  
9 in the report suggestions for legislation relating to the structure,  
10 powers, or duties of the corporation or relating to the operation of  
11 railroad facilities of the corporation.

12 Sec. 42.40.160. ANNUAL AUDITS. The board shall have the finan-  
13 cial records of the corporation audited annually by the legislative  
14 auditor. If an audit is conducted by a private certified public acco-  
15 unt, the legislative auditor may accept that audit in satisfaction of  
16 the requirements of this section. The legislative auditor may pre-  
17 scribe the form and content of the financial records of the corporation  
18 and may have access to those records at any time.

19 ARTICLE 3. FINANCIAL PROVISIONS.

20 Sec. 42.40.170. BONDS AND NOTES. (a) The corporation, by resolu-  
21 tion, may issue bonds and bond anticipation notes to provide money  
22 carry out its purposes.

23 (b) The principal and interest on the bonds or notes of the  
24 corporation is payable from corporation money or assets. Bond antici-  
25 pation notes may be payable from the proceeds of the sale of bonds or  
26 from the proceeds of sale of other bond anticipation notes or, if bonds  
27 or bond anticipation note proceeds are not available, the notes may be  
28 paid from other money or assets of the corporation. Bonds or notes may  
29 be additionally secured by a pledge of a grant or contribution from t

from any source.

(c) Bonds or bond anticipation notes may be issued in one or more series and shall be dated, bear interest at the rate or rates per year or within the maximum rate, be in the denomination, be in the form either coupon or registered, carry the conversion or registration provisions, have the rank or priority, be executed in the manner and form to be payable from the sources in the medium of payment and place or places inside or outside the state, be subject to authentication by trustee or fiscal agent, and be subject to the terms of redemption with or without premium, as the resolution of the board may provide. Bond anticipation notes shall mature at the time or times as may be determined by the board. Bonds shall mature at the time, not exceeding ten years from their date, as may be determined by the board. Before the preparation of definitive bonds or bond anticipation notes, the corporation may issue interim receipts or temporary bonds or bond anticipation notes, with or without coupons, exchangeable for bonds or bond anticipation notes when these definitive bonds or bond anticipation notes have been executed and are available for delivery.

(d) Bonds or bond anticipation notes may be sold in the manner and on the terms, and at the price the board determines.

(e) If an officer whose signature or a facsimile of whose signature appears on bonds or notes or coupons attached to them ceases to be an officer before the delivery of the bond, note or coupon, his signature or facsimile is valid the same as if he had remained in office until delivery.

(f) In a resolution of the corporation authorizing or relating to the issuance of bonds or bond anticipation notes, the corporation has

anticipation notes

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(1) to pledge to any payment or purpose all or any part of its revenues to which its right then exists or may thereafter exist, and the money derived from the revenues, and the proceeds of its bonds or notes;

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(2) to covenant against pledging all or any part of its revenues, or against permitting or suffering a lien on the revenues or its property;

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(3) to covenant as to establishment of reserves or sinking funds and the provision for and the regulation and disposition of the reserves or sinking funds;

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(4) to covenant with respect to or against limitations on right to sell or otherwise dispose of property of any kind;

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(5) to covenant as to bonds and notes to be issued, and their limitations, terms and conditions, and as to the custody, application and disposition of the proceeds of the bonds and notes;

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(6) to covenant as to the issuance of additional bonds or notes, or as to limitations on the issuance of additional bonds or notes and the incurring of other debts;

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(7) to covenant as to the payment of the principal of or interest on the bonds or notes, as to the sources and methods of payment as to the rank or priority of the bonds or notes with respect to a lien or security, or as to the acceleration of the maturity of the bonds or notes;

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(8) to provide for the replacement of lost, stolen, destroyed or mutilated bonds or notes;

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(9) to covenant against extending the time for the payment

privileges of their exchange for other bonds or notes of the corporation;

(11) to covenant to create or authorize the creation of special funds of money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves or other purposes, and as to the use and disposition of the money held in the funds;

(12) to establish the procedure, if any, by which the terms of a contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to amendment or abrogation, the manner in which the consent may be given;

(13) to covenant as to the custody of any of its property or investments, their safekeeping and insurance, and the use and disposition of insurance money;

(14) to vest in a trustee or trustees inside or outside the state property, rights, powers, and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of bonds or notes of the corporation, and to limit or abrogate the rights of the holders of bonds or notes of the corporation to appoint a trustee under this chapter or limit the rights, powers and duties of the trustee;

(15) to pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of covenant or agreement of the corporation with the holders of its bonds or notes;

(16) to agree with a corporation trustee which may be

2 outside the state as to the pledging or assigning of revenues or fu  
3 which or in which the corporation has any rights or interest; the  
4 agreement may further provide for other rights and remedies exercis  
5 by the trustee as may be proper for the protection of the holders  
6 bonds or notes of the corporation and not otherwise in violation of  
7 and may provide for the restriction of the rights of an individual  
8 holder of bonds or notes of the corporation;

9 (17) to appoint and provide for the duties and obligations  
10 a paying agent or paying agents, or other fiduciaries as the resolut  
11 may provide inside or outside the state;

12 (18) to limit the rights of the holders of bonds or notes  
13 the corporation to enforce a pledge or covenant securing the bonds  
14 notes; and

15 (19) to make covenants other than and in addition to the  
16 covenants expressly authorized in this section, of like or differen  
17 character, and to make the covenants to do or refrain from doing th  
18 acts and things as may be necessary, or convenient and desirable, i  
19 order to better secure bonds or notes or which, in the absolute discr  
20 tion of the board will tend to make bonds or notes more marketable,  
21 notwithstanding that the covenants, acts or things may not be enumera  
22 in this section.

