

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 80/2

3781 HTRA HB 181 (FILE 1) - HB 181 (FILE 2)

657

APR 09 1986

PUBLIC OPINION MESSAGE

TO: REPRESENTATIVE BETTE CATO

FROM: MELTON VOLK  
BOX 3397  
SOLDOTNA  
262-1597

99669

BILL NO: HB 181

SUBJECT: REQUIRING FERRY MAINTENANCE TO BE IN STATE  
MESSAGE:

DO NOT SUPPORT AS 37.05230 AMENDED TO HB 181

*O. J. [unclear]*

DATE: 04/08/86 TIME: 09:44:35 SENT BY: SOLDOTNA LIO

COPIES TO: HOUSE MEMBERS  
SENATE MEMBERS

Introduced: 3/29/85  
Referred: Transportation  
and Finance

1 IN THE HOUSE

BY TAYLOR, SUND AND  
GOLL

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the relocation to Ketchikan of

7

consumable warehousing functions of the Alaska marine

8

highway system."

9

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

10

\* Section 1. RELOCATION OF ALASKA MARINE HIGHWAY SYSTEM WAREHOUSING TO

11

KETCHIKAN. The commissioner of transportation and public facilities shall

12

relocate to Ketchikan the consumable warehousing functions of the Alaska

13

marine highway system.

14

\* Sec. 2. The provisions of sec. 1 of this Act do not affect a collec-

15

tive bargaining agreement entered into on or before the effective date of

16

this Act.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: SS for HB181  
 Title: An Act Relating to the relocation to Ketchikan of consumable warehousing functions of the AMHS.  
 Sponsor: Taylor, Sund and Goll  
 Requestor: Transportation and Finance  
 Date of Request: April 1, 1985

FISCAL DETAIL

Agency Affected: DOT & PF  
 Program Category Affected: Transportation  
 BRU, Program or Subprogram(s) Affected: Alaska Marine Highway System

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL		37.7				
300 CONTRACTUAL		30.0	31.8	33.7	35.7	37.9
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES		1,500.0				
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>1,567.7</b>	<b>31.8</b>	<b>33.7</b>	<b>35.7</b>	<b>37.9</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND	1,567.7	21.8	33.7	35.7	37.9
FEDERAL FUNDS					
OTHER					
<b>TOTAL</b>					

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

SEE ATTACHED

Prepared By: Joe DeCamp, Deputy Commissioner Phone: 465-3950  
 Division: Alaska Marine Highway System Date: 04/02/85  
 Approved by Commissioner: *Wick May Jr* Date: 4/5/85  
 Agency: DOT&PF

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

7/1/84

## ANALYSIS

SS for HB 181

"An Act relating to the relocation to Ketchikan of consumable warehousing function of the Alaska Marine Highway System"

For the purposes of this analysis, it is assumed the number of positions being relocated to Ketchikan is four (4). It is assumed current employees would transfer resulting in relocation expense. It is also assumed that one time capital costs would be incurred to construct a new facility and that it would be located on the present state-owned Ketchikan Maintenance Facility site.

The following assumptions were made:

### A. The Cost of Moving Personnel

1. Employees moved had families, average size - four.
2. Employees moved had household goods to be moved, average three bedroom, 8,000 pounds. The average cost per move including straight transportation, cartons, packing, 30 days storage, warehouse handling, insurance and redelivery would be \$6,418.00 per employee.
3. As per collective bargaining agreements, employees would incur 15 days straight per diem at \$80.00 per day and dependents \$40.00. Each family - \$3,000.00. The expense related to relocation for employees would be \$12,000.00 one time costs.
4. Total one time employee relocation costs would be \$37,700.00.

### B. A new warehouse building would be constructed on the present State-owned Ketchikan Maintenance Facility site.

The capital costs for this new building would be \$1,500,000.00. If these funds are appropriated the facility design and preliminary engineering would require about 12 months, and construction an additional 12 months.

AMHS now occupies State-owned facilities and all costs are budgeted in DOT&PF S.E. Region. It is assumed annual maintenance and utility costs not now an expense to AMHS would have to be budgeted for and that annual cost would be \$30,000.00.

### D. Inflation factor is 6% per year.



## Dept. of Transportation & Public Facilities

# Position Paper

**BILL NO:** SSHB 181

**APPROVED:**

*R. J. Knapp*  
R. J. Knapp  
Commissioner

**TITLE:** Relocation to Ketchikan of  
Consumable Warehousing Function of  
the Alaska Marine Highway System

**DATE:**

4/3/85

The Department of Transportation and Public Facilities supports moving the Alaska Marine Highway System consumable warehouse from Juneau to Ketchikan.

The current Juneau sub-port warehouse is inefficient, inadequate, in poor condition and needs to be replaced. An analysis of the current operation of our consumable warehousing revealed sound business and operational reasons to also relocate the consumable warehouse. It would be more efficient and cost effective to have this warehouse in a location closer to supply sources and eliminate the need for AMHS vans to take up valuable car deck space between Ketchikan and Juneau. Movement of these vans between Ketchikan and Juneau are estimated to displace between 60 and 80 vehicles total during the summer months with a loss of \$15,000 to \$20,000 in revenue foregone.

The transfer of the warehouse from Juneau to Ketchikan would not "Alaskanize" any jobs as the move of personnel would be within Alaska, nor would additional business be brought into Alaska by this move.

# Alaska State Legislature

## COMMITTEES:

VICE-CHAIRMAN  
HEALTH, EDUCATION & SOCIAL SERVICES

JUDICIARY

FINANCE SUB-COMMITTEE  
ON COURT SYSTEM

JOINT COMMITTEE ON  
FOREIGN TRADE



PO BOX 1441  
WRANGELL, ALASKA 99929  
(907) 874-2316

POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4905

## House of Representatives

ROBIN L. TAYLOR

TO : Rep. Bette Cato  
FROM : Rep. Robin Taylor  
RE : HB181

RT

April 2, 1985

I have amended house bill no.181 and replaced it with a sponsor substitute. The bill, which deals with the Alaska Marine Highway System was heard in your committee on March 26. I would very much appreciate it if you could reschedule this new version of the bill for a hearing soon.

If you have any questions about the amendment, please give me a call.

Attachment

Introduced: 3/29/85  
Referred: Transportation  
and Finance

1 IN THE HOUSE

BY TAYLOR, SUND AND  
GOLL

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the relocation to Ketchikan of  
7 consumable warehousing functions of the Alaska marine  
8 highway system."

9

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

10

\* Section 1. RELOCATION OF ALASKA MARINE HIGHWAY SYSTEM WAREHOUSING TO

11

KETCHIKAN. The commissioner of transportation and public facilities shall  
12 relocate to Ketchikan the consumable warehousing functions of the Alaska  
13 marine highway system.

14

\* Sec. 2. The provisions of sec. 1 of this Act do not affect a collec-  
15 tive bargaining agreement entered into on or before the effective date of  
16 this Act.

*file*

HR 181

**REQUEST**

Bill Resolution No. CS for 2d Sponsor Sub. HB 31  
 Title: "...maintenance of vessels of the Alaska Marine Highway System."

Sponsor: Taylor, Sand and Holt  
 Requester: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Account: DOT&PF - AMHS  
 BRU: Marine Operations

Components: 11 SW Vessels Operations and Overhaul, 21 SW Vessels Operations and Overhaul.

**EXPENDITURES REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

See attached.

Prepared by: Joe W. Camp, Deputy Commissioner  
 Division: Alaska Marine Highway System

Phone: 465-3950  
 Date: 3/18/86

Approved by Commissioner: [Signature]  
 Agency: DOT/PF

Date: 3/18/86

For Bill/Resolution No. CS For 2d Sponsor Substitute for HR 181

There are eventualities relating to the maintenance of vessels of the Alaska Marine Highway System within the State of Alaska that could be positive or negative in impact. At this point in time it is not possible to assess the fiscal impact of the presently written bill.

There is the possibility that the higher costs of doing business in an "Alaskan Shipyard" could be somewhat offset by the savings generated from an interport differential or cost of delivery of a vessel to and from Alaska. On the other side, it would be less desirable for crewmembers to live outside Alaska and more would likely move back resulting in higher COLA payments.

The fiscal impact will remain unknown until some experience is generated in vessel repairs in Alaska.

CSSB 269(Res)

A fiscal note appears in House Journal Supplement No. 99.

The Speaker added a Judiciary Committee referral to precede the Finance Committee referral and so, CSSB 269(Res) was referred to the Judiciary Committee.

SB 330

The Judiciary Committee has considered SENATE BILL NO. 330 (relating to civil liability for veterinary care; effective date), recommends it be replaced with HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 330 (Judiciary) (same title) and reports it back as follows: M.M. Miller (Chairman), Sund, Taylor, Pettyjohn and Clocksin recommend do pass.

SB 330 was referred to the Rules Committee for placement on the calendar.

HCR 43

The Health, Education & Social Services Committee has considered HOUSE CONCURRENT RESOLUTION NO. 43 (relating to the University of Alaska School of Mineral Industry, Mineral Industry Research Laboratory and Mining Extension Program) and reports it back as follows: Gruenberg and Koponen (Co-chairs), Taylor, Hurley, Pettyjohn and Thompson recommend do pass.

A zero fiscal note with analysis and a fiscal note appear in House Journal Supplement No. 99.

HCR 43 was referred to the Resources Committee.

HJR 67

The State Affairs Committee has considered HOUSE JOINT RESOLUTION NO. 67 (requesting the United States Congress to establish advanced all-weather satellite coverage of North Pacific waters), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 67 (State Affairs) (same title) and reports it back as follows: Hurley (Chairman), Navarre, Boucher and M.M. Miller recommend do pass. A zero fiscal note was attached.

HJR 67 was referred to the Resources Committee.

2d SSHB 181 *file*

The Transportation Committee has considered 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (relating to maintenance of vessels of the Alaska marine highway system), recommends

2d SSBH 181

it be replaced with COMMITTEE SUBSTITUTE FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (Transportation) (same title) and reports it back as follows: Pignalberi, Shultz and Marrou recommend do pass; Davis (Chairman) has no recommendation.

A zero fiscal note with analysis appears in House Journal Supplement No. 99.

2d SSBH 181 was referred to the Finance Committee.

SSHB 467

The Finance Committee has considered SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 467 (relating to the herding of fish), recommends it be replaced with COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 467 (Judiciary) (page 2322) and reports it back as follows: Adams (Chairman), Ringstad, Duncan, Larson, Uehling, Pourchot, Rieger, Frank, Szymanski and Cotten recommend do pass. A zero fiscal note was attached.

A letter of intent, signed by Adams (Chairman), appears below:

House Finance Committee  
Letter of Intent  
for  
CSSSHB 467(Jud)

"Committee Substitute for Sponsor Substitute for House Bill 467 (Judiciary) is intended to prohibit the herding of fish by aircraft. It is not the intent of the legislature to otherwise restrict the legal uses of aircraft for spotting schools of fish in conjunction with commercial fishing operations."

SSHB 467 was referred to the Rules Committee for placement on the calendar.

HB 539

The State Affairs Committee has considered HOUSE BILL NO. 539 (relating to reduced rates and discounted service for low-income telecommunication customers), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 539 (Telecommunications) (page 2306) and reports it back as follows: Hurley (Chairman), Navarre, Boucher and M.M. Miller recommend do pass.

HB 539 was referred to the Rules Committee for placement on the calendar.

INTRODUCTION. FIRST READING AND REFERENCE  
OF HOUSE BILLS

SSHB 181

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 by Taylor, Sund and Goll, entitled:

"An Act relating to the relocation to Ketchikan of consumable warehousing functions of the Alaska marine highway system."

was read the first time and referred to the Transportation and Finance Committees.

HB 335

HOUSE BILL NO. 335 by Koponen, Adams, Clocksin, Davis, Fuller, Herrmann, Hurley, M.M. Miller, Sund, Wallis, Goll, Grussendorf and Marrou, entitled:

"An Act relating to practice of midwifery; and providing for an effective date."

was read the first time and referred to the Health, Education & Social Services Committee.

HB 336

HOUSE BILL NO. 336 by Shultz, entitled:

"An Act making a special appropriation to the Department of Natural Resources; and providing for an effective date."

was read the first time and referred to the Resources and Finance Committees.

HB 337

HOUSE BILL NO. 337 by Shultz, entitled:

"An Act relating to vehicle registration."

was read the first time and referred to the State Affairs, Transportation and Finance Committees.

HJR 27

HOUSE JOINT RESOLUTION NO. 27 by Marrou:

Urging the United States Congress to study and reform the Federal Reserve System.

was read the first time and referred to the Finance Committee.

HJR 28

HOUSE JOINT RESOLUTION NO. 28 by Marrou:

Proposing an amendment to the Constitution of the State of Alaska permitting the amendment of the Constitution by initiative and permitting the initiative to apply to appropriations.

was read the first time and referred to the Judiciary and Finance Committees.

HJR 29

HOUSE JOINT RESOLUTION NO. 29 by Marrou:

Requesting Congress to repeal the provisions of the Alaska Statehood Act that require the State of Alaska to retain the mineral resources on lands received by the State from the United States and transferred to private ownership.

was read the first time and referred to the Resources and Judiciary Committees.

HJR 30

HOUSE JOINT RESOLUTION NO. 30 by Marrou:

Proposing an amendment to the Constitution of the State of Alaska relating to the ownership of natural resources by the state on private land.

was read the first time and referred to the Resources and Judiciary Committees.



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

10/31/89  
Date

HPB

181

2 Files (2 of 2)

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HT 4-16-85 7 Am  
3-26-85 7 Am

CSHB 355(Fish)am

Representative Clocksin moved and asked unanimous consent that the House adopt the House Special Committee on Fisheries Amended Letter of Intent (page 2554). There being no objection, it was so ordered.

CSHB 355(Fish)am was referred to the Chief Clerk for engrossment.

UNFINISHED BUSINESS

Representative Clocksin moved and asked unanimous consent that the following member be excused from a call of the House as noted:

Representative Hurley - from 4:30 p.m.,  
April 18 through plane time, April 21,  
1986

There being no objection, it was so ordered.

CSHB 28(Fin)(2d-title-am)

Representative Pignalberi moved and asked unanimous consent that the House take up the message on COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 28 (Finance) (2d title amended) (making a special appropriation from the undistributed income account in the Alaska permanent fund to the principal of the permanent fund; effective date) (page 2217) at this time.

Representative Clocksin objected.

Representative Pettyjohn placed a call of the House and lifted the call.

