

ALASKA LEGISLATIVE COMMITTEE FILES 1905-1900 80/2

3798

HTRA

HB 505

679



# RECORDS



# CERTIFICATION

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*James O. Smith*  
Signature of Camera Operator

*10/31/89*  
Date

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STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNE 10, 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 3-4-86 7AM

Introduced: 1/24/86  
Referred: Transportation  
and Finance

BY THE RULES COMMITTEE  
BY REQUEST OF  
THE LEGISLATIVE BUDGET  
AND AUDIT COMMITTEE

1 IN THE HOUSE

2

HOUSE BILL NO. 505

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act eliminating the working capital fund; and

7

providing for an effective date."

8

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

9

\* Section 1. AS 44.74.010 - 44.74.060 is repealed.

10

\* Sec. 2. This Act takes effect July 1, 1987.

*2/15*

*W. Stull  
W. Wilson  
C. Miller  
J. Jensen  
H. Jensen  
K. Jensen  
M. Jensen*

*7/17 Jensen DOT*

*left message of 1/1/87*

*2/18 Jensen to DOT position? - Jensen says also Jensen was not on*

APR 23 1986

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH 2  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

April 21, 1986

The Honorable Bette Cato  
Alaska House of Representatives  
P. O. Box V  
Juneau, Alaska 99811

Dear Representative Cato:

This is in response to an inquiry by the House Transportation Committee during Tuesday's hearing on HB 505. Enclosed is a copy of my letter to Representative Al Adams in response to his letter requesting the department's explanation for encumbrance activity on the Highway Working Capital Fund.

I trust when you review this letter you will see that the procedures being utilized by this department are standard procedures and indeed reflect improved management practices. The increased encumbrance activity is not the result of any overt or covert effort on the part of this department to remove funds from consideration for reappropriation from the Highway Working Capital Fund. I am concerned that the department's activities may be misunderstood and would appreciate your review of this record.

We have also compiled our records documenting our latest inventory of all SEF vehicles and the signed field survey reports from which they were compiled. It is my understanding that Daryl Methvin, Coordinator of the State Equipment Fleet has already sent a copy to your attention.

If you need additional information, please feel free to contact me directly.

Sincerely,



R. J. Knapp  
Commissioner

Enclosure

cc: Susan Fleischhauer  
Legislative Liaison

# STATE OF ALASKA

APR 15 1986

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH 2  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

April 15, 1986

The Honorable Jay Kertulla  
Alaska State Senate  
P. O. Box V  
Juneau, Alaska 99811

Re: Proposed Highway Working Capital Fund Legislation

Dear Senator Kertulla:

I am writing you at your request to state my position with respect to the future of the Highway Working Capital Fund.

The Department of Transportation and Public Facilities has a number of major objectives which it hopes to implement with respect to the management of the cash balances of the Highway Working Capital Fund:


1. We wish to have the cash balance kept to a minimum, retaining funds only necessary to meet following year replacement needs and a cushion for operating cash flow.
2. We wish to insure that legislative appropriations for vehicle replacement do not compete directly with other capital projects.
3. We firmly believe that the State of Alaska needs to have a vehicle replacement fund.

While there are a variety of ways in which these objectives can be met, both with the current legislation (AS 44.74) and any proposed new legislation, we feel that existing legislation with modifications, made administratively or legislatively, can achieve these objectives.

Current House Bills 505 and 504 have been drafted with similar objectives as to those noted above. However, as our Position Paper indicates, elimination of all current legislation and the redrafting of replacement fund enabling legislation can create problems while trying to accomplish the above objectives. It is our hope that any bill considered and passed by the legislature will support the mutual objectives noted above while avoiding the unwarranted problems we see in Bills such as 505 and 504.

I look forward to discussing this matter with you further if it is your desire.

Sincerely,



Richard J. Knapp  
Commissioner

HB 402

The Judiciary Committee has considered HOUSE BILL NO. 402 (relating to military and overseas voters), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 402 (Judiciary):

"An Act relating to absentee voting."

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

HB 402 was referred to the Finance Committee.