23 Sec. 42.40.180. INDEPENDENT FINANCIAL ADVISOR. In negotiating  
24 the private sale of bonds or bond anticipation notes to an underwrite  
25 the board shall retain a financial advisor who is independent from th  
26 underwriter.

27 Sec. 42.40.190. VALIDITY OF PLEDGE. The pledge of assets or  
28 revenues of the corporation to the payment of the principal or intere:  
29 on bonds or notes of the corporation is valid and binding from the tli

3 The lien of a pledge is valid and binding against all parties havi  
4 claims of any kind in tort, contract, or otherwise against the corpo  
5 tion, irrespective of whether those parties have notice of the lien  
6 the pledge. Nothing in this section prohibits the corporation from  
7 selling assets subject to a pledge, except that a sale may be restri  
8 ed by the trust agreement or resolution providing for the issuance  
9 the bonds or notes.

10 Sec. 42.40.200. REMEDIES. A holder of bonds or notes or of  
11 coupons attached to them issued under this chapter, and a trustee under  
12 a trust agreement or resolution authorizing the issuance of the bonds  
13 or notes, except as restricted by a trust agreement or resolution  
14 either at law or in equity, may enforce all rights granted under this  
15 chapter or under the trust agreement or resolution, or under any other  
16 contract executed by the corporation under this chapter, and may enforce  
17 and compel the performance of all duties required by this chapter or  
18 the trust agreement or resolution to be performed by the corporation  
19 by an officer of it.

20 Sec. 42.40.210. NEGOTIABLE INSTRUMENTS. Bonds and notes and  
21 interest coupons attached to them issued under this chapter are  
22 negotiable instruments under the laws of this state, subject only to  
23 applicable provisions for registration.

24 Sec. 42.40.220. BONDS AND NOTES ELIGIBLE FOR INVESTMENT. Bonds  
25 and notes issued under this chapter are securities in which all public  
26 officers and public bodies of the state and its political subdivisions,  
27 all insurance companies, trust companies, banking associations, invest  
28 ment companies, executors, administrators, trustees and other fiduciaries  
29 may properly and legally invest funds, including capital in their

with a state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or notes of the state is authorized by law.

Sec. 42.40.230. REFUNDING BONDS. (a) The corporation may provide for the issuance of refunding bonds for the purpose of refunding any bonds then outstanding which have been issued under this chapter including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds. The issuance of the refunding bonds, the maturities and other details of them, the rights of the holders of them, and the rights, duties and obligations of the corporation in respect of them are governed by the provisions of this chapter which relate to the issuance of bonds, insofar as those provisions may be appropriate.

(b) Refunding bonds may be sold or exchanged for outstanding bonds issued under this chapter and, if sold, the proceeds may be applied, in addition to any other authorized purposes, to the purchase, redemption or payment of the outstanding bonds. Pending the application of the proceeds of refunding bonds, with any other available money, to the payment of the principal, accrued interest and any redemption premium on the bonds being refunded, and, if so provided or permitted in the resolution authorizing the issuance of the refunding bonds or in the trust agreement securing them, to the payment of any interest on the refunding bonds and any expenses in connection with the refunding, the proceeds may be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America which mature or which will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together

4 may not pledge the credit or the taxing power of the state or its  
5 political subdivisions. The state and its political subdivisions a  
6 not liable for the debts of the corporation.

7 (b) Bonds and notes issued under this chapter do not constitut  
8 debt, liability, or obligation of the state or of a political  
9 subdivision of the state or a pledge of the faith and credit of th  
10 state or of a political subdivision but are payable solely from th  
11 revenues or assets of the corporation. Each bond and note issued un  
12 this chapter shall contain on its face a statement that the corporat  
13 is not obligated to pay it nor the interest on it except from the  
14 revenues or assets pledged for it and that neither the faith and cre  
15 nor the taxing power of the state or of a political subdivision of t  
16 state is pledged to the payment of the principal of or the interest  
17 the bond or note.

18 Sec. 42.40.250. OFFICERS NOT LIABLE. An officer or employee  
19 the corporation is not subject to personal liability or accountabili  
20 because of his execution of bonds or notes or the issuance of them

1 Sec. 42.40.260. TAX EXEMPTION. (a) The exercise of the powe  
2 granted by this chapter will be in all respects for the benefit of t  
3 people of the state, for their well-being and prosperity, and for th  
4 improvement of their social and economic conditions, and the corpor.  
5 tion is not required to pay a tax or assessment on any property own  
6 by the corporation under the provisions of this chapter or on the  
7 income from the property.