The question being: "Shall the House take up the Senate message on CSHB 28(Fin)(2d title am) at this time?" The roll was taken with the following result:

CSHB 28(FIN)(2D TITLE AM) MOTION

Yeas: 12 Collins, Furnace, Hanley, Jenkins,  
Marrou, Martin, Pearce, Pettyjohn,  
Phillips, Pignalberi, Rieger,  
Uehling

CSHB 28(Fin)(2d-title-am)

Nays: 25 Adams, Boucher, Cato, Clocksin,  
Cotten, Davis, Duncan, Frank,  
Fuller, Gruenberg, Grussendorf,  
Herrmann, Hurley, Koponen, Larson,  
Miller, M.M., Miller, M.W., Navarre,  
Pourchot, Ringstad, Shultz,  
Szymanski, Taylor, Thompson,  
Wallis

Excused: 0

Absent: 3 Binkley, Goll, Sund

And so, the motion failed.

HCR 36 *FILE*

Representative Binkley added his name as co-sponsor to HOUSE CONCURRENT RESOLUTION NO. 36 (relating to intrastate airline travel).

2d SSHB 181 *FILE*

Representative Cato added her name as co-sponsor to 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (relating to the maintenance of vessels of the Alaska marine highway system).

HB 689 *FILE*

Representative Szymanski added his name as co-sponsor to HOUSE BILL NO. 689 (relating to required equipment on and the transportation of certain loads by, motor vehicles).

ENGROSSMENTCSHCR 36(Fin) *FILE*

CSHCR 36(Fin) was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

CSHB 15(C&RA)

CSHB 15(C&RA) was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

CSHB 160(Fin) *FILE*

CSHB 160(Fin) was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

# Can \$38 Million State Shipyard In Ketchikan Pay Its Own Way?

## Completion Is Scheduled For December

by Joe LaRocca

After nearly a decade in the making, the state's biggest shipyard is scheduled for completion in Ketchikan by year's end at a cost of \$38 million, amid uncertainty over whether it will be able to pay for itself or require operating subsidies from the state.

Negotiations are currently underway between the state, which owns the facility and the city of Ketchikan for the state to lease it to the city, which in turn will lease it to a private management contractor to operate and maintain.

The primary purpose of the facility - known as the Ketchikan Shiprepair Yard - is to bring all of the annual maintenance and repair work on the state's fleet of nine ferry vessels to Alaska from Seattle, where most of it has been done since the ferry system's inception more than 25 years ago.

In order to eliminate or minimize the need for a continuing state subsidy to help finance the Ketchikan shipyard's operations, state officials say the facility must rely upon commercial shipping

and fishing, U.S. Navy and Coast Guard business for at least half its income. But at this stage, state officials say they don't know if that's possible.

The move is also intended to save the state money in the operation and maintenance of the ferry system, but it's uncertain whether any real savings will be realized. The head of the ferry system, Joe Camp, Deputy Commissioner in the Dept. of Transportation and Public Facilities, told the House Transportation Committee recently that "It's difficult to project ahead whether we will save operating money and maintenance money."

Camp said "One thing that is going to be very good for the yard but is going to end up potentially costing the state more money is the fact that it's not going to be very convenient for our employees to live in Seattle." Currently, he said, with the ships spending several months in Seattle at dockside or in drydock undergoing annual maintenance, "it's quite convenient for many of our employees to live in Seattle and simply work on the ships during overhaul." But when the Ketchikan shipyard is completed and all of the repair and maintenance work is done there, Camp said, "then it's going to be very inconvenient."

That means that "there will be an incentive for people to move back to Alaska," Camp said, and when they do their pay will automatically increase by 22 percent. That's because ferry system workers who reside in Alaska receive a 22 percent cost of living allowance.

According to Camp, about 150 of the ferry system's 650 employees live outside the state. He said it's likely that some of them will take up residence in Alaska when the Ketchikan shipyard begins operations, but it's impossible to estimate how many.

### SAVINGS

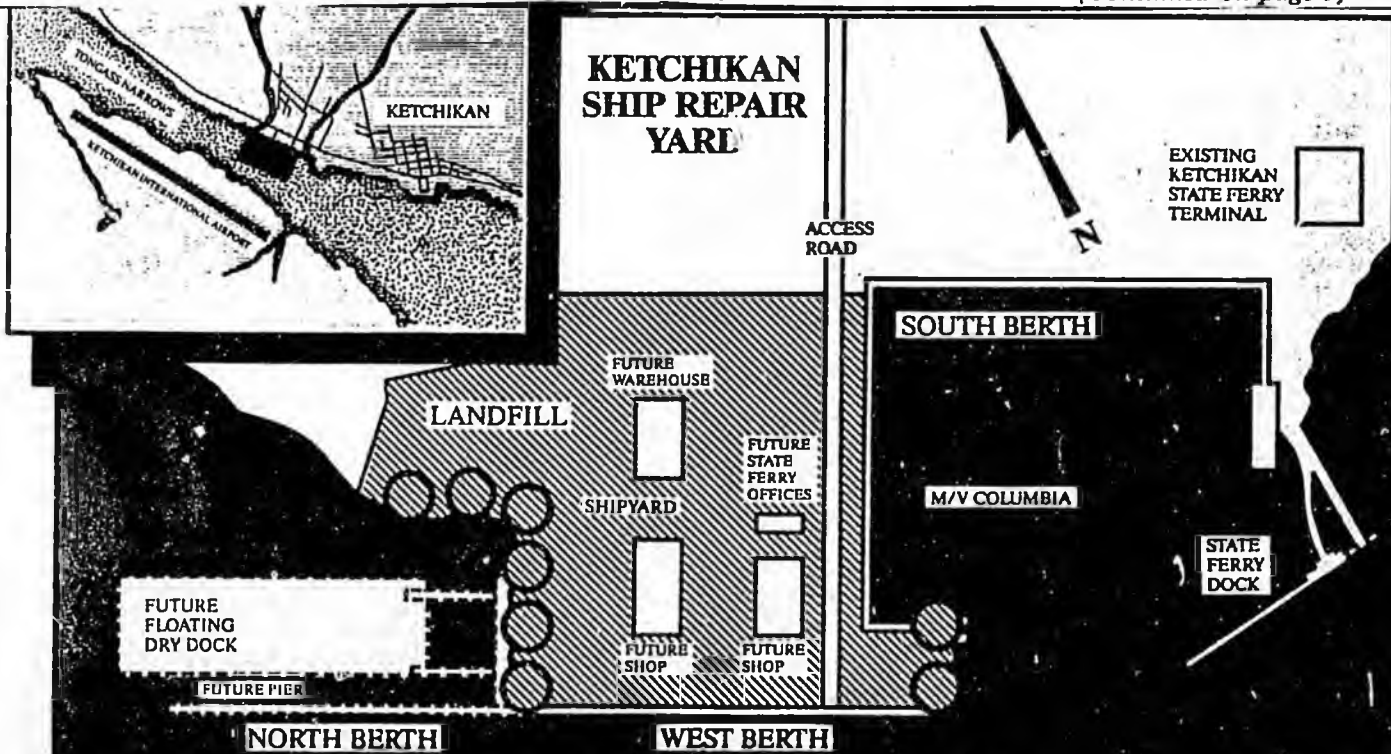
Records show that in a typical year, the state spends about \$5 million per year on ferry repairs and maintenance, more than half of it in personnel costs. Nearly half a million of that goes toward travel and per diem for crew members who accompany and stand by the ships during their annual overhaul in Seattle.

State officials say much of that can be saved when regular ferry maintenance work is done in Ketchikan because most if not all of the shipyard workers would reside there. Also saved would be about half a million gallons of fuel consumed in sailing the vessels to Seattle and back at least once a year for annual

(Continued on page 9)

PAGE 2

THE CAPITAL REPORTER



APRIL 4, 1986

---

# Shipyard . . .

*(Continued from page 2)*

maintenance.

Camp cited as an example a recent case in which it cost \$50,000 to send the MV Matanuska to Seattle for an overhaul. That was more than the cost of the work done on the ship there, he said, some \$44,000.

According to a 1980 economic feasibility study, in a typical year, the state spends about \$2 million on contractual services and commodities during the annual ferry maintenance program in Seattle. With the transfer of the maintenance function to Ketchikan, most of those expenditures would go to local contractors, workers and suppliers, the study said.

26 March 1986

Letter of Intent for 2d SSHB 181 (TRSP)

Cato: Want to talk a little bit about the letter of intent that you discussed Tuesday when I was not here having to do with competitive bidding on the in-state facilities. I have a little trepidation on that. I recognize that we get an edge on competitive bidding by being in Alaska, I also understand that Joe Camp testified it would cost about \$50,000 to send a vessel outside. The only trepidation I have is that I would like to see the Commissioner negotiate with in-state facilities to arrive at a price because with the lack of capital payback and so on and so forth, the shipyards outside could possibly lower their prices to put our own facilities out of reach and of course that's just a supposition. I still think the vessels, and we're going to put an amendment to that bill that it be all state vessels not just the marine highway

s,stem. I want to run that by you and see how you felt about it.

After Rep. Taylor and I discussed it we recognized that Fish and Feathers have marine vessels, troopers and there are other marine vessels. And so we're going to attempt to amend it that instead of limiting it to the marine highway that we use the term all state vessels. Would that amendment please the committee.

Okay, the original bill that you discussed Tuesday when I wasn't here. That bill limits us to in-state facilities for marine highway. I think in Finance, Rep. Taylor is going to amend that bill to all marine vessels of the state.

Herrmann: Like in Ketchikan, do they have the facilities for?

Cato: Not as yet it will be coming on line. That's what the bill is, is the Commissioner determine that there are not available facilities before they send anything out.

Herrmann: Okay, he negotiates then, okay.

Cato: One of the reasons why this came up is because of the vessel that the University has; had a prop problem, it could have been fixed, right now in Seward, but inasmuch - they sent it on down to Seattle to be fixed and it could have been lifted and fixed in Seward right there, right now. And it was docked right in Seward. So when you think how much it cost to take a vessel outside, that money could have been saved. And that was the reason, because it wasn't marine highway and the bill hadn't passed, then the vessel was sent outside.

You have before you a letter of intent. It's the draft language of the legislative intent

Marrou: Is this the one we did pass a letter of intent on?

Cato: yes, you passed a letter of intent, but it hadn't been drafted, so I wanted you to go over the draft.

Marrou: we passed something we didn't have.

Cato: no you suggested a letter of intent, the letter of intent was not passed.

Staff: You requested that a letter of intent be drafted by the Attorney General's office to explain the concerns Joe Camp had had on competitive prices so that's the language that they sent down.

Furnace: Perhaps another way to state it so that Rep. Marrou can kind of ..it is that we passed out intent to have a letter of intent.

Marrou: Helpful to those of us with limited mental capacity.

Cato: Does anyone have any problem with the letter of intent that is before us?

Furnace: So move it.

Cato: It's been moved to support the letter of intent.

Objection

Marrou: I thought you earlier said that you had trepidation about this letter of intent.

Cato: The only trepidation I have is that on the competitive bid situation and I think that this can be ironed out. The competitive bid situation, like I said, Todd shipyard for instance probably does not have a great deal of capitalization

to pay out. Perhaps they could lower their prices enough to neutralize our facilities in-state, even with competitive bid.

Marrou: what about fish and game boats that you mentioned a few minutes ago, did you want to put that in here?

Cato: not until Robin makes his amendment. However, and perhaps they would do a letter of intent on that when his amendment is made in another committee.

Figalberi: I don't think the language ...I'm not sure the letter of intent says anything ...maybe we don't need the letter.

Cato: referred to Mike Davis - why wanted AG's letter of intent.

Mike Davis reviewing memorandum.

Furnace: call a question on the motion.

No opposition to motion.

HB 79 cont'd

Page 1, line 28: After "commissioner", delete "but not less than once every 24 months"

The report was signed by Senator Zharoff, Chairman and concurred in by Senators Bennett and Ray.

HOUSE BILL NO. 79 am was referred to the Finance Committee.

HB 181 *file*

The Transportation Committee considered CS FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (FIN) am (maintenance of marine vessels of the state; and providing for an expiration of the Act) and a majority of the committee recommended de pass. The report was signed by Senator Coghill, Chairman and concurred in by Senators Abood and Paul Fischer. Senator Josephson signed "no recommendation; objective is sound and language is weak".

CS FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (FIN) am was referred to the Rules Committee.

HB 237

The State Affairs Committee considered CS FOR HOUSE BILL NO. 237 (RULES) (pension reform; etd) and recommended it be replaced with

SENATE CS FOR CS FOR HOUSE BILL NO. 237 (SA)

and do pass. The report was signed by Senator Abood, Chairman and concurred in by Senators Kelly, Ray, Vic Fischer and DeVries.

CS FOR HOUSE BILL NO. 237 (RULES) was referred to the Judiciary Committee.

SCR 36

The Rules Committee considered SENATE CONCURRENT RESOLUTION NO. 36 (establishing a joint special committee on mental health trust land) and a majority of the committee recommended calendar April 24. The report was signed by Senator Kelly, Chairman and concurred in by Senators Josephson, Coghill and Bennett.

SENATE CONCURRENT RESOLUTION NO. 36 is on the calendar.

SB 399

The Labor and Commerce Committee considered SENATE BILL NO. 399 (establishing the risk management collateral fund for the University of Alaska; efd). Senator Zharoff, Chairman and Senator Bennett signed "do pass". Senator Ray signed "no recommendation".

SENATE BILL NO. 399 was referred to the Finance Committee.

SB 474

The Labor and Commerce Committee considered SENATE BILL NO. 474 (exemptions from licensing requirements as electrical administrators; efd) and a majority of the committee recommended do pass with the following amendment:

Page 2, line 13: After "unit" insert "if  
outside a building or a structure"

The report was signed by Senator Zharoff, Chairman and concurred in by Senators Bennett and Ray.

Fiscal note is zero.

SENATE BILL NO. 474 was referred to the Rules Committee.

SB 475

The Resources Committee considered SENATE BILL NO. 475 (designating the woolly mammoth as the state fossil) and a majority of the committee recommended do pass. The report was signed by Senator Sturgulewski, Chairman and concurred in by Senators Coghill, Halford, Fahrenkamp, Vic Fischer and Zharoff.

Fiscal note is zero.

SENATE BILL NO. 475 was referred to the Rules Committee.

HB 79

The Labor and Commerce Committee considered HOUSE BILL NO. 79 am (financial institution examinations; efd) and a majority of the committee recommended do pass with the following amendment:



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

April 18, 1986

MEMORANDUM

TO: Representative Bette Cato

ATTN: Rhonda Cargill

FROM: Deb Pomeroy, Administrative Officer *DP*

RE: Vessels Owned by the State of Alaska  
Research Request 86-155 (Supplemental Information)

Attached is the list of vessels over 16 feet owned by the University of Alaska which I received today. This brings the number of State-owned vessels over 16 feet to 309. If you would like this information incorporated into the table I delivered to you on April 4, please let me know.