HB 482

The Resources Committee has considered HOUSE BILL NO. 482 (relating to protection of natural rangelands) and reports it back as follows: Shultz (Co-chairman), Herrmann, Cato, Thompson, M.W. Miller, Wallis, Jenkins and Sund recommend do pass.

A zero fiscal note with analysis appears in House Journal Supplement No. 118.

HB 482 was referred to the Finance Committee.

HB 505 *file*

The Transportation Committee has considered HOUSE BILL NO. 505 (eliminating the working capital fund; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 505 (Transportation):

"An Act relating to state vehicles and equipment; eliminating the working capital fund; and providing for an effective date."

and reports it back as follows: Cato (Chairman), Pignalberi, Shultz, Davis and Furnace recommend do pass.

A zero fiscal note with analysis appears in House Journal Supplement No. 118.

HB 505 was referred to the Finance Committee.

HB 550

The State Affairs Committee has considered HOUSE BILL NO. 550 (extending the termination date of the Alcoholic Beverage Control Board; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 550 (State Affairs):

REPORTS OF STANDING COMMITTEES

The Resources Committee has considered the following Governor's appointments to the Guide Licensing and Control Board:

James Harrower, Anchorage

Poldine Carlo, Fairbanks

Edward J. Gamble, Sr., Anpoon

and reports back as follows: Shultz and Herrmann (Co-chairs), Cato, Thompson, M.W. Miller, Wallis, Jenkins and Sund recommend confirmation.

The Resources Committee has considered the following Governor's appointments to the Board of Game:

Brenda Johnson, Nome

Sarah Scanlan, Fairbanks

and reports back as follows: Herrmann (Co-chair), Cato, Thompson, Wallis and Sund recommend confirmation; Shultz (Co-chair) recommends do not confirm; M.W. Miller and Jenkins have no recommendation.

John "Jay" Massey, Girdwood

and reports back as follows: Shultz and Herrmann (Co-chairs), Cato, Thompson, M.W. Miller, Wallis, Jenkins and Sund recommend confirmation.

HB 342 *you*  
The Transportation Committee has considered HOUSE BILL no. 342 (repealing taxes on moto: fuels) and reports it back as follows: Shultz and Marrou recommend do pass; Cato (Chairman) and Pignalberi recommend do not pass; Davis has no recommendation and signed "this bill costs a lot of \$".

Two fiscal notes appear in House Journal Supplement No. 118.

HB 342 was referred to the Finance Committee.

*file*

HB 505

**REQUEST** Page 1 of 2

**FISCAL DETAIL**

Bill/Resolution No.: CS HB 505 (Trsp)  
Title: State Vehicles & Equipment;  
Eliminate HWCF

Agency Affected: DOT&PF  
BRU: \_\_\_\_\_

Sponsor: Pignatelli  
Requestor: Cato  
Date of Request: 4-15-86

Components: \_\_\_\_\_

**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						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>CAPITAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>REVENUE</b>						

**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

See attached analysis

Prepared by: Daniel F. Malick, Director  
Division: Management & Finance

Phone: 465-3911  
Date: 4-15-86

Approved by Commissioner: R. B. K...  
Agency: DOT&PF

Date: 4/15/86

CSHB 505(Trsp) Page 2 of 2

The Department of Transportation and Public Facilities has developed a fiscal note based upon the following assumption:

1. While the Highway Working Capital Fund is eliminated, the department expects there to be no dramatic changes in user agency attitude with respect to vehicle assignment.

2. Even though not specifically required by HB 505, the department will continue to operate State Equipment personnel and bill for maintenance and operations services, and set rates.

3. With the elimination of the Highway Working Capital Fund, alternative administrative procedures will be utilized to accomplish the same fiscal transactions.

HB 505 as currently written would eliminate the need for the State Equipment Fleet to coordinate annually with each user agency a fixed fee payment. In addition, the State Equipment Fleet would have to make arrangements for user agencies to reimburse the State Equipment Fleet for maintenance and operations through individually negotiated RSA agreements. While the department believes that staff requirements will be reduced in the case of the fixed fee billings now eliminated, an increase in staff requirements would be necessary to accomplish the usage rate billings and accounting. We believe these are counter-balancing impacts yielding a net zero.