8 (b) Bonds and notes issued under this chapter are declared to  
9 issued by a body corporate and public of the state and for an essent:

charges, funds, revenues, income and other money pledged or available to pay or secure the payment of the bonds and notes, or interest on the bonds and notes, are exempt from taxation except for inheritance, transfer and estate taxes.

ARTICLE 4. GENERAL PROVISIONS.

Sec. 42.40.270. DISSOLUTION. After payment in full of its bonds and notes, or after depositing in a trust sufficient money to secure the payment of its bonds and notes, the board may dissolve the corporation by the majority vote of its directors. Dissolution is not effective until the legislature confirms it by law. The effective date of dissolution is the date the legislature confirms the dissolution or date determined by the legislature at the time of confirmation. Assets remaining after satisfaction of liabilities and obligations of the corporation shall be deposited to the credit of the general fund of the state.

\* Sec. 42.40.280. PERSONNEL EXEMPT FROM STATE PERSONNEL ACT. The personnel of the corporation are in the exempt state service under AS 39.25.110.

Sec. 42.40.990. DEFINITIONS. In this chapter, unless the context clearly indicates otherwise,

(1) "board" means the board of directors of the Alaska Railroad Corporation;

(2) "corporation" means the Alaska Railroad Corporation;

(3) "railroad and railroad facilities" includes, but is not limited to, tracks, spurs, switches, terminals, terminal facilities, road beds, rights-of-way, bridges, stations, railroad cars, locomotives or other vehicles constructed for operation over railroad tracks,

3 necessary for the operation of a railroad.

4 \* Sec. 2. APPOINTMENT OF FIRST BOARD OF DIRECTORS OF ALASKA RAILROAD

5 CORPORATION. The governor shall designate the terms of the members of the  
6 board of directors of the Alaska Railroad Corporation first appointed unde  
7 AS 42.40.03D enacted in sec. 1 of this Act. Of the five members first  
8 appointed:

- 9 (1) one shall serve a term of one year;
- 0 (2) one shall serve a term of two years;
- 1 (3) one shall serve a term of three years; and
- 2 (4) two shall serve a term of four years.

3 \* Sec. 3. NEGOTIATION FOR TRANSFER OF ALASKA RAILROAD. (a) The board  
4 of directors of the Alaska Railroad Corporation established in AS 42.40.03  
5 enacted in sec. 1 of this Act shall enter into negotiations with the appro  
6 priate officers and agencies of the federal government at the earliest tim  
7 acticable for the transfer of ownership of the Alaska Railroad to the  
8 corporation and may enter into agreements necessary to accomplish the tran  
9 fer subject to money available from appropriations for the purpose.

0 (b) An agreement entered into under (a) of this section may include  
1 but is not limited to, provisions under which the Alaska Railroad Corpora  
2 tion agrees to

3 (1) accept all real and personal property transferred to it b  
4 the federal government;

5 (2) assume all rights and obligations of the Alaska Railroad a  
6 the time of the transfer of ownership;

7 (3) retain those Alaska Railroad employees who wish to remain  
8 employed by the Alaska Railroad Corporation after the transfer of ownersh

9 (4) pay salaries to the employees described in (3) of this sub

(5) preserve the retirement, sick leave, annual leave, and other accrued benefits of the employees described in (3) of this subsection;

(6) in order to satisfy an agreement described in (5) of this subsection,

(A) enter into or adopt the same benefit programs in which the employees participated before the transfer of ownership or enter into or adopt other benefit programs which provide the same or similar benefits and which will recognize the accrued benefits of the employee and

(B) enter into negotiations with the collective bargaining representatives and the managerial representatives of the employees and submit any disagreements to arbitration under the Uniform Arbitration Act (AS 9.43).

(c) In this section, "Alaska Railroad" means the railroad and properties owned by the federal government under the authority of 43 U.S.C. secs. 975 - 975g.

\* Sec. 4. This Act takes effect immediately in accordance with AS 01.1070(c).

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
DEPUTY COMMISSIONER - PLANNING AND PROGRAMMING

POUCH Z  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3900

February 4, 1983

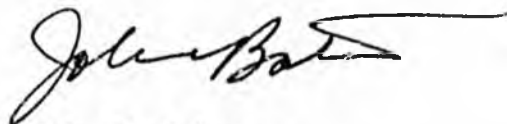
The Honorable Pappy Moss  
Senator  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Senator Moss:

Enclosed please find a copy of "An Assessment of the Alaska Railroad - Ownership and Operational Alternatives" as you requested. Unfortunately, this is the only copy available from our office although others may be available through the State Library.

If our office can be of further assistance to you, please call.

Sincerely,



John C. Bates  
Deputy Commissioner

cc: Emil Notti  
Office of the Governor

Enclosure

TESTIMONY

BEFORE

THE ALASKA SENATE TRANSPORTATION COMMITTEE

APRIL 6, 1982

JUNEAU, ALASKA

H. L. SCHUYLER

SEA-LAND SERVICE, INC.

I AM HAROLD L. SCHUYLER, DIRECTOR OF PUBLIC AFFAIRS FOR SEA-LAND SERVICE, INC.'S ALASKA DIVISION.