DP

Attachment

University of Alaska

DESCRIPTION	POWER	LENGTH	LOCATION
LUND, ALUMINUM, OPEN	OUTBOARD	16	UAJ - JUNEAU
BOSTON WHALER, FIBERGLASS, OPEN	NONE	17	UAJ - JUNEAU
LUND, ALUMINUM, OPEN	OUTBOARD	16	UAJ - JUNEAU
GLASFLY, FIBERGLASS, CABIN	OUTBOARD	23	UAJ - JUNEAU
UNIFLITE, PLYWOOD/GLASS, CABIN	INBOARD	23	UAJ - JUNEAU
SABRECRAFT, FLYWOOD/GLASS, CABIN	INBOARD	26	UAJ - JUNEAU
RESEARCH VESSEL, WOOD, "MAYBESO"	INBOARD DIESEL	47	UAJ - JUNEAU
LAKE BOAT, ALUMINUM	UNKNOWN	16	FAIRBANKS
BOSTON WHALER	UNKNOWN	16	SEWARD
BOSTON WHALER	UNKNOWN	16	SEWARD
DURACRAFT RIVER BOAT	UNKNOWN	20	FAIRBANKS
RIVER BOAT	UNKNOWN	24	FAIRBANKS
MONARK RIVERBOAT	UNKNOWN	20	FAIRBANKS
RIVERBOAT	UNKNOWN	30	FAIRBANKS
GRUMMAN CANOE	UNKNOWN	17	FAIRBANKS
GRUMMAN CANOE, SQUARE STERN	UNKNOWN	19	FAIRBANKS
ZODIAK INFLATABLE RUBBER RAFT	OPTIONAL	16	FAIRBANKS
BOAT SKIFF WOOD	UNKNOWN	24	KODIAK
BOAT METAL	UNKNOWN	24	GALENA



## Dept. of Transportation & Public Facilities

# Position Paper

**BILL NO:** CH For 2nd Sponsor Substitute for  
House Bill No. 181 (Finance)

**APPROVED:** *R. J. Knapp*  
Commissioner

**TITLE:** Maintenance of Marine Vessels  
of the State

**DATE:** 4/23/86

The Department of Transportation and Public Facilities fully supports the performance of maintenance of Alaska public vessels within the state but believes that the economic factors of the market place will cause that to take place without waiving the competitive bidding provisions of AS 37.05.230. For instance, in the case of Alaska Marine Highway System (AMHS) vessels, an interport differential would be added to the bid of shipyards outside Alaska for the purpose of evaluation. Interport differential is defined as the extra costs such as fuel, crew transportation, per diem, pilotage, etc., that are incurred as a result of taking a vessel from the repair yard nearest to the vessel's operating area (Alaska) to any other yard. As an example, the current interport differential between Seattle and Portland on the contract for M/V COLUMBIA bow thruster installation is \$32,500. Were the Ketchikan Shipyard now in operation, the interport differential between Ketchikan and Seattle on that contract would be at least \$50,000, and between Ketchikan and Portland at least \$77,000.

The economic advantage of interport differential to Alaska Shipyards is significant enough alone to provide a strong margin in favor of any Alaska Shipyard. In addition, the operators of Shipyards in Alaska (all private) also will have the advantage of reduced capital costs and the Alaska bid preference.

The disadvantage to the State of Alaska of waiving AS 37.05.230 or any other competitive bidding law is that such a waiver will in effect offer a blank check to the private operator of any shipyard located in Alaska. AMHS is appropriated a fixed amount annually to both maintain and operate the vessels. A conscious effort has been made to maximize funds spent for operations and to minimize funds spent on maintenance and repairs, consistent with safety and good engineering practices. The result of CS for 2nd SS for HB 181 as currently written would likely be an increase in the amount of money spent on maintenance and repairs and a decrease in the amount of money available for operations, resulting in less service to the public who depend on the AMHS for basic transportation needs.

The Department of Transportation and Public Facilities opposes CS for 2nd SS for HB 181 as currently written for the above stated reasons.

For further information call Susan Fleischhauer at 465-3900.

POSITION PAPER

Bill No. CH For 2nd Sponsor Substitute for House Bill 181  
(Finance)

However, we are in favor of the overall objectives, and propose the following as an alternative.

- A. Expand Alaska bidder preference factor from 5% to 15% on all marine repair contracts.
- B. If qualified competition exists in state restrict bids to Alaska firms.
- C. If qualified competition does not exist in state advertise as necessary taking into account Alaska bidder preference plus interport differentials.

TECHNICAL SERVICES  
DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES  
P.O. BOX 1467  
JUNEAU, ALASKA 99802  
(907) 364-4256

INVITATION TO BID

Ketchikan Ship Repair Yard - Utilities  
Ketchikan, Alaska

Sealed bids in single copy for furnishing all labor, materials and equipment, and performing all work on Project 74863, Ketchikan Ship Repair Yard - Utilities, described herein, will be received until 2:00 p.m. prevailing time, May 15, 1986, on the second floor, Conference Room, Room 202, Island Center Building, Douglas, Alaska.

This project will consist of furnishing all labor, materials, equipment and supervision and providing all work required for the installation of an oil/water separator, potable water supply system, fire protection system, sewer system, bilge system, compressed air system and electrical system complete with all related appurtenances and site work.

The Engineer's Estimate is between \$1,000,000 to \$2,500,000.

All Work Shall be completed as directed in the Supplementary Conditions.

The Department of Transportation and Public Facilities hereby notifies all bidders that it will affirmatively assure that in any contract entered into pursuant to this Invitation, Disadvantaged Business Enterprises (DBE) and Women Business Enterprises (WBE) will be afforded full opportunity to submit bids and will not be discriminated against on the grounds of race, color, national origin or sex in consideration for an award.

One set of plans, specifications and other bidding documents may be obtained at no charge by all who have a bona fide need for them for bidding purposes from Southeast Regional Contracts, P.O. Box 1467, Juneau, Alaska 99802. Phone Number (907) 364-4287.

Bidding documents are available for inspection at the office of the Regional Department of Transportation and Public Facilities offices in Anchorage, Fairbanks and Juneau; the Associated General Contractors Offices in Seattle, Anchorage, Fairbanks and Juneau.

All technical questions regarding design and construction of this project should be directed to the office of Neil Atkinson, Project Manager, phone number (907) 364-4314.

All Questions regarding bidding and award procedures should be directed to the office of Gene D. Craig, P.E., Regional Contracts Engineer, phone number (907) 364-4237.

CONTACT: M. A. LINTHWAITE, CHIEF  
TECHNICAL SERVICES

CONTACT: M. A. LINTHWAITE, CHIEF  
TECHNICAL SERVICES  
DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES  
P.O. BOX 1467  
JUNEAU, ALASKA 99802  
(907) 364-4256

INVITATION TO BID  
Ketchikan Ship Repair Yard - Buildings  
Ketchikan, Alaska

Sealed bids in single copy for furnishing all labor, materials and equipment, and performing all work on Project 74861, Ketchikan Ship Repair Yard - Buildings, described herein, will be received until 2:00 p.m. prevailing time, May 15, 1986, on the second floor, Conference Room, Room 202, Island Center Building, Douglas, Alaska.

This project will consist of furnishing all labor, materials, equipment, supervision and performing all work necessary for the construction of four buildings; a 28 x 70 modular office, a 120 x 60 shop building, a 100 x 60 two-story shop building, and a 100 x 60 warehouse building.

The Engineer's Estimate is between \$1,000,000 and \$2,500,000.

All Work Shall be completed as directed in the Supplementary Conditions.

The Department of Transportation and Public Facilities hereby notifies all bidders that it will affirmatively assure that in any contract entered into pursuant to this Invitation Disadvantaged Business Enterprises (DBE) and Women Business Enterprises (WBE) will be afforded full opportunity to submit bids and will not be discriminated against on the grounds of race, color, national origin or sex in consideration for an award.

One set of plans, specifications and other bidding documents may be obtained at no charge by all who have a bona fide need for them for bidding purposes from Southeast Regional Contracts, P.O. Box 1467, Juneau, Alaska 99802. Phone Number (907) 364-4287.

Bidding documents are available for inspection at the office of the Regional Department of Transportation and Public Facilities offices in Anchorage, Fairbanks and Juneau; the Associated General Contractors Offices in Seattle, Anchorage, Fairbanks and Juneau.

All technical questions regarding design and construction of this project should be directed to the office of Neil Atkinson, Design Project Manager, phone (907) 364-4314.

All Questions regarding bidding and award procedures should be directed to the office of Gene D. Craig, P.E., Regional Contracts Engineer, phone number (907) 364-4237.

CONTACT: M. A. LINTHWAITE, CHIEF

## HB 181 MAINTENANCE OF VESSELS

- 3/18/86 HEARD IN (H) TRSP. (YOU WERE IN CANADA)
- Amended: added "at competitive prices"
- DAVIS requested language from A.G.'s office for letter of intent
  - DOT was against bill until amended to add "at competitive prices"
- 3/26/86 Adopted letter of intent (which is now null & void)

## FINANCE

Amended bill to include:

ALL STATE OWNED VESSELS

and

~~delete competitive prices to be~~

deleted "at competitive prices" insert -

"a price that is in the state's best interests. In making this determination, the commissioner shall consider

- (1) the amount of money the state has granted...
- (2) the amortization, overhead, start up costs...
- (3) the direct and indirect benefits to the economy...

May I have this material back when you're done.

Thanks

Shonda

Offered: 4/8/86  
Referred: Rules

Original sponsors: Taylor, Sund,  
Goll, and Szymanski

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the maintenance of marine vessels  
7 of the state."

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

9 \* Section 1. AS 36.20 is amended by adding a new section to read:

10 Sec. 36.20.020. MAINTENANCE OF STATE MARINE VESSELS. (a) A  
11 marine vessel owned by the state may not be transported outside of the  
12 state for the purpose of maintenance unless the commissioner of trans-  
13 portation and public facilities determines that there is no facility  
14 in the state able or available to perform the maintenance at a price  
15 that is in the state's best interests. In making this determination,  
16 the commissioner shall consider

17 (1) the amount of money the state has granted to, or other-  
18 wise invested in, marine vessel maintenance facilities in the state;

19 (2) the amortization, overhead, and start-up costs of the  
20 facilities in the state; and

21 (3) the direct and indirect benefits to the economy and  
22 labor force of the state that may be obtained by contracting with a  
23 facility in the state.

24 (b) AS 37.05.230 and the provisions of any other law relating to  
25 competitive bidding do not apply to a contract for the maintenance of  
26 a marine vessel owned by the state if the contract is awarded to a  
27 facility in the state.

**HOUSE  
COMMITTEE REPORT**

(7)

Date referred: 3/5/86

FURTHER REFERRALS: FINANCE

DATE: 18 MARCH 1986

The TRANSPORTATION Committee has considered 2D SSB 181

"An Act relating to the maintenance of vessels of the Alaska marine highway system."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS 2d SSB 181 (TRSP)  same title
- new title

and recommends \_\_\_\_\_

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

\_\_\_\_\_  
*M. Sigalben*  
\_\_\_\_\_  
*Dick Stultz*  
\_\_\_\_\_  
*A.V.M. MARROU*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
*Mike Deen*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Mike Deen*  
\_\_\_\_\_  
Chairman

# Alaska State Legislature

## COMMITTEES:

VICE-CHAIRMAN  
HEALTH, EDUCATION & SOCIAL SERVICES

JUDICIARY

FINANCE SUB-COMMITTEE  
ON COURT SYSTEM

JOINT COMMITTEE ON  
FOREIGN TRADE



PO BOX 1441  
WRANGELL, ALASKA 99929  
(907) 874-2316

White in Juneau  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4905

## House of Representatives

ROBIN L. TAYLOR

TO: Representative Betty Cato  
Chairman, House Transportation

DATE: March 14, 1986

FROM: Representative Robin L. Taylor

*R.L.T.*

SUBJECT: 2d Sponsor Substitute for HB 181

House Bill 181 will be before the House Transportation Committee on Tuesday March 18 and I would like to offer the following amendment to the bill:

Line 14 and 15 are amended to read:

"that there is no facility in the state able and available to perform the maintenance at competitive prices."

If you have any additional questions, please call Rena Bukovich of my staff.

March 15, 1986

Representative Bette Cato  
Chair, House Transportation Committee  
Alaska State Legislature  
Juneau, AK 99811

Dear Representative Cato:

The Southeast Conference has reviewed HB 181. We discussed this bill with Deputy Commissioner Joe Camp and also with Representative Robin Taylor's office.

The Southeast Conference supports 2dSSHB 181 if the words "at competitive prices" are added to line 15 of the bill. Representative Taylor is suggesting this amendment.

Interport differential and the Alaska bidder preference should allow the Ketchikan shipyard to bid competitively within the West Coast ship repair market.

Sincerely,



John Farnan  
Executive Director  
Southeast Conference



Dept. of Transportation & Public Facilities

# Position Paper

BILL NO: 181 (2nd Sponsor Substitute)

APPROVED:

*R. J. Krapp*  
Commissioner

TITLE: An Act relating to the Maintenance of Vessels of the Alaska Marine Highway System

DATE:

The department agrees with the concept that Alaska Marine Highway System (AMHS) vessels should be repaired in Alaska.

However, we disagree with this bill as written as it removes the competitive process from repair contracts. In effect, this bill gives a "blank check" to the private shipyard operator to charge AMHS whatever he pleases since he would have a captive market.

AMHS has made a conscious effort to reduce repair costs and thus make more of the limited budget available for operations. One undesirable result of enactment of this bill, as written, could be an unreasonable increase in the cost of repairs which would be paid out of operating funds with the net result being a reduction in service to Alaskan communities.

Market economic factors favor the operator of the Ketchikan Shipyard. He will have three distinct economic advantages over outside shipyards.

1. He will have minimal capital costs to recover in his repair pricing.
2. He will have an Alaska bidders preference.
3. Any outside bidder will have an "interport differential" added to their bid in the evaluation process.

(Interport differential is the cost of positioning a vessel to another repair port. It includes full, crew repatriation, per diem, and any other identifiable direct cost of the positioning/repositioning. It is calculated for each vessel at each overhaul but would be in the neighborhood of \$50,000.00 for a mainline vessel.)

The department recommends that the bill be modified by adding the words "at competitive prices" on line 15 following the word maintenance.

## CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 2d SSHB 181

It is not possible to assess the fiscal impact of this bill as it is presently written. In effect, it precludes any competitive bidding for vessel maintenance. This would give the private operators of the Ketchikan Shipyard and the Seward facility when completed a "blank check" with regard to Alaska Marine Highway System vessel maintenance which, in this time of shrinking operating budgets, could lead to a decreased operations schedule in order to fund repairs.