The department however believes that there are other assumptions that should be considered. It is likely that a number of current users of State Equipment "wet" vehicles (fixed and usage fees), a number of these users will decide to not take these vehicles to State Equipment Fleet equipment shops and instead contract directly with the private sector. In anticipation for lower costs for this approach, user agencies may reduce their operating budgets to levels below what they are currently able to budget for "wet" usage rates. This will generate a near term operating budget decrease. However, this deferred maintenance which will be responded to with improperly maintained vehicles in some instances and increased cost to the state over the life of the vehicle either in increased operating costs or reduced vehicle life. It is the department's belief that reduced maintenance (deferred maintenance) has a higher life cycle cost to the state for a particular vehicle than the current policy of ongoing preventative maintenance. Thus, though the impact of the bill may be operating budget reductions in the initial years, over the life of the vehicles, (5 to 15 years) total cost to the state will increase.

While it is difficult at this time to estimate the percentage of users who would elect to defer maintenance, it would be very difficult to estimate in dollar terms the net increase in the life cycle cost of the fleet of vehicles which have had their maintenance deferred. However, current usage rates total for all vehicles to 50 million dollars, a ten percent increase in the life cycle cost of the vehicle for 10 years would approximate 15 million dollars. Thus, the deferred maintenance which could be encouraged by the passage of this bill has a large fiscal impact on the state.

**HOUSE  
COMMITTEE REPORT**

(7)  
Date referred: 1/24/86

FURTHER REFERRALS: FINANCE

DATE: \_\_\_\_\_

The TRANSPORTATION Committee has considered HB 505

"An Act eliminating the working capital fund; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 505 (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:

\_\_\_\_\_  
*Betty Cato*  
\_\_\_\_\_  
*W. L. Qualben*  
\_\_\_\_\_  
*Dick Stutley*  
\_\_\_\_\_  
*Mike ...*  
\_\_\_\_\_  
*W. Furnace*  
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*Betty Cato*  
Chairman

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

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

**REQUEST**

Bill/Resolution No. : CS HB 505  
 Title : State Vehicles & Equipment;  
Eliminate HWCF  
 \_\_\_\_\_  
 Sponsor : Pignalberi  
 Requestor : Cato  
 Date of Request : 4-15-86

**FISCAL DETAIL**

Agency Affected : DOT&PF  
 BRU : \_\_\_\_\_  
 \_\_\_\_\_  
 Components : \_\_\_\_\_  
 \_\_\_\_\_

**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						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE						
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**FUNDING : (Thousands of Dollars)**


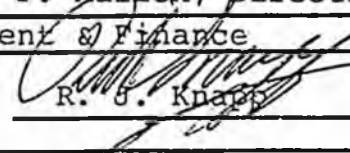
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

See attached analysis

Prepared by:  Daniel F. Malick, Director Phone : 465-3911  
 Division : Management & Finance Date : 4-15-86  
 Approved by Commissioner :  R. G. Knapp Date : 4/15/86  
 Agency : DOT&PF

Distribution (by Agency preparing fiscal note) :

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

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Number 394

Rep. Pignalberi asked if Commissioner Knapp ever considered the Hovercraft built in Anchorage that may be purchased for fast ferry service as he once had requested of him.

Dick Knapp said he hadn't been looking because they weren't ready to buy but he would.

Rep. Cato expressed some dissatisfaction over the payroll procedures and reservation system of the Alaska Marine Highway System.

Number 434

HB 505 was brought forth.

Rep. Pignalberi testified as chairman of the HB 505 subcommittee, "Rep. Davis, Rep. Shultz and myself have met and concurred on a set of amendments for HB 505. We met as recently as yesterday on some minor modifications. The amendments have been run by a variety of people in the legislative process that will have to act on them... and have general concurrence with all of these people. Basically what the amendments will do is rather than just wipe out the Highway Working Capital Fund, we will set up a new fund and close all the loopholes that allows the allows accumulation large excess balances of cash and that cash could be used for other programs..."

Rep. Shultz cautioned that Rep. Symanski in the Finance Committee "is looking at the \$46 million dollars in its entirety."