WE, AT SEA-LAND, DO NOT OPPOSE THE TAKEOVER OF THE ALASKA RAILROAD BY THE STATE OF ALASKA FROM THE FEDERAL GOVERNMENT. THE RAILROAD IS NECESSARY FOR THE FUTURE GROWTH OF ALASKA RESOURCE DEVELOPMENT AREAS AND COMMUNITIES. COAL, MINERALS, AND FARMING PRODUCTS MUST HAVE AVENUES TO TIDEWATER PORTS IN ORDER TO BE EXPORTED TO WORLD MARKETS.

WE HAVE ANALYZED IN GREAT DETAIL SENATE BILL NO. 212 AND APPLAUD ITS IMAGINATIVE AND FAR-REACHING PURPOSE; HOWEVER, WE, AT SEA-LAND, ARE CONCERNED ABOUT THE ADMINISTRATION, OPERATION, POLICIES, AND RULES AND REGULATIONS UNDER WHICH THE ALASKA RAILROAD AUTHORITY WILL BE OPERATING IN CARRYING OUT ITS MISSION.

AS PRESENTLY DRAFTED, THE LEGISLATION PROVIDES US THE FOLLOWING CONCERNS:

1. A STATE OWNED ENTITY WHICH IS EXEMPT FROM ALL FEDERAL, STATE, AND LOCAL TAXES HAS A GREAT ADVANTAGE OVER OTHER COMPETITIVE MODES OF TRANSPORTATION THAT ARE PAYING TAXES TO THE FEDERAL, STATE, AND LOCAL COMMUNITIES.
2. THE OPPORTUNITY FOR THE PROPOSED RAILROAD AUTHORITY TO SELL BONDS OR BOND ANTICIPATION NOTES AS TAX EXEMPT VEHICLES GIVES THE AUTHORITY ANOTHER DEFINITE EDGE IN OBTAINING CAPITAL FOR IMPROVEMENTS AS COMPARED TO PRIVATE TRANSPORTATION THAT MUST COMPETE FOR MONEY IN THE OPEN MARKET, PAYING CONSIDERABLY HIGHER INTEREST RATES THAN DOES THE STATE GOVERNMENT.

3. THE RAILROAD AUTHORITY IS VESTED WITH THE ABILITY TO ACQUIRE AND OPERATE OTHER MODES OF TRANSPORTATION SERVICE CONNECTING TO THE RAILROAD'S RAIL SERVICE IN DIRECT COMPETITION WITH PRIVATE TRANSPORTATION. THIS ALLOWS THE RAILROAD TO BUY TRUCK LINES, WATER CARRIERS, AND AIRLINES. THIS PART OF THE BILL IS PARTICULARLY WORRISOME AS THE ALASKA RAILROAD AUTHORITY COULD VERY WELL BECOME A STATE TRANSPORTATION SYSTEM WITH NO COMPETITION AS THE PRIVATE SECTOR WOULD NOT BE ABLE TO FINANCIALLY COMPETE WITH THE AUTHORITY. THERE IS ALSO THE FACT THAT THE STATE WOULD LOSE A CONSIDERABLE AMOUNT OF TAX BASE IF AND WHEN PRIVATE SECTOR TRANSPORTATION COMPANIES ARE FORCED OUT OF BUSINESS.
  
4. THE LEGISLATION LIBERALLY DISCUSSES RATE MAKING, AND RATE POLICY. THE ESTABLISHMENT OF RATES FOR ALASKA RAILROAD AUTHORITY'S REVENUES WILL EFFECT THE PRIVATE CARRIERS OF OTHER MODES OF TRANSPORTATION. WE ARE CERTAINLY NOT SUGGESTING THAT THE LEGISLATURE DICTATE THE AUTHORITY'S RATE POLICIES, HOWEVER, WE FEEL THAT ALL RATES PRESCRIBED BY THE AUTHORITY MUST BE AT A LEVEL SUFFICIENT TO RECOVER THE FULL COST OF PROVIDING THE PARTICULAR TRANSPORTATION CONCERNED, TAKING INTO FULL ACCOUNT THE LEVEL OF SUBSIDY AND THE COST OF BORROWED CAPITAL. SEA-LAND WOULD URGE SPECIFIC LEGISLATIVE AMENDMENTS WHICH WOULD PROHIBIT A STATE-OWNED RAILROAD FROM CHARGING RATES WHICH ARE BELOW THOSE CHARGED BY PRIVATELY-OWNED CARRIERS, FOR FREIGHT ON WHICH BOTH CARRIERS COMPETE, WHERE THE RATES DO NOT RECOVER THE FULL COST OF THE SERVICE OFFERED (TO INCLUDE ANY DIRECT OR INDIRECT SUBSIDY).
  
5. WE FEEL THE LEGISLATION NEEDS AN ANTITRUST PROVISION. THE LEGISLATION NEEDS TO BE AMENDED TO PLACE THE STATE-OWNED RAILROAD UNDER STATE ANTITRUST

LAWS. ALL OF THE PRIVATELY-OWNED WATER CARRIERS AND MOTOR CARRIERS ARE SUBJECT TO THE FEDERAL AND STATE ANTITRUST LAWS, AND WHILE THIS BODY CANNOT PLACE THE RAILROAD UNDER FEDERAL ANTITRUST LAWS, STILL IT IS OUR BELIEF THAT THE RAILROAD SHOULD BE SUBJECTED TO THE SAME LAWS AS ARE THE PRIVATE CARRIERS. IN SHORT, WE SHOULD ALL PLAY BY THE SAME RULES.