# Alaska State Legislature

## House of Representatives

### Committee on Transportation



Rep. Bette Cato, Chairman

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

LETTER OF INTENT  
FOR  
CS FOR 2D SSHB 181 (TRSP)

The House Transportation Committee supports the concept of using facilities located in the State of Alaska for the repair and maintenance of the Alaska Marine Highway system vessels. The Committee also recognizes, however, that the Alaska Marine Highway System is required under AS 37.05.230 to award a contract for the maintenance or repair of its vessels on the basis of competitive bidding. The Committee does not intend this legislation to conflict with the provisions of AS 37.05.230 nor does it intend by this legislation to relieve the Alaska Marine Highway System of its obligation to award contracts for the maintenance or repair of its vessels except by competitive bid.

CONCUR

OTHER

<u>Bette Cato</u>	-----
<u>Adenoid Herrman</u>	-----
<u>John Swank</u>	-----
<u>Mike De</u>	-----
<u>A. M. Maroon</u>	-----
<u>Dick Shultz</u>	-----
<u>Mark Quaberi</u>	-----

Bette Cato  
CHAIRMAN

# MEMORANDUM

# State of Alaska

TO: Joe Camp  
Deputy Commissioner  
Department of Transportation  
and Public Facilities

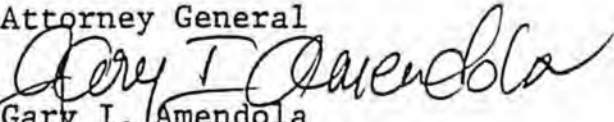
DATE: March 20, 1986

FILE NO:

TELEPHONE NO: 465-3603

FROM: Harold M. Brown  
Attorney General

SUBJECT: Legislative Intent  
for CS for 2nd SSHB  
181 (Trans)

By:   
Gary I. Amendola  
Assistant Attorney General  
Transportation Section-Juneau

You have asked for language to clarify the legislative intent of CS for 2d SSHB 181 (Trans), which amends AS 19.65 by adding a new section to read:

Sec. 19.65.030. MAINTENANCE OF ALASKA MARINE HIGHWAY SYSTEM VESSELS. A vessel of the Alaska marine highway system may not be transported outside of the state for the purpose of maintenance unless the commissioner of transportation and public facilities determines that there is no facility in the state able and available to perform the maintenance at competitive prices.

Draft language of legislative intent could be as follows:

The transportation committee supports the concept of using facilities located in the State of Alaska for the repair and maintenance of Alaska marine highway system vessels. The committee also recognizes, however, that the Alaska marine highway system is required under AS 37.05.230 to award a contract for the maintenance or repair of its vessels on the basis of competitive bidding. The committee does not intend this legislation to conflict with the provisions of AS 37.05.230 nor does it intend by this legislation to relieve the Alaska marine highway system of its obligation to award contracts for the maintenance or repair of its vessels except by competitive bid.

GIA:prm

# Alaska State Legislature



PO. BOX 1441  
WRANGELL, ALASKA 99929  
(907) 874-2316

Whitson Funcau  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4905

## COMMITTEES:

VICE-CHAIRMAN  
HEALTH, EDUCATION & SOCIAL SERVICES  
JUDICIARY

FINANCE SUB-COMMITTEE  
ON COURT SYSTEM

JOINT COMMITTEE ON  
FOREIGN TRADE

## House of Representatives

ROBIN L. TAYLOR

March 31, 1986

TO: Representative Al Adams  
Chairman, House Finance Committee

From: Representative Robin L. Taylor

A handwritten signature in dark ink, appearing to be "RT", written over the "From" line.

Subject: Committee Substitute for 2nd Sponsor Substitute for  
House Bill 181 (Transportation)

As you know, House Bill 181 will be before the House Finance  
Committee on April 3, 1986. I would like to offer the  
following ammendment to include all state owned vessels:

Section 19-65.030 is ammended to read:

All state owned vessels [a vessel of the Alaska Marine  
Highway System] may not be transported outside of the state  
for purposes of maintenance unless the Commissioner of  
Transportation and Public Facilities determines that there is  
no facility in the state able and available to perform the  
maintenance at competitive prices.

cc: House Finance Committee Members



ALASKA STATE LEGISLATURE  
 HOUSE OF REPRESENTATIVES  
 RESEARCH AGENCY

Pouch Y, State Capitol  
 Juneau, Alaska 99811  
 (907) 465-3991

April 2, 1986

MEMORANDUM

TO: Representative Bette Cato

ATTN: Rhonda Cargill

FROM: Deb Pomeroy, Administrative Officer *DP*

RE: Vessels Owned by the State of Alaska  
 Research Request 86-155

You requested information on the number of boats larger than 16 feet that are owned by various departments of the State. I contacted Bob Head, Property Manager with the Division of General Services and Supply in the Department of Administration (DOA). He was able to provide computer printouts on vessels owned by all the State agencies with the exception of the University of Alaska.<sup>1</sup> The attached table contains the data on boats larger than 16 feet by department.

In addition to the nine ferries owned by the Marine Highway System, the State of Alaska owns 173 boats larger than 16 feet. The following is a breakdown of the size and ownership:

<u>Size</u>	<u># of boats</u>	<u>Ownership</u>
> 45'	13	8--DF&G; 5--DPS
26' - 45'	26	12--DF&G; 12--DPS; 1--DOE; 1--Surplus
17' - 25'	130	96--DF&G; 27--DPS; 1--Corr.; 1--DEC 1--H&SS; 1--DNR; 2--DOT/PF; 1--Surplus
Unknown	6	4--DPS; 1--DNR; 1--Surplus

I hope this information answers your questions. If you have any questions or would like additional information, please contact this agency.

DP

Attachments

---

<sup>1</sup>This printout is on file at House Research if you would like to see it. Julie Mipes with the University of Alaska in Fairbanks will be sending information on the U of A's vessels in the next week. I will forward that information to you as soon as it is received.

STATE OF ALASKA  
VESSELS OVER 16 FEET

DEPARTMENT	VESSEL LENGTH	CLASS DESCRIPTION
Fish & Game	91' Patrol	Metal Enclosed Inboard Power Boat, General
	72' M/V Kittiwake	Metal Enclosed Inboard Power Boat, General
	70' (21' Beam) M/V Steller	Metal Enclosed Inboard Power Boat, General
	70' Schooner	Metal Enclosed Inboard Power Boat, General
	66' Crabber/Troller	Metal Enclosed Inboard Power Boat, General
	65' Steel Hull T-Boat	Metal Enclosed Inboard Power Boat, General
	58' Seine Boat	Metal Enclosed Inboard Power Boat, General
	48' X' 24 Catamaran Fish Trap	Barge, Metal Power
	40' Utility	Metal Enclosed Inboard Power Boat, General
	36' M/V O'Herka	Plastic Enclosed Inboard Power Boat, General
	34' M/V Cutthroat	Plastic Enclosed Inboard Power Boat, General
	32' M/V Smolt	Plastic Enclosed Inboard Power Boat, General
	32' M/V Puffin (Fiberglass)	Plastic Enclosed Inboard Power Boat, General
	32' M/V Iliaska (Cruiser)	Plastic Enclosed Inboard Power Boat, General
	31' M/V Clupea	Plastic Enclosed Inboard Power Boat, General
	31' MV O9Kisutch	Plastic Enclosed Inboard Power Boat, General
	31' Blind Slough	Barge, Metal Power
	31' Blind Slough	Barge, Metal Power
	30' Alum Boat	Metal Open Outboard Power Boat, General
	26' J&C Radar	Metal Open Outboard Power Boat, General
	25' Bristol Bay Drift Skiff	Wood Enclosed Outboard Power Boat, General
	25' Boston Whaler	Plastic Open Outboard Power Boat, General
	24' X 9' Wood Arctic Queen	Boat, General
	24' X 8' Scow Flat	Plastic Open Outboard Power Boat, General
	24' X 40' Manigan Float House	Wood Barge
	24' Gussic Ventures	Metal Open Outboard Power Boat, General
	23' Dories Interceptor	Metal Enclosed Outboard Power Boat, General
	23' Commercial Cuddy	Plastic Enclosed Outboard Power Boat, General
	22' X 25' Boathouse	Wood Barge
	22' ORCA Workboat	Plastic Open Outboard Power Boat, General
	22' Marine Fiberglass	Plastic Open Outboard Power Boat, General
	21' Woolridge	Metal Open Outboard Power Boat, General
	21' Wooldridge	Metal Open Outboard Power Boat, General
	21' Silver Streak	Metal Open Outboard Power Boat, General
	21' Munson	Metal Open Outboard Power Boat, General
	21' Glassply	Plastic Enclosed Inboard Power Boat, General
	21' Glaspar Ventura	Plastic Enclosed Outboard Power Boat, General
	21' Boston Whaler	Plastic Open Outboard Power Boat, General
	21' Boston Whaler	Plastic Open Outboard Power Boat, General
	21' Boston Whaler	Plastic Open Outboard Power Boat, General
	21' Boston Whaler	Plastic Open Outboard Power Boat, General
	21' Alum	Metal Open Outboard Power Boat, General
	20' Wood Plank	Boat, General
	20' Smokercraft	Metal Open Outboard Power Boat, General
	20' Quachita	Metal Open Outboard Power Boat, General
	20' Quachita	Metal Open Outboard Power Boat, General
	20' Fiberform	Plastic Enclosed Outboard Power Boat, General
	20' Custom Made	Metal Open Outboard Power Boat, General
	20' Boston Whaler	Plastic Open Outboard Power Boat, General
	20' Boston Whaler	Plastic Open Outboard Power Boat, General
20' Boston Whaler	Plastic Open Outboard Power Boat, General	
20' Boston Whaler	Plastic Open Outboard Power Boat, General	
20' Boat	Boat, General	
20' Alunaweld	Metal Open Outboard Power Boat, General	





STATE OF ALASKA  
VESSELS OVER 16 FEET

DEPARTMENT	VESSEL LENGTH	CLASS DESCRIPTION
Corrections	18' Valco	Metal Open Outboard Power
Education	30' Utility Boat	Boat, General
Environmental Cons	19' Boston Whaler	Plastic Enclosed Outboard Power
H&SS	20' R.R. Hawes Craft	Metal Open Outboard Power
Natural Resources	16'7" Boston Whaler	Plastic Enclosed Outboard Power
	Silverline MDL Hilo	Plastic Enclosed Outboard Power
Transportation	Bartlett	Ferries
	Tustanena	Ferries
	Chilkat	Ferries
	Matanuska	Ferries
	Columbia	Ferries
	Taku	Ferries
	Malaspina	Ferries
	LeConte	Ferries
	Aurora	Ferries
	16' X 30' Paint Float	Metal Barge
	20' Aluminum	Metal Open Outboard Power
Surplus Warehouse	Glasply 2600 Escort	Plastic Enclosed Inboard Power
	17' Glasply	Plastic Enclosed Outboard Power
	26' Cabin Skiff Barricuda	Wood Enclosed Outboard Power

Prepared by the House Research Agency, April 1986.

A M E N D M E N T

Offered in the HOUSE

By Szymanski

TO: CS 2d SSHB 181 (Trsp)

Page 1, line 11:

After "VESSELS." insert "(a)"

Page 1, line 15, delete "competitive prices" and insert:

"a price that is in the state's best interests. In making this determination, the commissioner shall consider

(1) the amount of money the state has granted to, or otherwise invested in, marine vessel maintenance facilities in the state;

(2) the amortization, overhead, and start-up costs of the facilities in the state; and

(3) the direct and indirect benefits to the economy and labor force of the state that may be obtained by contracting with a facility in the state.

(b) AS 37.05.230 and the provisions of any other law relating to competitive bidding do not apply to a contract for the maintenance of a vessel of the Alaska marine highway system if the contract is awarded to a facility in the state."

2D SS HB 181 - An Act relating to the maintenance of vessels of the Alaska Marine Highway System.

Chairman Adams said the bill would require ferries be maintained at Alaska ports if it could be done at competitive prices. He said the sponsor was proposing to expand the bill to cover all state vessels, not just ferries. He noted that the Department of Transportation and Public Facilities was currently unable to estimate the cost of the bill. He informed members the bill would be placed in a subcommittee consisting of Representatives Szymanski, chair; Duncan and Uehling.

REPRESENTATIVE TAYLOR said the purpose of the legislation is to ensure that the \$77 million already invested by the state in maintenance facilities will be utilized. He discussed the difficulties faced by the Ketchikan and Seward facilities in trying to develop the capital infrastructure necessary to become competitive in the area of vessel repair. He discussed the 5% Alaska bidder preference in relationship to the bill and the bill as an Alaskan hire bill which could legally and constitutionally be enforced. He said there are several large vessels owned by different departments within the state which would not fall within the jurisdiction of the bill. For this reason, Representative Taylor said he would suggest language change to read "all state owned vessels".

REPRESENTATIVE CATO encouraged the Committee's support of the proposed changes to HB 181. She said originally she and Representative Taylor wanted a vehicle to require the state ferry system to utilize marine repair facilities in Seward and Ketchikan. She discussed state investments in the two facilities which had been made to date. According to Representative Cato, a University of Alaska vessel, based in Seward, had been sent to Seattle for prop repair instead of checking and utilizing the facility across the bay in Seward. She said the facility was capable of repairing the vessel; however, since no requirement existed requiring the vessel to first utilize state facilities, \$50,000 was spent in fuel.

Representative Cato said there are skilled laborers available and passage of the bill would serve as an additional incentive for hiring and training of laborers to service the vessels. She noted the economic advantages to the communities of Ketchikan and Seward should the bill become law.

(Tape change, 86-28, Side 1)

Representative Larson referred to line 14 of the Transportation CS which states "that there is no facility in the state able and available to perform the maintenance at competitive prices" asking if it should not read able or available. Representative Cato said it should read "or" instead of "and".

RON GARZINI, MANAGER, CITY OF SEWARD, said he had been traveling in an effort to secure private venture capital in the Seward Marine industrial center. He advised members that in addition to the \$74 million contributed by the state to develop the two facilities, the City of Seward had spent \$4.6 million to develop their facility. He said this year they would do approximately \$1.5 million private sector work, operating the facility on a short-term interim basis. Mr. Garzini informed members of inquiries made during their marketing efforts with regard to possible maintenance by the Seward facility of the state's vessels. He said it had been determined that the Seward facility could maintain 95% of the vessels in the Gulf of Alaska, and provide an asset to fisheries development and offshore oil and gas development in the Gulf. Mr. Garzini discussed their need for investment capital to complete the facility and concurrent need for a commitment by the state with regard to in-state maintenance of state vessels.