Dick Knapp informed the committee, "There ain't \$46 million dollars in funds. ...As of right now there's probably \$17 million you can probably lay your hands on. ...As of the first of July, last year, when all of the proceeds came in there was approximately \$46 million dollars registered in the fund. Last year there was \$11 million dollars appropriated out of the fund into the general fund...and the accounting transactions never showed that. In addition to that there was about \$13 to \$15 million dollar capital appropriation to the Department of Transportation that was put into our capital appropriation... So there really isn't that much money. However the Governor himself, is proposing to take \$25 million dollars out of the fund. The transaction would not take place until the first of July..." He continued to explain how the fund would work after the Governor took \$25 million dollars out.

Number 540

The meeting was adjourned at 8:26.

CS HB 505

SECTIONAL ANALYSIS

Section 1 & Section 2 pertain to Title 19 (Highways) and Title 35 (Public Buildings) respectively. Both sections are identical. The amendments require that money derived from sale of surplus property be deposited in the general fund instead of being deposited in any other fund.

Section 3 (44.68.050) is a new section to the statute, A.S. 44.68 (State Owned Vehicles). It gives state agencies the option of bringing their vehicles to local gas stations (private vendors) or to the State Equipment Fleet Shop. The rationale is that agency managers should be allowed to seek the cheapest most convenient maintenance provider.

Section 3 (44.68.060) establishes a Vehicle and Equipment Fund (VEF) in DOT/PF. (Original amendments had it in division of general services and supply in the department of administration.) The legislature appropriates money into the fund each year for the purpose of replacing retired vehicles and equipment. The fund balance may never exceed 110% of the budgeted replacement cost in any fiscal year.

Section 3 (44.68.070) is the mechanism by which the vehicle and equipment fund receives money. The amount of annual replacement costs for the VEF goes into the budget each year. Whenever the fund balance exceeds 110% of the annual replacement cost, the excess lapses into the general fund. New language requires specific record keeping to facilitate accounting and audit activities. In tandem with the above section, this provision serves to close the major loopholes that have allowed significant excesses to accumulate in the fund.

Section 4 is the original HB 505 which erases the HEWCF from statute.

Section 5 is an immediate effective date.



Official Business

# Alaska State Legislature

## House

*Rec'd  
3/27  
re*

Pouch V  
State Capitol  
Juneau, Alaska 99811

### MEMORANDUM

March 20, 1986

TO: Representative Bette Cato

FROM: *MLP* Representative Pignalberi

RE: Subcommittee on HB505 amendments  
(Representatives Davis, Shultz, and Pignalberi)

Your subcommittee on HB505 has met and unanimously agreed on amendments to HB505. The amendments have been explained to and have been given conceptual ratification by Elmer Lindstrom, House Finance, Senator Faiks, Senator Coghill, Jay Hogan, Jim Ayers, Roger Levine (Legislative Finance), and Merle Jensen and Bob Bilden (Legislative Budget & Audit). Additionally, Commissioner Knapp has received a personal briefing and Dan Malek has been kept apprised. In fact, the one year fund balance is his idea and we incorporated it into our amendments.

The following page consists of a sectional analysis and discussion of the amendments.

cc: referenced people

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

GENERAL REDUCTIONS:

1. SPREAD TRAVEL REDUCTION ACROSS THE BOARD.
2. REDUCE HIGHWAY WORKING CAPITAL FUND MAINTENANCE AND EQUIPMENT REPLACEMENT PROVISIONS BY PLACING PROGRAM ON CASH BASIS--ALL M&O COMPONENTS.
3. REDUCE FOR FUEL COSTS IN FACILITIES, M&O AND MARINE HIGHWAYS.
4. DELETE DIRECTOR POSITIONS FOR ADMIN SVCS IN REGIONS.

PROGRAM HIGHLIGHTS:

COMMISSIONER

SPREAD TRAVEL REDUCTION TO ALL COMPONENTS.

EQUAL EMPLOYMENT OPP

TRAVEL REDUCTION 8.8. MISC INCREASE OF 17.9.