6. I AM SURE YOU GENTLEMEN ARE AWARE THAT THE STAGGERS RAIL ACT OF 1980 HAS VIRTUALLY DEREGULATED INTERSTATE RAIL SERVICE. AS A PRACTICAL MATTER, THE ALASKA RAILROAD AND ALL OTHER MAJOR RAIL LINES ARE TOTALLY UNREGULATED. WHILE DEREGULATION MAY BE GOOD IN THEORY, THE TRADE BETWEEN ALASKA AND THE LOWER 48 IS IN ESSENCE A MICROCOSM: ALL TRANSPORTATION MODES COMPETE DIRECTLY WITH EACH OTHER FOR THE SAME BASIC CONSUMABLES. WE READILY ACKNOWLEDGE THAT LARGE PORTIONS OF THE ALASKA RAILROAD'S FREIGHT ARE BULK COMMODITIES; STILL, ALL OF THE COMPETING MODES ARE REGULATED WHILE THE RAILROAD IS NOT, THUS GIVING THE RAILROAD A DISTINCT COMPETITIVE EDGE WHICH CAN BE SUBJECT TO ABUSE.
  
7. THE BILL PROVIDES FOR THE ESTABLISHMENT OF CONTRACT RATES BY THE RAILROAD. THE STAGGERS ACT ALLOWS CONTRACT RATES BUT THAT LAW CONTEMPLATED THE RAILROADS ENTERING INTO CONTRACTS WITH MAJOR SHIPPERS WHOSE CARGO THEY HAD HISTORICALLY HANDLED FOR THE BENEFIT OF BOTH. THAT CONTRACT ABILITY WAS NOT ENVISIONED TO BE USED AS A COMPETITIVE TOOL, AS IT HAS BEEN UTILIZED BY THE ALASKA RAILROAD. SEA-LAND HAS CHALLENGED THESE PRACTICES, BOTH BEFORE THE INTERSTATE COMMERCE COMMISSION AND IN THE COURTS, TO NO AVAIL BECAUSE THE RAILROAD IS UNREGULATED AND IMMUNE FROM SUIT. WE CANNOT LEGALLY

ESTABLISH CONTRACT RATES AND, THEREFORE, CANNOT EFFECTIVELY COMPETE WITH SUCH RATES. WE URGE THIS BODY TO CRITICALLY SCRUTINIZE THAT PORTION OF THE BILL AND DELETE SUCH PROVISIONS FROM THE LEGISLATION.

8. ARTICLES 4 AND 5 OF THE LEGISLATION PROVIDE FOR THE AUTHORITY TO EXERCISE THE STATE'S POWER OF EMINENT DOMAIN/CONDEMNATION. SEA-LAND DOES NOT CHALLENGE THE STATE'S ABILITY IN THIS AREA, BUT WE STRONGLY FEEL THIS RIGHT SHOULD NOT BE LODGED WITHIN THE AUTHORITY BUT SHOULD BE RESERVED TO THE STATE TO PRECLUDE ANY COMPETITIVE USE OR ABUSE. IT IS A SIMPLE MATTER FOR THE RAILROAD AUTHORITY TO APPROACH THE STATE TO OBTAIN THE ABILITY TO ACQUIRE THE NECESSARY RIGHTS OF WAY.

9. SEA-LAND NOTES THAT THE AUTHORITY CAN DETERMINE WHAT INFORMATION IT KEEPS CONFIDENTIAL. WE URGE THAT THIS ABILITY IS SUBJECT TO POSSIBLE ABUSE. AT A MINIMUM, ALL RATES, RULES, PRACTICES, DIVISIONS OF REVENUE, CONTRACTS, IF ANY, AND COST DATA MUST BE OPEN TO PUBLIC INSPECTION.

WE, AT SEA-LAND, ARE NOT HERE MERELY TO TELL YOU WHAT IS WRONG WITH THIS PROPOSED LEGISLATION. WE WISH TO BE CONSTRUCTIVE AND ASSIST YOU GENTLEMEN IN REACHING THE BEST POSSIBLE COMPROMISE WHICH WILL WORK TO THE BENEFIT OF THE STATE, ITS CITIZENS, AND THE TRANSPORTATION CARRIERS SERVING ALASKA. TO THIS END, I AM ENCLOSING AS AN APPENDIX HERETO, CERTAIN LANGUAGE AND PROPOSED AMENDMENTS TO THIS BILL WHICH WE FEEL WILL GO A LONG WAY TOWARD MEETING THE NEEDS OF ALL INTERESTED PARTIES, WHILE PROTECTING THE COMPETITIVE ENVIRONMENT IN THE ALASKA TRADE.

I AWAIT YOUR QUESTIONS.

THANK YOU.

STATE OF ALASKA TAKEOVER OF THE ALASKA RAILROAD:

SUPPORT FOR POSITION OF WATER CARRIERS AND MOTOR CARRIERS SERVING ALASKA.

THE ISSUE:

As you are undoubtedly aware, the federal government has indicated a desire to transfer ownership of the Alaska Railroad to the State of Alaska.