MIKE MEEHAN, VICE MAYOR, CITY OF SEWARD, reiterated Mr. Garzini's comments with regard to efforts made by the City of Seward to secure private investment emphasizing the need for state support. He urged the Committee to support the bill.

DON CUBLEY, REPRESENTING THE KETCHIKAN GATEWAY BOROUGH, CITY OF KETCHIKAN, CITY OF SAXMAN, INLAND BOATMANS UNION OF THE PACIFIC, AND MASTERS, MATES AND PILOTS UNION, testified in support of the bill. He said it is essential for the state to concentrate on diversification of the state's economy to new industries and revenue sources trying to revitalize traditional renewable resource industries. Mr. Cubley said new industries would create new jobs for Alaskans and keep revenues in-state. According to Mr. Cubley, the marine maintenance facilities in Ketchikan and Seward provide an excellent opportunity in diversifying the state's economy and reducing its dependence upon oil.

The bill was HELD in committee and assigned to a subcommittee consisting of Representatives Szymanski, chair; Duncan and Uehling.

#### ADJOURNMENT

The meeting adjourned at 2:50 p.m.

(Tape HFC 86-27, Side 1, #512-end)  
(Tape HFC 86-27, Side 2)  
(Tape HFC 86-28, Side 1, #000-#387)

SENATOR JAN FAIKS, SPONSOR OF THE BILL, said the bill would allow the Department of Health and Social Services to accept the JCAH inspections in lieu of yearly inspections. She said there are 14 hospitals in the state which pay for and receive JCAH inspections. She said this represents a slight duplication of effort. Senator Faiks said should the Department be allowed to receive the accreditation in lieu of their own inspections it would save the state time, effort, and money.

Representative Taylor said he strongly supported the bill.

Representative Ringstad MOVED AND ASKED UNANIMOUS CONSENT to report out of Committee House Committee Substitute for Committee Substitute for SB 45 (Judiciary) with a zero fiscal note. There being NO OBJECTION, it was so ordered and HCS CS SB 45 (Judiciary) was reported out of Committee with a "do pass" recommendation and zero fiscal note.

2dSS HB 181

2dSS HB 181 - An Act relating to maintenance of vessels of the Alaska Marine Highway System.

Chairman Adams informed members the bill had been assigned to a subcommittee consisting of Representatives Szymanski, chair; Duncan and Uehling. He advised members the subcommittee had drafted a proposed Finance Committee Substitute for their consideration.

Representative Szymanski explained the title was changed to include all marine vessels, language added to consider investment within the state of Alaska to marine repair facilities, and examination by the Commissioner of DOTPF concerning amount of state funds invested along with amortization, direct and indirect benefits to the economy, and state labor force. According to Representative Szymanski an exemption under AS 37.05.230, provisions relating to competitive bidding, would be allowed for contract awarded for the maintenance of marine vessels owned by the state of Alaska if the contract is awarded to an in-state facility.

In response to a question from Representative Pourchot concerning competitive bidding, Representative Taylor said it would be easy for the two major ship repair facilities in the Pacific Northwest to be able to under bid significantly work on Alaska's highway system for the first year or so. He said this could totally destroy the viability for the start of any business for either the Seward or Ketchikan site, consequently destroying the costs savings to the state of Alaska which would result. There was discussion concerning the estimated length of contracts.

Representative Larson referenced line 13 of the proposed Committee Substitute which read able "and" available recommending that it be changed to read able "or" available.

Representative Szymanski MOVED AND ASKED UNANIMOUS CONSENT to adopt the work draft dated 4/7/86 for 2d SS HB 181 as the Finance Committee Substitute for the bill. There being NO OBJECTION, it was so ordered.

Representative Larson MOVED to delete the word "and" on line 13 and reinsert the word "or" after able. There being NO OBJECTION, it was so ordered.

Representative Szymanski MOVED AND ASKED UNANIMOUS CONSENT to report out of Committee CS 2d SS HB 181 (Finance) with a zero fiscal note. There being NO OBJECTION, it was so ordered and CS 2d SS HB 181 (Finance) was reported out of Committee with a "do pass" recommendation and zero fiscal note.

HB 552

HB 552 - An Act relating to setting speed limits and neighborhood speed zones.

Chairman Adams said the bill would require that the Department of Transportation and Public Facilities take into account neighborhood concerns before setting speed zones and speed limits on state highways and roads. He said the bill had no fiscal impact until prior to the meeting at which time DOTPF submitted a request for \$40,000 to hold public hearings required by the bill. Chairman Adams felt the hearings could be easily absorbed within the Department's budget therefore had prepared a zero fiscal note.

REPRESENTATIVE UEHLING, SPONSOR OF THE BILL, said the bill would require DOTPF to consider the presence of neighborhood schools, parks and pedestrian traffic when setting speed limits. He said state law charges DOTPF with setting speed limits; however, the Legislature has never really given DOTPF any indication of what factors should be considered when setting speed limits. According to Representative Uehling, speed limits are set according to internal policy called the "85th percentile". He informed members the Department almost solely relies upon the use of the 85 percentile, meaning they set speeds at the rate at which 85 percent of the drivers are currently driving. He said HB 552 would give local areas an initiative to help establish reduced speed limits in neighborhoods and help keep them low when new roads go in. He noted there are 12 co-sponsors on the bill and it had generated a number of inquiries from interested individuals.

Representative Pourchot cited an example of an arterial road in Anchorage which runs by schools, through residential areas, contains pedestrian crosswalks, etcetera. He asked if the bill would supersede what might otherwise be placed as a speed based on engineering and design. Representative Uehling said the bill would simply require the Department to consider resident's concerns as expressed through the hearing process.

# City of Seward wants local repair of state vessels

by Carole Jaffa  
LOG Staff

City officials rushed to Juneau this week to urge passage of legislation that would require Alaska ferries and other state-owned vessels to be repaired by negotiated contract within the state.

If City strategy suc-

ceeds, Seattle shipyards who now repair Alaska vessels would have to set up shop in Seward or Ketchikan to retain their lucrative contracts, and the Seward Marine Industrial Park would become highly attractive to major tenants.

The legislation that Seward officials are con-

cerned about is House Bill 181, introduced by Ketchikan legislators. (Ketchikan is in the process of developing a ship repair facility geared to maintenance of Alaska ferries.)

Originally, the bill required state vessels to be repaired in Alaska, rather than by competitive bid

throughout the Pacific Northwest as has been the case until now.

But a snafu occurred just as HB 181 was ready to be passed out of the House Transportation committee. According to City Manager, Ron Garzini, an amendment was tacked on at the urging of the Department of Tran-

sportation, "stating that nothing in HB 181 would be contrary to AS 37.05230, the competitive bid statutes" that now require ferry repair contracts to be bid within and outside Alaska.

The amendment would negate the force of HB 181 and would put Alaska shipyards back to square

one in their effort to pick up repair contracts for state vessels.

AS 37.05230 requires that state vessels be repaired and maintained by open competitive bid, with Alaska firms receiving a 5% bid preference.

According to Mr. Garzini, See CITY, pg. 4

## Property tax tripled, sales tax up under proposed boro budget

by Ronle Chappell  
LOG Correspondent

Property taxes on the Kenai Peninsula would triple, and the cost of bread, heating oil and other goods and services would increase 1% under the 61 million dollar budget proposed Tuesday, by borough mayor Stan Thompson.

Under the spending plan, local property taxes would increase from \$1.75 to \$5 per \$1,000 of assessed value. That translates into an increase of \$325 a year on a \$100,000 home.

In a message to the borough assembly, Thompson also recommended a 1 cent hike in the borough sales tax.

The borough now collects a levy of 2 cents per dollar on sales up to \$500. The assembly has the authority to increase the sales tax if the money

generated is spent on borough schools.

The proposed sales tax increase would raise the combined sales tax in Seward to 4 cents. Shoppers in Homer will pay 5 cents per dollar while those in Kenai and Soldotna would pay 6 cents.

Thompson has proposed a 30%, 14 million dollar increase in total borough spending. Despite that fact, the three term borough mayor called the budget, "the tightest I have ever proposed."

Most of the increases is the result of a 9.3 million dollar debt service expenditure on schools approved by voters in the past two years. The budget also reflects a 3.8 million dollar increase in the local costs of operating peninsula schools. Borough in-

surance premiums are up an additional 1.5 million.

Subtract these increases Thompson said, and there has been no real growth in the borough budget. The budget contains no reserve accounts or hidden reserve funds. "We are not showing, or anticipating any wage increases" for classified or administrative personnel, he said.

Plans for expansion of the borough building have also been delayed a year, because of the revenue crunch, Thompson said.

In related business, the assembly agreed to hold public hearing on an ordinance raising the sales tax. Homer assemblyman, Tom Brown, voted in favor of introduction, but said his vote should not be confused with support for a tax increase.

See ASSEMBLY, pg. 8



SEWARD CHILDREN scramble to find the hidden Easter eggs at the Seward Rec Camp this past Easter Sunday.

source, but added that the EDA matching fund re-

yards in Alaska already benefiting from the

Mr. Schaefermeyer later said that Puget Sound shipyards had pro-

convincing EDA that the protests should not stand in the way of the fledgling

work then bring Pearlson back," he said. Pearlson's work is to

tract budget to cover estimated costs plus contingencies was approved.

### Hallibut & Black Cod Gear

**Gillnet & Seine Web  
Complete Gillnet & Seine  
Hanging Available**

*Rope, Line, Buoys,  
Boots & Raingear*

Give us a call...or stop over!  
235-8612 or 235-8268



Kachemak Drive, Homer, AK

## City lobbyists urge Alaskan ship repair...

(Continued from pg. 1) zini, 5% bid preference is not enough for new Alaska shipyards to successfully compete against the established, fully capitalized yards of the Pacific Northwest. Despite the bid preference, Seattle yards would keep their competitive edge.

Mr. Garzini and City Councilmembers, David L. Hilton and Michael J. Meehan, lobbied with House Finance committee members today, as HB 181 proceeded to that committee enroute to the

House floor; urging that the competitive bid statute not apply to marine repair contracts.

They noted that the federal government does not allow Japan, Korea or Canada to bid on federal vessel repairs. Nor does the State of Washington allow Oregon, California or Alaska firms to bid on Washington ferry maintenance or repairs.

The Alaska Department of Transportation (which negotiates ferry repair contracts) should either "negotiate with Alaskan yards or bid solely withing Alaska," Mr. Garzini argued.

"Marine repair is a 'targeted' new industry (which) needs an edge to start up. The state has spent over \$50 million to develop marine repair facilities in Ketchikan and Seward...these facilities

are now ready for private investment."

And since the Ketchikan shipyard is not yet completed, Mr. Garzini argued it makes more sense to repair state vessels by negotiated contract with the operators of the

only one bidder."

After Ketchikan comes on line, bidding within Alaska would be appropriate, he suggested.

The Seward officials told legislators that "operating budgets can be a powerful tool for economic development.

"If the work is here, the equipment and supervisory expertise will come to Alaska to do the work. Alaskans will be trained to provide the service; and competition (within Alaska) will develop in short order."

About \$4 million is spent every year on state vessel maintenance and repairs, City officials estimates.

Mr. Garzini predicted that the groundswell of local hire sentiment would help convince legislators to adopt the Seward proposal.



Ron Garzini

Seward facility than by competitive bid within Alaska, since "there's

## PENINSULA FORD



Your Ford Dealer on the Kenai Peninsula

# 9.9% Financing

Available on Select Models

## Teleconference schedule for April 3 to 8

April 3, 6:30-8 p.m.: HB 609, liquor tax. Public hearing.

April 4, 1:30-2:30 p.m.: Senate Resource Committee and SB 393, Petro Star Bill.

April 5, 9 a.m.: Legislative public hearing

on pacific fisheries issues and legislative task force meeting.

April 5, 2-4 p.m.: Legislative work session on statewide participation by teachers.

April 8, 6 p.m.: Con-

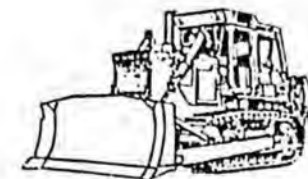
stituent meeting with Rep. Cato.

Teleconferences are held at the Phoenix Building, top floor, middle office (across from NBA). Please call 224-3713 for information.

## AFOGNAK LOGGING

Mile 2.5 Nash Road  
224-3130

General Construction



SPEECH FOR HOUSE FINANCE

CS FOR 2d SSHB 181 (FIN)

FOR THE RECORD, I AM BETTE CATO, REPRESENTATIVE OF DISTRICT 6,  
AND PRESENTLY CHAIRMAN OF THE HOUSE TRANSPORTATION COMMITTEE.

I AM HERE TODAY TO ENCOURAGE TO SUPPORT THE PROPOSED CHANGES  
TO HOUSE BILL 181.

ORIGINALLY REPRESENTATIVE TAYLOR AND I WANTED A VEHICLE TO  
REQUIRE OUR FERRY SYSTEM TO BEGIN UTILIZING THE MARINE REPAIR  
FACILITIES IN SEWARD AND KETCHIKAN. WE FELT IT WAS ESSENTIAL  
THAT DUE TO THE FACT THE STATE HAS INVESTED OVER 77 MILLION

DOLLARS IN BUILDING THESE FACILITIES, THAT <sup>our own</sup> ~~THE~~ MARINE HIGHWAY <sup>System</sup>  
<sup>and other state agencies</sup>  
1 BEGIN TO USE THEM.

AT THE TIME WE HAD THE BILL IN THE TRANSPORTATION COMMITTEE,  
THE DEPARTMENT OF TRANSPORTATION WAS OPPOSED TO THE BILL UNLESS  
WE INCLUDED LANGUAGE "AT COMPETITIVE PRICES". THE DEPARTMENT  
FELT WITHOUT THIS LANGUAGE WE WERE GIVING A BLANK CHECK TO THE  
PRIVATE SHIPYARD OPERATOR TO CHARGE THE MARINE HIGHWAY SYSTEM  
WHATEVER HE WANTED DUE TO THE FACT WE WERE REQUIRING THE  
MARINE HIGHWAY SYSTEM TO USE THEM.

AFTER THE BILL PASSED OUT OF THE TRANSPORTATION COMMITTEE, IT  
CAME TO MY ATTENTION THAT A VESSEL OWNED BY THE UNIVERSITY OF  
ALASKA <sup>based in Seward</sup> WAS SENT TO SEATTLE FOR PROP REPAIR INSTEAD OF  
UTILIZING THE FACILITY <sup>right across the bay</sup> IN SEWARD. THUS, I APPROACHED  
REPRESENTATIVE TAYLOR WITH THE IDEA TO AMEND HIS BILL FURTHER TO  
INCLUDE ALL STATE OWNED VESSELS TO UTILIZE IN-STATE  
FACILITIES.