MANAGEMENT & FINANCE

REDUCE TRAVEL. REDUCE CONTRACTUAL. ADD 2 POSITIONS FROM PLANNING, PROGRAMMING & BUDGETS.

STATEWIDE RESEARCH

ADD THREE POSITIONS APPROVED BY RP IN FY86 INCLUDING NEW DIRECTOR POSITION.

SOUTHEAST REGION M&O

ADD 150.0 GF AND 150.0 PGM RCTS FOR KLONDIKE HIGHWAY WINTER MAINTENANCE

→ MARINE MARKETING MGT

DELETE DIRECTOR & SECRETARY. CLOSE JUNEAU DOWNTOWN TICKET OFFICE. CHANGE 8 RES CLKS TO SEASONAL. OTHER REDUCTIONS.

→ SE VESSEL OPPTS/OVERHAUL

INCREASE FOR TRANSFER OF SEATTLE POSITIONS TO KETCHIKAN FOR NEW FACILITY.

## \* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

SHORT FORM PAGE	BUDGET COMPONENT	85 ACT	86 AUTH	OMB REV	GOVERNOR	OMB REV - GOVERNOR COMPARISON	
	TRANSPORTATION						
	OFFICE OF THE COMMISSIONER						
2	COMMISSIONER'S OFFICE	901.2	-584.1	612.0	-187.4	799.4	-426.6%
4	STATEWIDE DEPUTY COMMISSIONER	147.0	892.5	253.4	257.0	-3.6	-1.4%
6	EQUAL EMPLOYMENT & CIVIL RIGHT			747.1	737.3	9.8	1.3%
8	DATA AND WORD PROCESSING	6.7	11.1				
10	UNBUDGETED RSA'S, AK RR TRANSF	1317.0					
	*** PROGRAM TOTAL ***	2371.9	319.5	1612.5	806.9	805.6	99.8%
	STATEWIDE INTERNAL REVIEW						
14	INTERNAL REVIEW	627.6	786.5	873.9	879.8	-5.9	-0.7%
16	DATA & WORD PROCESSING	6.4	6.4				
18	UNBUDGETED RSA'S AUDIT P R SUS	140.5					
	*** PROGRAM TOTAL ***	774.5	792.9	873.9	879.8	-5.9	-0.7%
	STATEWIDE MANAGEMENT & FINANCE						
22	MANAGEMENT AND FINANCE	3080.2	2444.8	2233.2	2141.0	92.2	4.3%
24	DATA AND WORD PROCESSING	93.0	95.2				
26	STATE EQUIPMENT FLEET	281.4	379.7	441.0	441.0		
	*** PROGRAM TOTAL ***	3454.6	2919.7	2674.2	2582.0	92.2	3.6%
	STATEWIDE INFORMATION SYSTEMS						
30	INFORMATION SYSTEMS	2411.5	2745.9	2757.1	2784.8	-27.7	-1.0%
32	UNBUDGETED RSA'S, DP SVCS, N.R	98.9					
	*** PROGRAM TOTAL ***	2510.4	2745.9	2757.1	2784.8	-27.7	-1.0%
	STATE PLANS, PROGRAMS & BUDGET						
36	PLANS, PROGRAMS & BUDGET	1589.2	1754.4	1878.8	1986.8	-108.0	-5.4%
38	STATEWIDE AVIATION PLANNING			250.5	253.5	-3.0	-1.2%
40	DATA AND WORD PROCESSING	155.0	100.0				
42	UNBUDGETED RSA'S, HPR P R SUSP	684.1					
	*** PROGRAM TOTAL ***	2428.3	1854.4	2129.3	2240.3	-111.0	-5.0%
	STATEWIDE RESEARCH						
46	STATEWIDE RESEARCH	1048.6	861.7	1143.0	850.7	292.3	34.4%
	STATEWIDE ENG & OPS STANDARDS						
50	ENG & OPS STANDARDS	2618.0	2478.7	2311.4	2350.9	-39.5	-1.7%
52	DATA AND WORD PROCESSING	21.9	26.3				
54	CIP PROGRAM	2803.5	3492.8	3497.5	3497.5		
	*** PROGRAM TOTAL ***	5443.4	5997.8	5808.9	5848.4	-39.5	-0.7%
	CENTRAL REGION ADMIN SERVICES						
58	ADMINISTRATIVE SERVICES	2331.6	2060.9	1809.3	2033.4	-224.1	-11.0%
60	STATE EQUIPMENT FLEET	5748.0	6130.4	6132.1	6132.1		
62	DATA AND WORD PROCESSING	24.8	20.7				
64	AIRPORT LEASING	377.0	361.8	271.2	293.8	-22.6	-7.7%
	*** PROGRAM TOTAL ***	8481.4	8573.8	8212.6	8459.3	-246.7	-2.9%
	CENTRAL REGION PLANNING						
68	PLANNING	1977.7	1550.9	1175.4	1230.1	-54.7	-4.4%
70	STATEWIDE AVIATION PLANNING		274.5				
72	DATA AND WORD PROCESSING	10.1	25.0				