Current press reports indicate that, while the state is agreeable to taking over ownership and operation of the Alaska railroad, there are a host of problems with the transfer legislation. Most of these problems revolve around the transfer of rail lands as well as the ability of the State of Alaska to further expand the railroad.

In addition to the problems mentioned above, the existing water carriers and motor carriers who operate between the Lower 48 and the State of Alaska, are seriously concerned with the potential impact this transfer may have on the existing transportation system between the Lower 48 and various destinations in Alaska. It should be noted that currently Alaska enjoys one of the finest integrated transportation systems in the nation. Water service is provided between the Lower 48 and Alaska utilizing all major modes (ro-ro, container, rail barge and break bulk barge). Competition between the carriers providing this service has always been intense and the result has been very high levels of service as well as relatively low prices for the service. Indeed, price competition has been so severe that many observers have often equated this competition to that of a "rate war."

Within the State of Alaska the transportation system has become very well developed with a multitude of motor carriers, as well as the Alaska Railroad, serving intrastate needs. This system is well integrated with many of the highway carriers using rail piggyback service for a portion of their movement. Again, the marketplace has seen a very high degree of both service and price competition.

#### THE CONCERNS OF THE WATER CARRIERS AND MOTOR CARRIERS:

In assessing the impact the transfer from federal to state ownership will have on existing, privately-owned water carriers and motor carriers, we have three major concerns. All of these concerns revolve around the fact that the railroad would be owned by a state entity and thus not subjected to the normal "checks and balances" any privately-owned business is subjected to when that business is faced with the need to earn a profit to enable it to re-invest in its business, as well as pay a fair return to its stockholders. Our major concerns are:

1. Entry by the Railroad into the Water Carrier or Motor Carrier Business:  
The private carriers desire legislation which will prohibit entry by a state-owned railroad into the water carrier or motor carrier business.

We feel quite strongly that the Alaska Railroad, which has enjoyed an average subsidy of 17.5 percent of revenue for the past several years, should direct all of its energies towards operating the most efficient rail service possible. Utilization of either their direct or indirect

subsidies (indirect subsidies are those the railroad enjoys by virtue of public ownership: examples would be significantly lowered interest rates due to tax exempt bonds; elimination of need to earn a profit; lack of any requirement that they pay interest on their working capital; freedom from taxation; elimination of the requirement that they pay for licenses, permits, etc.) to enter the water or motor carrier fields. Currently, the water carrier field is served by all four major modes, ro-ro, container, rail barge and break bulk barge, and we see no long-term shortfall in available capacity. Within the motor carrier field, there are a multitude of motor carriers available in the state, and this industry has been severely depressed for several years, i.e., there has been significant overcapacity available.

## 2. Antitrust:

Private carriers desire legislative amendments which would place a state-owned railroad under both the federal and state antitrust laws.

All of the privately-owned water carriers and motor carriers are subject to the federal and state antitrust laws. It is our belief that the railroad should be subjected to the same laws as the private carriers are.

In short, we should all play by the same rules.

## 3. Ratemaking Policy:

Private carriers desire specific legislative amendments which would prohibit a state-owned railroad from charging rates which

are below those charged by privately-owned carriers, for freight on which both carriers are cross-competitive, that is, compete for the same traffic, where the rates do not recover the full cost of the service offered (to include any direct or indirect subsidy).

The railroad, by virtue of state ownership, will in all probability enjoy some form of direct subsidy as well as enjoy the benefits of indirect subsidization (as discussed above, by virtue of state ownership the railroad is not faced with all of the expenses which a privately-owned and operated corporation is subjected).

We believe that on all traffic where the railroad competes for the same traffic with privately-owned and operated carriers, the railroad should not be permitted to utilize its direct or indirect subsidies to set rates below those established in the private marketplace. This, we feel is simply "fair play" inasmuch as the private carriers do not have available to them the railroad's direct or indirect subsidies and we have no desire to become involved in any subsidy schemes. Certainly, if the railroad, without using either direct or indirect subsidies, can price their service below that of the privately-owned and operated carriers, they should be allowed to do so.

#### ANSWERS TO QUESTIONS WE HAVE BEEN ASKED:

In making our feelings known, we have been asked the following questions by many individuals:

1. Why Isn't ICC Regulation of the Alaska Railroad's Rates Sufficient to Eliminate any Problems the Private Carriers Might Have With the Railroad Utilizing Subsidies to Compete With the Private Carriers?

The privately-owned carriers feel, quite strongly, that the ICC is not set up to regulate a state-owned railroad. Commission cost accounting procedures have no method of taking into account either direct or indirect subsidization which the state-owned railroad may receive. It should further be noted that a primary component of commission regulation of railroads is the fact that the railroad must face the "test of the marketplace" in terms of its ability to earn a profit, i.e., a primary component of the Staggers Act, which significantly changed the reasonableness test for railroad rates was the feeling that in the "long run" the railroads would not price their services below cost because they would have to eventually earn a profit on the provision of those services.