YOU'LL FIND IN YOUR PACKET A HOUSE RESEARCH REQUEST WHICH  
SHOWS ALMOST ALL STATE-OWNED VESSELS. PLEASE READ THE

FOOTNOTE WHICH POINTS OUT THAT THE UNIVERSITY WON'T HAVE THEIR NUMBERS FOR US UNTIL NEXT WEEK.

WHEN YOU TAKE A LOOK AT THIS INFORMATION I HOPE YOU WILL SEE FURTHER JUSTIFICATION FOR UTILIZING IN-STATE MAINTENANCE FACILITIES.

NOW LET'S BACK TRACK AND TAKE A LOOK AT THE AMENDMENT THE TRANSPORTATION COMMITTEE AGREED TO INCLUDE IN HOUSE BILL 181. ACCORDING TO THE DEPARTMENT OF TRANSPORTATION, THIS LANGUAGE WAS NEEDED TO SAFEGUARD THEM AND IT SHOULDN'T CREATE ANY PROBLEMS BECAUSE ALASKA WOULD STILL HAVE SOME ECONOMIC ADVANTAGES OVER OUTSIDE SHIPYARDS BECAUSE OF THE MINIMAL COSTS TO RECOVER IN HIS REPAIR PRICES; BIDDER PREFERENCE REQUIREMENTS, AND INTERPORT DIFFERENTIAL.

WE ARE NOW QUESTIONING THAT LOGIC. AGAIN, WE HAVE INVESTED OVER \$77 MILLION DOLLARS IN STATE MAINTENANCE FACILITIES AND

WHY SHOULDN'T WE SIMPLY EXEMPT OUR STATE OWNED VESSELS FROM  
THE COMPETITIVE BIDDING STATUTE, HAVE THE MAINTENANCE AND  
REPAIR DONE IN-STATE UNLESS THERE IS ABSOLUTELY NO WAY IT CAN  
*for reasonable cost*  
BE ACCOMPLISHED <sup>IN</sup> IN-STATE, THEN AND ONLY THEN, SEND THE VESSEL  
DOWN SOUTH.

THE ADVANTAGES OF HAVING OUR VESSELS REPAIRED AND MAINTAINED  
IN-STATE FAR OUT WAY THE THREE ECONOMIC ADVANTAGES DOT

PROVIDED. *A more state budget basis for analysing such policies totally ignores the tremendous economic benefits to Alaska through the local live and the effect of dollars spending through our general economy.*

WE ARE NOW TALKING ABOUT PROVIDING FOR NEW INDUSTRY IN THE  
STATE - LET'S FORCE SHIPYARD OPERATORS TO ALASKA TO DO  
BUSINESS INSTEAD OF TAKING OUR BUSINESS TO THEM. LET'S KEEP  
THE MONIES IN-STATE INSTEAD OF AIDING ANOTHER STATE.

THERE ARE OTHER WITNESSES HERE TODAY WHO WILL BE ADDRESSING  
THE ADVANTAGES AND NUMBERS INVOLVED WITH ADVANTAGES TO THE  
ECONOMY OF TWO COMMUNITIES WHICH HAVE HIGH UNEMPLOYMENT

FIGURES, BUT I JUST WANT TO STRESS THAT THIS BILL COULD MAKE  
OR BREAK THE KETCHIKAN FACILITY AND IT COULD MEAN A BOOST TO  
SEWARD'S ECONOMY AS WELL.

THANK YOU FOR YOUR TIME AND CONSIDERATION TO THESE CHANGES  
BEFORE YOU TODAY. I WOULD LIKE TO DEFER TO RON GARZINNI TO  
CONTINUE WITH TESTIMONY IN FAVOR OF THE CHANGES TO HOUSE BILL

181.

80 Counting Seward

76

State has spent over ~~\$50~~ Million to develop marine repair facilities in Ketchikan, Seward, and probably other places less known. These facilities are now ready for private investment.

For these facilities to compete for State vessel repair they have to bid against Washington State ship yards with only a 5% bid advantage (preference) AS37.05.230.

Seattle vs. Seward, Ketchikan, etc.

- A. Salary differences exceed 5%
- B. Private capital has long been invested, is in place, and generally amortized and debt free
- C. Seattle workforce skilled and unemployed  
Alaska workforce less skilled and unemployed
- D. Seattle yards are protesting Federal grants to help build Alaskan facilities

1) We called Deputy Commissioner of Washington ferry system...

How do you beat Oregon, Calif? ... His answer ...

"We don't compete!"

2) U.S. Gov't vessel work not bid in Korea, Japan or Canada

OUR PROPOSAL:

Allow the DOT Commissioner to negotiate with Alaskan yards, or to bid solely within Alaska. Marine repair is a "targeted" new industry therefore needs an edge at start up.

BENEFITS:

CAPITAL FORMATION -- If the work is to be here -- the equipment and supervisory expertise will come to Alaska to do the work.

LOCAL HIRE/TRAINING -- To get the work Alaskans will be trained to provide the service.

COMPETITION -- Within Alaska, competition will develop in short order. If Alaskan operators do not remain competitive; the option exists for Lower "48" bidding if Alaskan yards do not move towards competition.

DISADVANTAGES:

OTHER INDUSTRY .... "ME TOO"

Any industry that has received "target" status should get assistance

IMPACT ON OPERATING BUDGET

Some impact, but capital formation and employment will more than offset. Difference will be temporary.

REMEMBER:

Our operating budgets can be a powerful tool for economic development!

In this case:

- 1) Capital investment
- 2) Training and employment
- 3) Secondary circulation of operating dollars  
service, supply, banking, etc.
- 4) Benefits to fisheries of developing the capability to get repaired in Alaska

# HOUSE JOURNAL

ALASKA STATE LEGISLATURE

FOURTEENTH LEGISLATURE · SECOND SESSION

Juneau, Alaska

Friday

April 11, 1986

## Eighty-ninth Day

Pursuant to adjournment, the House was called to order by Speaker Grussendorf at 10:11 a.m.

Roll call showed 36 members present. Representatives Uehling, Collins, Herrmann and Sund had been previously excused from a call of the House today.

The invocation was offered by the Chaplain, Captain Bradford Russell of the Salvation Army. Representative Davis moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it appears below:

"God of the spirit of all men, most humbly and heartily we thank You today for the great hope of eternal life that You have given to us through Your word.

As we unite here today to discuss the concerns and hopes of the residents of this great state. May we continually live with the realization that our concerns and hopes are shared by You.

Help these men and women not tire in their well doing but strengthen them for Your work.

Help us always to feel compassion and to feel compelled to act on behalf of those who live in the darkness of poverty, ignorance or fear. May our love for You be shown by our service to others.

We do pray for a Godly hope, faith and charity.

Now, may the words of our mouth, and the meditation of our heart be acceptable in Thy sight, O Lord, our Strength and our Redeemer...Amen."

The Pledge of Allegiance was recited.

CERTIFICATION OF THE JOURNAL

Representative Clocksin moved and asked unanimous consent that the journal for the 38th day and House Journal Supplement No. 113 be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

MESSAGES FROM THE SENATE

A message dated April 10, 1986, was read stating the Senate has approved the following citation and it is transmitted for consideration:

Honoring - Dr. Henry I. Akiyama  
by Senators Kerttula, Ziegler, Ray, Rodey,  
Ferguson, Sackett, Zharoff, Halford,  
V. Fischer, Sturgulewski, Abood, Fahrenkamp,  
Bennett and All Other Members of the Senate  
and Representative M.M. Miller

The citation was referred to the Rules Committee for placement on the calendar.

The message also stated the Senate approved the following citation and it is being enrolled:

Honoring - Dimond High School - Boys Nordic  
Ski Team - State Champions

COMMUNICATIONS

A letter dated April 9, 1986, was received from Eric Hansen, Economist for the Division of Petroleum Revenue of the Department of Revenue, transmitting a copy of the March 1986 Petroleum Production Revenue Forecast.

A copy of the report is on file in the Chief Clerk's office.

REPORTS OF STANDING COMMITTEES

The House Labor & Commerce Committee recommends confirmation of the following individuals who have been submitted in nomination by the Governor. Members concurring in the confirmations were Navarre (Chairman), Davis, Boucher, Koponen, Pearce, Hanley and Collins:

Athletic Commission  
Stanley Anderson  
Term began 2/10/86, expires 5/14/87

HB 181	2675-2682
HB 182	2673
HB 305	2686
HB 426	2687
HB 467	2685 2687
HB 499	2682 2687
HB 516	2673 2674
HB 517	2674
HB 527	2674
HB 596	2675
HB 635	2683 2684
HB 705	2674
SB 409	2685

## Board of Barbers and Hairdressers

Marse Kueber  
Original term began 5/2/83, reappointed  
6/24/85, expires 7/1/88

## Board of Dental Examiners

Christine Baxter  
Term began 1/7/86, expires 2/1/89

Hubert Gellert

Term began 4/3/85, expires 2/1/89

Timothy Woller

Original term began 10/31/84, reappointed  
1/16/86, expires 2/1/90

## Board of Electrical Examiners

Steven Boyd  
Term began 5/21/85, expires 7/10/87

## Guide Licensing and Control Board

Edward J. Gamble, Sr.  
Term began 4/1/86, expires 6/15/88

## Occupational Safety and Health Review Board

Donald F. Hoff, Jr.  
Term began 4/1/86, expires 8/1/88

HB 182

The Judiciary Committee has considered HOUSE BILL NO. 182 (relating to the disposition of unclaimed property; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 182 (Judiciary):

"An Act relating to the disposition of unclaimed property."

and reports it back as follows: M.M. Miller (Chairman), Sund, Gruenberg, Taylor, Pettyjohn, Phillips and Clocksin recommend do pass.

A fiscal note and a zero fiscal note with analysis appear in House Journal Supplement No. 114.

HB 182 was referred to the Finance Committee.

HB 516

The Judiciary Committee has considered HOUSE BILL NO. 516 (relating to the impeachment of judges of the court of appeals and the district court and to disqualification of judges for cause), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 516 (Judiciary) (same title) and reports it back as follows: M.M. Miller, (Chairman), Sund, Gruenberg, Taylor, Phillips, Clocksin and Pettyjohn recommend do pass.

HB 516

A zero fiscal note was attached.

HB 516 was referred to the Finance Committee.

HB 517

The Judiciary Committee has considered HOUSE BILL NO. 517 (relating to the private sale and consignment of works of art), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 517 (Judiciary) (same title) and reports it back as follows: M.M. Miller (Chairman), Sund, Gruenberg, Taylor and Phillips recommend do pass; Pettyjohn and Clocksin have no recommendation.

HB 517 was referred to the Rules Committee for placement on the calendar.

HP 527

The Judiciary Committee has considered HOUSE BILL NO. 527 (relating to the definition of residency for purposes of the fish and game code), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 527 (Resources) (page 2019) and reports it back as follows: M.M. Miller (Chairman), Sund, Gruenberg, Taylor, Pettyjohn, Phillips and Clocksin recommend do pass.

A zero fiscal note was attached.

HB 527 was referred to the Rules Committee for placement on the calendar.

HB 705

The Health, Education & Social Services Committee has considered HOUSE BILL NO. 705 (relating to the Alaska research development endowment), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 705 (HESS) (same title) and reports it back as follows: Koponen and Gruenberg (Co-chairs) and Taylor recommend do pass; Thompson recommends do not pass; Hanley has no recommendation.

A zero fiscal note was attached.

HB 705 was referred to the Finance Committee.

CSSSHB 467(Jud)

CSSSHB 467(Jud) was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

CSHB 426(HESS)

Reconsideration of the following was not taken up on this legislative day. It was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration:

CSHB 426(HESS)  
Relating to the regulation of  
postsecondary educational institutions

ANNOUNCEMENTS

Labor & Commerce	Court 603	1:30 p.m., 4/11
SSHB 367	Resident hire on certain natural resource projects on state land	

HESS	Capitol 112	4/14
Rescheduled:		
HB 226	School boards	
HB 686	Alaska Native family protection	
HB 560	Imitation controlled substances	
HB 675	Health care for low-income persons	

C&RA	Capitol 17	3:00 p.m., 4/11
HB 293	Municipal default on bonded indebtedness; establishing the Municipal Financial Emergency Commission	
HB 521	Issuance of municipal g.o. bonds	
HB 700	Regulation of alcoholic beverages & enactment of municipal ordinances	

Majority Caucus	Majority Room	10:00 a.m., 4/12
-----------------	---------------	------------------

Finance	Capitol 519	After caucus, 4/12
Subcommittee on University Budget		

Subcommittee on Governor's Office	Senate Finance	After caucus, 4/12
-----------------------------------	----------------	--------------------

ADJOURNMENT

Representative Clocksin moved and asked unanimous consent that the House adjourn until 11:00 a.m., April 14, 1986. There being no objection, the House adjourned at 1:22 p.m.

Irene Cashen  
Chief Clerk

CSHB 305(Fin)

Representative Marrou brought up reconsideration of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 305 (Finance) (relating to barbers, cosmetologists, and estheticians; effective date).

CSHB 305(Fin) was read the third time.

CSHB 305(Fin)

The question to be reconsidered: "Shall CSHB 305(Fin) pass the House?" The roll was taken with the following result:

CSHB 305(FIN) RECONSIDERATION

Yeas:	27	Binkley, Boucher, Cato, Clocksin, Cotten, Davis, Duncan, Frank, Fuller, Furnace, Gruenberg, Grussendorf, Hanley, Hurley, Jenkins, Koponen, Larson, Miller, M.M., Miller, M.W., Navarre, Pearce, Phillips, Pignalberi, Pourchot, Ringstad, Taylor, Thompson
Nays:	6	Adams, Marrou, Martin, Rieger, Szymanski, Wallis
Excused:	4	Collins, Herrmann, Sund, Uehling
Absent:	3	Goll, Pettyjohn, Shultz

And so, CSHB 305(Fin) passed the House on reconsideration.

Representative Clocksin moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

CSHB 305(Fin) was referred to the Chief Clerk for engrossment.

ENGROSSMENTCSHB 305(Fin)

CSHB 305(Fin) was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

REPORTS OF SPECIAL COMMITTEESHB 596

The House Special Committee on Fisheries has considered HOUSE BILL NO. 596 (relating to fishermen's liens) and reports it back as follows: Marrou and Jenkins recommend do pass; Goll (Chairman) and Hurley have no recommendation.

A zero fiscal note was attached.

HB 596 was referred to the Judiciary Committee.

CONSIDERATION OF THE DAILY CALENDARSECOND READING OF HOUSE BILLS2d SSHB 181

2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (relating to the maintenance of vessels of the Alaska marine highway system) was read the second time with the Transportation Committee report (page 2415) and the Finance Committee report (page 2621).

Representative Clocksin moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (Finance) (relating to the maintenance of marine vessels of the state) be adopted in lieu of the original bill.

Representative Martin objected.

The question being: "Shall the House adopt CS 2d SSHB 181(Fin)?" The roll was taken with the following result:

CS2DSSHB 181(FIN) MOTION

Yeas:	25	Adams, Boucher, Cato, Clocksin, Cotten, Duncan, Frank, Fuller, Goll, Gruenberg, Grussendorf, Hurley, Koponen, Larson, Marrou, Miller, M.M., Miller, M.W., Navarre, Pourchot, Ringstad, Shultz, Szymanski, Taylor, Thompson, Wallis
-------	----	--

## 2d SSSH 181

Nays: 11 Binkley, Davis, Furnace, Hanley,  
Jenkins, Martin, Pearce,  
Pettyjohn, Phillips, Pignalberi,  
Rieger

Excused: 4 Collins, Herrmann, Sund, Uehling

Absent: 0

And so, CS 2d SSSH 181(Fin) was adopted.

## CS 2d SSSH 181(Fin)

Amendment No. 1 by Martin:

Page 1, line 24:

Delete subsection (b) in its entirety

Representative Martin moved and asked unanimous consent that Amendment No. 1 be adopted.

Representative M.M. Miller objected.

Representative Clocksin moved and asked unanimous consent that the House recess. There being no objection, the House recessed at 10:48 p.m.

AFTER RECESSJOINT SESSION IN THE HOUSE

Speaker Grussendorf called the House to order and, in accordance with Rule No. 51 of the Uniform Rules, turned the gavel over to President Bennett, who called the joint session to order at 11:14 a.m.

The purpose of the joint session was to hear the Honorable Jay A. Rabinowitz, Chief Justice of the Supreme Court.

Senator Halford moved and asked unanimous consent that the roll call of the Senate be waived and all members be shown as present. There being no objection, it was so ordered.

UNFINISHED BUSINESSSB 409

The Speaker waived the Resources Committee referral on SENATE BILL NO. 409 (relating to a right to farm) at the request of the Co-chairman.

SB 409 was sent to the Judiciary Committee.

THIRD READING OF HOUSE BILLSCSSSHB 467(Jud)

Representative Taylor brought up reconsideration of COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 467 (Judiciary) (relating to the herding of fish).

CSSSHB 467(Jud) was read the third time.

The question to be reconsidered: "Shall CSSSHB 467(Jud) pass the House?" The roll was taken with the following result:

CSSSHB 467(JUD) RECONSIDERATION

Yeas:	24	Adams, Binkley, Boucher, Cato, Clocksin, Cotten, Davis, Duncan, Frank, Fuller, Gruenberg, Grussendorf, Hurley, Jenkins, Koponen, Larson, Miller, M.M., Navarre, Phillips, Pignalberi, Pourchot, Rieger, Taylor, Wallis
Nays:	10	Furnace, Hanley, Marrou, Martin, Miller, M.W., Pearce, Ringstad, Shultz, Szymanski, Thompson
Excused:	4	Collins, Herrmann, Sund, Uehling
Absent:	2	Goll, Pettyjohn

And so, CSSSHB 467(Jud) passed the House on reconsideration and was referred to the Chief Clerk for engrossment.

Representative Clocksin moved and asked unanimous consent that the House adopt the Finance Committee Letter of Intent (page 2416). There being no objection, it was so ordered.

CSHB 635(Res)

## CSHB 635(RES)

Yeas: 29 Adams, Binkley, Boucher, Cato,  
Clocksin, Cotten, Duncan, Frank,  
Fuller, Furnace, Gruenberg,  
Grussendorf, Hanley, Hurley,  
Jenkins, Larson, Martin,  
Miller, M.M., Miller, M.W., Navarre,  
Pearce, Phillips, Pourchot,  
Rieger, Ringstad, Shultz, Taylor,  
Thompson, Wallis

Nays: 1 Marrou

Excused: 4 Collins, Herrmann, Sund, Uehling

Absent: 6 Davis, Goll, Koponen, Pettyjohn,  
Pignalberi, Szymanski

And so, CSHB 635(Res) passed the House.

Representative Clocksin moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

Representative Taylor gave notice of reconsideration of his vote on CSHB 635(Res).

LEGISLATIVE CITATIONS

Representative Clocksin moved and asked unanimous consent that the House approve the citations on the calendar. There being no objection, the House approved the following citations:

In Memoriam - Jessie L. Dodson

which was referred to the Chief Clerk for transmittal to the Senate, and

In Memoriam - Dr. Della Keats

In Memoriam - Vernon Henry France

which were sent to enrolling.

Representative Clocksin moved and asked unanimous consent that the roll call of the House be waived and all members be shown as present. There being no objection, it was so ordered.

President Bennett appointed Representative Gruenberg and Senator Rodey to escort the Honorable Chief Justice Rabinowitz to the House Chamber.

President Bennett welcomed Chief Justice Rabinowitz to the joint session.

Chief Justice Rabinowitz introduced the following members of the Court:

Justice Edmond W. Burke  
Justice Warren Matthews  
Justice Allen Compton  
Justice Daniel Moore

Chief Justice Rabinowitz received a standing ovation at the conclusion of his speech.

Representative Gruenberg and Senator Rodey escorted Chief Justice Rabinowitz from the Chamber.

Senator Halford moved and asked unanimous consent that the joint session adjourn. There being no objection, President Bennett adjourned the joint session at 11:39 a.m.

The Speaker ordered the House at ease to allow members of the Senate to leave the Chamber.

IN THE HOUSE

The House was called back to order at 11:47 a.m. by Speaker Grussendorf.

CS 2d SSHB 181(Fin)

CS 2d SSHB 181(Fin) and pending amendments were again before the House.

Representative Martin rose to a point of order regarding debate. The Speaker stated the point was well taken.

CS 2d SSBH 181(Fin)

The question being: "Shall Amendment No. 1 be adopted?"  
The roll was taken with the following result:

## CS2DSSHB 181(FIN) AM1

Yeas: 12 Binkley, Clocksin, Cotten,  
Furnace, Jenkins, Martin, Navarre,  
Pearce, Pettyjohn, Phillips,  
Pignalberi, Rieger

Nays: 19 Adams, Boucher, Cato, Duncan,  
Fuller, Goll, Gruenberg,  
Grussendorf, Hurley, Koponen,  
Larson, Miller, M.M., Miller, M.W.,  
Pourchot, Ringstad, Szymanski,  
Taylor, Thompson, Wallis

Excused: 4 Collins, Herrmann, Sund, Uehling

Absent: 5 Davis, Frank, Hanley, Marrou,  
Shultz

Larson changed from "yea" to "nay".

And so, Amendment No. 1 was not adopted.

Amendment No. 2 b; Furnace:

Page 1, line 14:

Delete: "at a price that is in the state's best  
interests"

Representative Furnace moved and asked unanimous consent  
that Amendment No. 2 be adopted.

Representative M.M. Miller objected.

The question being: "Shall Amendment No. 2 be adopted?"  
The roll was taken with the following result:

## CS2DSSHB 181(FIN) AM2

Yeas: 17 Binkley, Davis, Frank, Furnace,  
Hanley, Jenkins, Koponen, Marrou,  
Martin, Miller, M.W., Pearce,  
Pettyjohn, Phillips, Pignalberi,  
Rieger, Ringstad, Shultz

Nays: 18 Adams, Boucher, Cato, Clocksin,  
Cotten, Duncan, Fuller, Gruenberg,  
Grussendorf, Hurley, Larson,  
Miller, M.M., Navarre, Pourchot,  
Szymanski, Taylor, Thompson,  
Wallis

CSSSHB 499(Jud)

## CSSSHB 499(JUD)

Yeas: 31 Adams, Binkley, Boucher, Cato,  
Clocksin, Cotten, Duncan, Frank,  
Fuller, Furnace, Gruenberg,  
Grussendorf, Hurley, Jenkins,  
Koponen, Larson, Marrou, Martin,  
Miller, M.M., Miller, M.W., Navarre,  
Pearce, Pettyjohn, Phillips,  
Pourchot, Rieger, Ringstad,  
Szymanski, Taylor, Thompson,  
Wallis

Nays: 3 Hanley, Pignalberi, Shultz

Excused: 4 Collins, Herrmann, Sund, Uehling

Absent: 2 Davis, Goll

And so, CSSSHB 499(Jud) passed the House.

Representative Pourchot gave notice of reconsideration of  
his vote on CSSSHB 499(Jud).

HB 635

HOUSE BILL 635 (establishing the Willow Creek State  
Recreation Area; effective date) was read the second time  
with the Resources Committee report (page 2282) and the  
Finance Committee report (page 2441).

Representative Clocksin moved and asked unanimous consent  
that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 635 (Resources)  
(same title) be adopted in lieu of the original bill. There  
being no objection, it was so ordered.

CSHB 635(Res)

Representative Clocksin moved and asked unanimous consent  
that CSHB 635(Res) be considered engrossed, advanced to  
third reading and placed on final passage. There being no  
objection, it was so ordered.

CSHB 635(Res) was read the third time.

The question being: "Shall CSHB 635(Res) pass the House?"  
The roll was taken with the following result:

CS 2d SSHB 181(Fin)am

## CS2DSSH 181(FIN)AM

Yeas: 26 Adams, Boucher, Cato, Cotten,  
Duncan, Frank, Fuller, Gruenberg,  
Grussendorf, Hanley, Hurley,  
Jenkins, Koponen, Larson, Marrou,  
Miller, M.M., Miller, M.W., Navarre,  
Pettyjohn, Pourchot, Ringstad,  
Shultz, Szymanski, Taylor,  
Thompson, Wallis

Nays: 8 Binkley, Clocksin, Furnace,  
Martin, Pearce, Phillips,  
Pignalberi, Rieger

Excused: 4 Collins, Herrmann, Sund, Uehling

Absent: 2 Davis, Goll

And so, CS 2d SSHB 181(Fin)am passed the House.

→ Representative Navarre gave notice of reconsideration of his vote on CS 2d SSHE 181(Fin)am.

SSHB 499

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 499 (relating to a decedent's estate; effective date) was read the second time with the Judiciary Committee report (page 2522).

Representative Clocksin moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 499 (Judiciary) (giving priority to payment of past due child support from a decedent's estate) be adopted in lieu of the original bill. There being no objection, it was so ordered.

CSSSHB 499(Jud)

Representative Clocksin moved and asked unanimous consent that CSSSHB 499(Jud) be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

CSSSHB 499(Jud) was read the third time.

The question being: "Shall CSSSHB 499(Jud) pass the House?"  
The roll was taken with the following result:

CS 2d SSHB 181(Fin)

Excused: 4 Collins, Herrmann, Sund, Uehling

Absent: 1 Goll

And so, Amendment No. 2 was not adopted.

Amendment No. 3 by M.M. Miller and Taylor:

Page 1, line 16:

\* After "consider" add: ", and document through written findings"

Representative M.M. Miller moved and asked unanimous consent that Amendment No. 3 be adopted.

Representative Furnace objected and withdrew his objection.

There being no further objection, Amendment No. 3 was adopted.

CS 2d SSHB 181(Fin)am

Amendment No. 4 by Pignalberi:

Page 1, line 12:

\* After the word "maintenance" add "or repair"

Representative Pignalberi moved and asked unanimous consent that Amendment No. 4 be adopted.

Representative Cato objected.

Amendment to Amendment No. 4 by Cato:

Page 1, line 25:

After the word "maintenance" add "or repair"

Representative Cato moved and asked unanimous consent that the amendment to Amendment No. 4 be adopted. There being no objection it was so ordered.

There being no objection to Amendment No. 4 as amended, it was adopted.

CS 2d SSHB 181(Fin)am

Amendment No. 5 by Rieger was not offered.

Amendment No. 6 by Pettyjohn:

Page 1, line 7:

After "state" insert ", and providing for an expiration of the Act."

Page 1, line 28:

Add new Section 2. as follows:

"\*Section 2. The provisions of this Act expire four years after the date it takes effect."

Representative Pettyjohn moved and asked unanimous consent that Amendment No. 6 be adopted.

Representative Taylor objected.

The question being: "Shall Amendment No. 6 be adopted?" The roll was taken with the following result:

## CS2DSSHB 181(FIN)AM AM6

Yeas: 18 Binkley, Clocksin, Cotten, Davis, Frank, Fuller, Furnace, Hanley, Jenkins, Marrou, Martin, Miller, M.W., Navarre, Pearce, Pettyjohn, Phillips, Pignalberi, Rieger

Nays: 17 Adams, Boucher, Cato, Duncan, Gruenberg, Grussendorf, Hurley, Koponen, Larson, Miller, M.M., Pourchot, Ringstad, Shultz, Szymanski, Taylor, Thompson, Wallis

Excused: 4 Collins, Herrmann, Sund, Uehling

Absent: 1 Goll

And so, Amendment No. 6 was adopted.

Amendment No. 7 by Gruenberg and Navarre:

Page 1, line 14:

Strike "or available"

CS 2d SSHB 181(Fin)am

Representative Gruenberg moved and asked unanimous consent that Amendment No. 7 be adopted. There being no objection it was so ordered.

Representative Pignalberi moved and asked unanimous consent that the House rescind its previous action in failing to adopt Amendment No. 1.

Representative M.M. Miller objected.

The question being: "Shall the House rescind its action in failing to adopt Amendment No. 1?" The roll was taken with the following result:

## CS2DSSHB 181(FIN)AM MOTION

Yeas: 17 Binkley, Clocksin, Cotten, Davis, Frank, Furnace, Hanley, Jenkins, Marrou, Martin, Navarre, Pearce, Pettyjohn, Phillips, Pignalberi, Pourchot, Rieger

Nays: 18 Adams, Boucher, Cato, Duncan, Fuller, Gruenberg, Grussendorf, Hurley, Koponen, Larson, Miller, M.M., Miller, M.W., Ringstad, Shultz, Szymanski, Taylor, Thompson, Wallis

Excused: 4 Gollins, Herrmann, Sund, Uehling

Absent: 1 Goll

And so, the motion failed.

Representative Clocksin moved and asked unanimous consent that CS 2d SSHB 181(Fin)am be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

CS 2d SSHB 181(Fin)am was read the third time.