As discussed in the foregoing, a state-owned railroad would of course have no need to earn a profit. Additionally, the ICC has no method of factoring in to any cost analysis (assuming that they utilize their current cost formulas) the value of direct and indirect subsidies which would be received by the railroad. Thus, commission regulation is not a viable method of ensuring that the economic advantages enjoyed by a state-owned railroad are not utilized unfairly against the railroad's privately-owned competitors.

2. Doesn't the Desire of the Private Carriers to Establish a "Rate Floor" in Reality "Tie the Hands" of the Alaska Railroad?

The privately-owned carriers have absolutely no desire to establish anything akin to a "rate floor" or to "tie the hands" of the Alaska Railroad. What we desire is simply that the railroad "play by the same rules" as privately-owned carriers. Our sole concern regards the railroad's rate practices on movements of commodities which can and do move by both the railroad and the privately-owned carriers. We have absolutely no desire to have any impact on the railroad's rate policies for the movement of such bulk commodities as coal, gravel and other historic rail bulk commodities.

Within that area of commodities which are cross-competitive, all we have asked is that the railroad not be allowed to use its direct or indirect subsidies when it sets prices which are below those which have been set between private carriers in a free and competitive marketplace. It should be noted that our position allows the railroad to meet any rates set by the private carriers, irrespective of whether or not the railroad can earn a profit by so doing -- all we ask is that the railroad not be allowed to artificially depress the rates of the private carriers through the use of either direct or indirect subsidies -- if the railroad can legitimately price below the private carriers and still earn a profit, they should certainly be allowed to do this.

3. What is the Position of the Private Carriers on the Expansion of the Railroad?

The private carriers feel the railroad should be expanded and utilized as the primary tool in developing the mineral deposits within the State of Alaska. Any expansion of the railroad will improve the overall business climate in Alaska and such improvement will automatically mean there will be more business available for all carriers. We feel it is a legitimate use of state power for the state to use its railroad to assist in opening up undeveloped areas of the state and the private carriers will certainly support the Alaska railroad in these efforts.

4. The Privately-Owned Carriers Proposed Amendments to the Current Transfer Legislation are Too Complex

While we admit that our proposed amendments to the current transfer legislation are somewhat complex, it must be realized that the issues we attempt to address are quite complex. Certainly, within the rate area any legislation which attempts to deal with this problem must include rigorous definitions of what both the intent and the method of implementation are if we are to avoid abuses by either side. The private carriers have no "pride of authorship" in this area and we stand ready to work with all members of the public sector to ensure that the state arrives at the fairest, and easiest-to-enforce legislation.

5. Isn't This Only a "Tempest in a Teapot" and in Fact Private Carriers Will "Continue to do Business As Usual" No Matter How the Transfer of the Railroad Occurs?

Certainly the private carriers have not suggested that "if we do not get what we want" we will close our doors. We also do not feel that this

would be the natural outcome if the private carriers are unsuccessful in obtaining the legislation we seek. What we do feel will occur, over time, is that the private carriers, if faced with competition from a state-owned railroad which uses its direct and indirect subsidies to either underprice them or operate a competing water or motor carriage service, will simply fail to reinvest the necessary dollars to maintain a viable privately-owned and operated service.

One needs only look at the existing services which are available in the water-carrier field to see that some of the vessels serving Alaska are extremely old (average age 40 years, in some cases). The ability of the private water carriers to generate the needed capital to replace overage equipment as well as to convince their stockholders that the necessary commitments of capital will be economic, is a function of the carrier's perception of the marketplace in the "long run." Certainly most business would find it difficult to authorize the commitment of almost \$100 million per vessel (the approximate construction cost of any new vessels which would be placed in operation in an Alaskan service) when faced with competition from a state-owned railroad which had access to both direct and indirect subsidies with no constraints on their use.

In the motor carrier field problems could "come on" much more quickly. Many of the motor carriers operating within the Alaska area are not now well capitalized or in the best financial health. Indeed, there have been several recent bankruptcies. Certainly investment in new trailers and tractors would slow down if these carriers were faced with unrestrained competition from a state-owned railroad which had access to both direct and indirect subsidies.

BRIEF SECTION-BY-SECTION ANALYSIS

INTRODUCTION

The Bill would add two new chapters to the Alaska Statutes to provide for: (1) establishment of a "State of Alaska Railroad Transfer Team" to negotiate, consider, and make recommendations with respect to the terms of any transfer, sale, or lease of the Alaska Railroad to the State and; (2) establishment of an "Alaska Railroad Authority" which would administer the Alaska Railroad and its properties subsequent to any transfer.

TRANSFER TEAM

Section 1 of the bill would add a new chapter to the Alaska Statutes which would establish the State of Alaska Railroad Transfer Team. The Team would be comprised of three members: one appointed by the Senate; one appointed by the House of Representatives; and one appointed by the Governor.

Establishment of the Team would accomplish two important objectives. It would be independent of the organization that would ultimately have responsibility for operating the Railroad. Thus, the team would be able to provide the legislature and the governor with advice as to the desirability of any proposed transfer, sale, or lease

of the Railroad to the State that would not be influenced by any interest in operating the Railroad subsequent to any transfer.

Second, this joint legislative-executive organization will provide the federal government with a focal point for its dealings with the State with respect to the Alaska Railroad. Thus, the establishment of the Team should facilitate effective presentation of a uniform position on behalf of the state.