The question being: "Shall CS 2d SSHB 181(Fin)am pass the House?" The roll was taken with the following result:

**City of  
Ketchikan**



**RECEIVED**

MAR 10 1986

334 Front Street  
Ketchikan, Alaska 99901  
907-225-3111

March 4, 1986

ALASKA  
MARINE HIGHWAY SYSTEM

The Honorable Bill Sheffield  
Governor of Alaska  
Pouch A  
Juneau, Alaska 99811

Dear Governor Sheffield:

The City of Ketchikan has received a copy of Mayor Gieseler of Seward's letter to you dated January 16, 1986 with its attached copy of City of Seward Resolution Resolution 86-3.

The City of Ketchikan believes that the Ketchikan Shipyard can and should actively compete in the West Coast shiprepair market.

The City believes that, by this means, the Ketchikan Shipyard will most economically serve the State of Alaska and other potential customers, and will thereby yield the greatest benefits to Alaska.

Sincerely,

James A. Van Altvorst  
City Manager

JAV:lm

c.c. Senator Robert H. Ziegler, Sr.  
Representative John Sund  
Representative Robin L. Taylor  
Richard J. Knapp, Commissioner, DOT/PF  
✓ Joe D. Camp, Deputy Commissioner, DOT/PF

**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : 2d SSHB 181  
 Title : "... maintenance of vessels of the Alaska Marine Highway System."  
 Sponsor : Taylor, Sund, and Goll  
 Requestor : \_\_\_\_\_  
 Date of Request : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected : DOT&PF - AMHS  
 BRU : Marine Operations  
 Components : 1) SE Vessels Operations and Overhaul 2) SW Vessels Operations and Overhaul

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	?	?	?	?	?	?
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	?	?	?	?	?	?

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

GENERAL FUND	?	?	?	?	?	?
FEDERAL FUNDS						
OTHER						
TOTAL	?	?	?	?	?	?

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

See attached

Prepared by : Joe D. Camp, Deputy Commissioner Phone : 465-3950  
 Division : Alaska Marine Highway System Date : 3/6/86

Approved by Commissioner : [Signature] Date : 3/13/86  
 Agency : \_\_\_\_\_

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Offered: 4/8/86  
Referred: Rules

Original sponsors: Taylor, Sund,  
Goll, and Szymanski

*file*

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (Finance) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the maintenance of marine vessels  
7 of the state; and providing for an expiration of the  
8 Act."

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

10 \* Section 1. AS 36.20 is amended by adding a new section to read:

11 Sec. 36.20.020. MAINTENANCE OF STATE MARINE VESSELS. (a) A  
12 marine vessel owned by the state may not be transported outside of the  
13 state for the purpose of maintenance or repair unless the commissioner  
14 of transportation and public facilities determines that there is no  
15 facility in the state able to perform the maintenance at a price that  
16 is in the state's best interests. In making this determination, the  
17 commissioner shall consider, and document through written findings

18 (1) the amount of money the state has granted to, or other-  
19 wise invested in, marine vessel maintenance facilities in the state;

20 (2) the amortization, overhead, and start-up costs of the  
21 facilities in the state; and

22 (3) the direct and indirect benefits to the economy and  
23 labor force of the state that may be obtained by contracting with a  
24 facility in the state.

25 (b) AS 37.05.230 and the competitive bidding provisions of any  
26 other law do not apply to a contract for the maintenance or repair of  
27 a marine vessel owned by the state if the contract is awarded to a  
28 facility in the state.

29 Sec. 2. The provisions of this Act expire six years after the date it

1 takes effect.

Last week Carole wrote an article on House Bill 181 relating to the maintenance of vessels of the Alaska marine highway system.

After that bill was heard in the House Transportation Committee, I worked very closely with the sponsor of the bill, Representative Taylor of Wrangell, to amend it to address all state owned vessels and to exempt a state facility from the competitive bidding provisions of law. I must commend Ron Garzinni, Mike Mehan and Dave Hilton for all there discussions with the folks down here to explain the purpose and necessity for these changes in House Bill 181.

Friday, April 11th this bill made it to the House floor. Six amendments were offered and three of them passed - a minor amendment to include language in the bill to address maintenance and repair; when the Commissioner of DOT determines a facility for maintenance and repair he must document in writing his findings for his determination; and the last amendment which passed was that this law will expire four years after the date it takes effect. This last amendment could hurt this bill substantially and I will be working vigorously to convince the Senate to delete this amendment.

I would like to hear from you on your feelings on this bill or better yet, if you support this bill, please get busy with POM's to the Senate to let them know the need for this provision.

Offered: 4/8/86  
Referred: Rules

Original sponsors: Taylor, Sund,  
Goll, and Szymanski

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL

6 For an Act entitled: "An Act relating to the maintenance of marine vessels  
7 of the state."

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

9 \* Section 1. AS 36.20 is amended by adding a new section to read:

10 Sec. 36.20.020. MAINTENANCE OF STATE MARINE VESSELS. (a) A  
11 marine vessel owned by the state may not be transported outside of the  
12 state for the purpose of maintenance <sup>for repair</sup> unless the commissioner of trans-  
13 portation and public facilities determines that there is no facility  
14 in the state able or available to perform the maintenance at a price  
15 that is in the state's best interests. In making this determination,  
16 the commissioner shall consider <sup>document through written findings</sup>

17 (1) the amount of money the state has granted to, or other-  
18 wise invested in, marine vessel maintenance facilities in the state;

19 (2) the amortization, overhead, and start-up costs of the  
20 facilities in the state; and

21 (3) the direct and indirect benefits to the economy and  
22 labor force of the state that may be obtained by contracting with a  
23 facility in the state.

24 (b) AS 37.05.230 and the provisions of any other law relating to  
25 competitive bidding do not apply to a contract for the maintenance <sup>of repair</sup> of  
26 a marine vessel owned by the state if the contract is awarded to a  
27 facility in the state.

*Section 2. The provisions of this Act, expire 4 yrs,  
after the date it takes effect.*

PREVIOUS ACTION

HB 181	DATE	PAGE	ACTION
	02/08/85 (H)	295	Read the first time - referrals
	03/29/85 (H)	746	Sponsor substitute introduced
	04/30/85 (H)	1182	Fiscal note Hse sup 60
	05/09/85 (H)	1473	Finance rpt 3DP 1DNP 4NR
	05/11/85 (H)		Rules to calendar
	05/11/85 (H)	1530	Moved to bottom of calendar
	05/11/85 (H)	1542	Return to Rls Comm from calendar
	03/05/86 (H)	2284	2d sponsor substitute introduced Transportation, Finance, Rules

ACTION NARRATIVE

TAPE ONE SIDE ONE  
Number 003

Rep. Davis called the meeting of the House Transportation Committee to order at 7:14 with Rep. Shultz, Rep. Pignalberi and Rep. Marrou present.

Rep. Davis introduced the bill and the sponsor.

Number 017

Rep. Taylor testified, "Myself and the chairman of this committee got out heads together at the beginning of this session and felt that HB 181 could be modified so as to provide us with a bill giving us the required structure to force our ferry system to begin utilizing the two marine repair facilities that the state of Alaska has created. One in Seward, the other one is in Ketchikan, Alaska. The Ketchikan facility is not yet completed but it's scheduled. They have the majority of its buildings and equipment completed and installed. Probably within the next nine months, it may be a full year... We'd like to see the facilities being used. Over the last 25 years, the ferry system has historically used the Todd Shipyards in Seattle to do its maintenance. The purpose and intent of this bill is to change that historic pattern. We feel without legislation that the change may not as promptly occur. ...There is one amendment that has been suggested by the department. I have no objection to that amendment. That is the addition of the words, 'at competitive prices'."

Rep. Pignalberi asked, "I thought these were going to be state owned and operated facilities."

Rep. Taylor said, "They are state owned, they aren't probably going to be state operated. They're leasing them out. ...our lease in Ketchikan is a lease that flows to the city and then the city will decide from there who the contractor will be."

Rep. Pignalberi pointed out some advantages of having the facilities within the state, e.g. the Alaska bidder's preference, transportation costs.

Rep. Taylor said, "That's why the addition of those words is really not offensive to the bill."

Rep. Pignalberi asked Joe Camp, "Is it your understanding that the bidder's preference would apply to these facilities?"

Number 125

Joe Camp said, "Yes, I feel that the operator of that yard will have three very distinct economic and competitive advantages over any other yard. We may even be lucky to get somebody else to bid against them."

Rep. Taylor said, "The state right now probably has over 60 million dollars invested in creating repair facilities in Seward and Ketchikan. It would only seem logical that the state should use them since we've built them."

Rep. Pignalberi said, "It would seem logical that we should use them but if we use them at a cost that is greater than somewhere else then we would end up with a cost of eventually \$100 million dollars. I like the bill because it obviously is an economic stimulator for two smaller communities but we do have to worry about being taken advantage of. I think the amendment you propose is a good one."

Number 156

Joe Camp testified, "The marine highway is controlled by the same competing bidding process and procurement statute that all of state government is and all of our work is done on a bid basis. I've heard a lot of comment...about the marine facility and marine shipyard in Ketchikan. Once we've built the shipyard, all of our work will be done there. I truly believe that will happen. But I think people...have made these comments without realizing the competitive nature of shipyards and that we would not have just one big master ship repair contract for all of our repairs. Ship repairs simply do not work that way. Each individual job has to be bid on because the contractor would be buying a pig-in-a-poke, not knowing what work was required until he got a set of specifications for that

particular job. Not knowing whether he was going to have to simply have to replace bearings or replace a whole rotor assembly in a piece of machinery. So the work can vary from year to year on each ship in a great bit of detail. We do dr, dock each vessel each year.

"The competitive advantages that were mentioned earlier that this operator will have are really three: one, he will not have thirty-eight million dollars worth of capital costs to recover in his bid price. He will have a lease cost that he's going to have to recover. He'll also have the Alaska bidder's preference and the interport differential. As Rep. Pignalberi mentioned the cost of moving a ship from Ketchikan to Seattle is very significant. I can give an illustration: we just hurriedly figured out a interport differential on the Matanuska who is currently in the shipyard in Seattle...undergoing overhaul. The interport differential for moving the Matanuska from Ketchikan down and back and the transportation costs for the crew and the per diem we would have to pay is approximately \$50,000. The whole job in the dry dock that we are paying the shipyard is only \$44,000. In evaluating one of those jobs we would take the Ketchikan shipyard bid, the specifications would delineate the interport differential, and we would add that interport differential in to any other shipyard, whether it be Seattle, Tacoma, or Portland."

"I think the intent of the bill is very, very good. The current administration, I know, certainly intends to make the shipyard work. This shipyard has got a long hard road ahead of it. In the last 5 years on the West coast, 23 shipyards have closed... With the \$38 million dollars the state's invested, it behooves us to do our very best to make sure that that yard succeeds. It will have a lot of very definite advantages for the marine highway to be able to repair ships in Ketchikan and not have to take them south. We are looking forward to taking advantage of those advantages."

Number 245

Rep. Pignalberi pointed out the importance of the leasing process because "the best protection for taking operating advantage of the new facility is to charge an awful lot for that lease because the lease income is something you can deduct from the repair bills...in the net income basis to the state. ...What would prevent Todd shipyards or some outside operator from coming up or is that the plan because you need the expertise. Are you going to have an outside company come and take advantage of this \$38 million dollar facility we built for Alaskans?"

Joe Camp said, "If the state were to operate the facility with state employees we would be basically an Alaska Marine Highway repair facility. We don't have the time, the talent or the inclination to go out and look for commercial business. That's not our business to compete with other shipyards. It would be a very, very expensive operation. We could not do it competitively, I think. To attract a competent shipyard in there is going to take some incentive because as I say, shipyards are closing, not opening."

"What the state was looking at, in effect, was managing the facility. For a number of years we looked at it that way. We were looking at stateside yards and to help design the yard two years ago, we sent out a request for proposals for yard operators prequalified from US yards. From there came expression of interest in operating the yard and we...picked their brains to redesign the yard...saying, 'If you were operating and building a shipyard what would you put in?' ...and redesigned and built it. Now, the City of Ketchikan, about a year ago, stepped in and said they would like to manage the facility and we are currently negotiating with the City of Ketchikan. We feel that it is very viable and smart for the City of Ketchikan to get involved in it because they're interested in building an industry, building an industrial park and expanding the yard to other marine related activities...

"For it to really be a viable yard, we need to cover the operating expenses of the yard and the capital cost replacement in the yard but not necessarily turn a profit for the state... The enterprise fund in principle we have set up with the City of Ketchikan. All of the revenues that the City of Ketchikan collects will go into an enterprise fund and in effect there are three buckets that the funds will flow into. The first bucket is for annual operating and maintenance expenses of the yard. Probably for the first couple of years, if it pays all of its own operating expenses it will be lucky. ...A second bucket which is a capital replacement fund, a sinking fund, which all of the facilities that are in the original lease to the city will be amortized over the life of that particular facility and an amount of money will go into this fund each year. ...The third bucket is if there is additional money... is for new capital buildings and facilities."

Rep. Pignalberi asked if any of the money will come back to the state.

Joe Camp said, "It stays right in the facility to make the facility go. The money will come back to the sinking fund, the termination of the lease will come back to the state."

Rep. Davis asked if the sinking fund was state operated.

Joe Camp replied that the sinking fund is part of the enterprise fund of the Ketchikan shipyard.

Number 360

Rep. Pignalberi asked what would prevent the City of Ketchikan from putting the fund money into a different project?

Joe Camp said, "the terms of the lease..."

Rep. Marrou asked about the question marks on the fiscal note from DOT.

Number 380

Joe Camp said, "It should not cost us anything. It's difficult to project ahead whether we will save operating money and maintenance money. Hopefully we will. One thing that is going to be very good for the yard but is going to end up potentially costing the state more money is the fact that it's not going to be very convenient for our employees to live in Ketchikan. Right now with our ships spending several months a year in Seattle, it's quite convenient for many of our employees to live in Seattle and simply work on the ships during overhaul. Once the shipyard moves to Ketchikan and we begin repairing our ships in January of next year in Ketchikan, then it's going to be very inconvenient. There's going to be an incentive for people to move back to Alaska. However, when they do their pay increases 22%. They get a COLA...with that situation our payroll costs can go up so it's going to be very difficult to estimate just what our total budget picture is going to be."

Number 405

Rep. Marrou pointed out that the interport differential offsets the COLA.

Joe Camp agreed but added, "It will cost us more on many of our jobs that the shipyard itself cannot do. We have to bring the owner or the manufacturers technical representative in to do particular work... These people are all located in Seattle. It's going to cause us to have to plan our overhauls much better... We pay travel expenses for those tech reps when we bring them to Ketchikan."

Number 428

Rep. Marrou moved that the CS for the second sponsor substitute for HB 181 be adopted.