The Team would serve as liaison with respect to federal legislative and administrative actions affecting the Alaska Railroad or the transfer of the Railroad, but could not bind the State to accept the Railroad. Binding acceptance of the Railroad would be subject to the state legislative process. Members of the team would serve at the pleasure of the organizations which appoint them and the team would be authorized to commence its activities as soon as two of its members are appointed.

To enable the Team to carry out its duties, the bill would also provide appropriations for the Team's operating expenses for the fiscal year ending June 30, 1983 and for the balance of the current fiscal year.

#### ALASKA RAILROAD AUTHORITY

Section 2 of the bill would add a new chapter to the Alaska Statutes which would establish the Alaska Railroad Authority, to operate and administer the Alaska Railroad subsequent to any transfer

to the State. The powers of the Authority would be vested in a Board of Directors which would have the authority to hire a President to manage day-to-day operations.

The Board of Directors would consist of the Commissioner of Transportation and Public Facilities and six public members to be appointed by the Governor, subject to confirmation by the legislature in joint session. Members of the Board shall receive no salary but would be compensated for expenses.

The Board would have full authority to undertake all of the actions necessary for the operation, maintenance, and expansion of the Railroad. It may hire staff, enter into contracts, issue bonds, and accept grants from the federal government and the state. The Board may delegate its powers to the President except for the powers to issue bonds and to undertake capital projects with an estimated completion cost greater than \$1 million.

The revenues generated by the Railroad would be placed in a revolving fund available for maintenance, operation, and expansion of the Railroad. Thus, the proposed bill would establish, in essence, a corporate organization, able to make day-to-day operating decisions without resort to the appropriations process.

*From Bettisworth*

DRAFT 12/31/81

Introduced:  
Referred: Transportation and Finance

IN THE SENATE BY DANKWORTH AND KERTTULA  
SENATE BILL NO. \_\_\_\_\_

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE - SECOND SESSION  
A BILL

For an Act entitled: "An Act relating to the Alaska Railroad."

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

\* Section 1. AS 42 is amended by adding a new chapter to read:

"CHAPTER 41. TRANSFER OF ALASKA RAILROAD

Sec. 42.41.010. RAILROAD TRANSFER TEAM

- (a) There is hereby established the "State Of Alaska Railroad Transfer Team", to be comprised of three members: one member to be appointed by the senate, one member to be appointed by the house of representatives, and one member to be appointed by the governor.
- (b) The team shall have the following duties:
  - (1) to serve as the liaison of the State of Alaska to the United States Congress and federal agencies with



respect to any federal legislation or administrative actions to transfer, sell, or lease the Alaska Railroad or any of its properties to the state of Alaska, or with respect to any federal legislation or administrative actions affecting the nature or extent of the present or future properties of the Railroad, including matters with respect to future rights-of-way for the Railroad;

(2) to conduct investigations and gather facts and, on the basis of such information, recommend to the senate, house of representatives, and governor whether or not acceptance of any proposed transfer, sale, or lease of the Alaska Railroad or any of its properties from the federal government to the state of Alaska is in the best interest of the state; and

(3) to report periodically, and not less than semi-annually, to the legislature and the governor regarding its activities.

(c) The team shall have the following powers:

(1) to hire staff, legal counsel, or consultants as required to carry out its duties described in this section; and

(2) to take such other administrative actions as are necessary to carry out its duties under this section.

(d) The team shall be the sole body authorized to present the views of the state of Alaska to the federal government, and to negotiate with the federal government with respect to any proposal to transfer, lease, or sell the Alaska Railroad or any of its properties to the state.

(e) The team is not authorized to enter into any agreement binding on the State with respect to the transfer, sale, or lease of the Alaska Railroad or any of its properties to the state from the federal government except in accordance with the provisions of this section. Any recommendations made by the team with regard to the Alaska Railroad shall be binding upon the State of Alaska only upon enactment of appropriate enabling legislation.

(f) The authority of the team shall become effective as soon after enactment of this section as two members of the team are appointed.

(g) The team shall be disbanded and its authority shall expire upon the signing of a agreement effectuating the transfer or sale of the Alaska Railroad to the state.

(h) Members of the team shall receive no salary, but are entitled to per diem and travel expenses authorized by law for state boards and commissions under AS 39.20.180.

Members of the team serve at the pleasure of the organizations which appointed them.

(i) The sum of \$ \_\_\_\_\_ is appropriated from the general fund to the team for operating expenses for the fiscal year ending June 30, 1982; the sum of \$ \_\_\_\_\_ is appropriated from the general fund to the team for operating expenses for the fiscal year ending June 30, 1983.

\* Section 2. AS 42 is amended by adding a new chapter to read:

"CHAPTER 40. ALASKA RAILROAD AUTHORITY

ARTICLE 1. CREATION AND ORGANIZATION.

Sec. 42.40.010. ESTABLISHMENT OF AUTHORITY. The Alaska Railroad Authority is established as a public corporation of the state.

Sec. 42.40.020. GOVERNING BODY. The powers of the authority are vested in the board of directors. However, the board may not exercise its powers until either: (1) the state enters into an agreement for the transfer, sale, or lease of the