## \* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

SHORT FORM PAGE	BUDGET COMPONENT	85 ACT	86 AUTH	OMB REV	GOVERNOR	OMB REV - GOVERNOR COMPARISON	
74	UNBUDGETED RSA'S, HPR P.R. SUS	310.4					
	*** PROGRAM TOTAL ***	2298.2	1850.4	1175.4	1230.1	-54.7	-4.4%
78	CENTRAL REGION DESIGN & CONST.						
80	ENGINEERING MANAGEMENT	3008.1	5095.3	5161.2	5251.4	-90.2	-1.7%
82	DATA AND WORD PROCESSING	22.3	189.3				
	CIP PROGRAM	18614.7	23151.4	23139.0	23139.0		
	*** PROGRAM TOTAL ***	21645.1	28436.0	28300.2	28390.4	-90.2	-0.3%
86	CENTRAL REGION MAINT. & OPER.						
88	HIGHWAYS AND AVIATION	26702.5	28423.8	27142.7	28520.4	-1377.7	-4.8%
90	TRAFFIC SIGNAL MANAGEMENT	741.0	826.0	826.0	826.0		
92	FACILITIES	3209.4	3488.2	3395.7	3421.4	-25.7	-0.8%
94	ADMINISTRATION	1247.1	1295.6	1229.4	1244.0	-14.6	-1.2%
	DATA AND WORD PROCESSING	2.8	3.1				
	*** PROGRAM TOTAL ***	31902.8	30036.7	32593.8	34011.8	-1418.0	-4.2%
98	ANCHORAGE INT AIRPORT						
100	FIELD MAINTENANCE	2739.7	2852.4	3090.0	3090.0		
102	BUILDING MAINTENANCE	2949.6	3650.7	3647.8	3647.8		
104	SECURITY	3442.7	4093.4	4063.0	4063.0		
106	CUSTODIAL	2318.4	3391.9	3272.2	3272.2		
108	EQUIPMENT MAINTENANCE	1239.8	1159.5	1319.5	1319.5		
110	ADMINISTRATION	2776.3	3353.0	3661.7	3661.7		
	DATA AND WORD PROCESSING	17.7	17.8	60.8	60.8		
	*** PROGRAM TOTAL ***	15484.2	18518.7	19115.0	19115.0		
114	NORTH REGION ADMIN. SERVICES						
116	INTERIOR DIS. ADMIN. SERVICES	1947.5	2007.3	1838.9	1983.1	-144.2	-7.3%
118	WESTERN DIS. ADMIN. SERVICES	334.2	345.3	341.0	341.0		
120	SOUTHCENTRAL DIS. ADMIN. SVCS	398.4	356.8	349.5	351.1	-1.6	-0.5%
122	DATA AND WORD PROCESSING	185.8	38.5	38.5	38.5		
124	INTERIOR DIS STATE EQUIP FLEET	6940.3	6817.4	7008.6	6811.6	197.0	2.9%
126	WESTERN STATE EQUIP. FLEET	897.4	936.2	935.2	935.2		
	SC DISTRICT STATE EQUIP. FLEET	2013.7	2330.2	2328.3	2328.3		
	*** PROGRAM TOTAL ***	12717.3	12831.7	12840.0	12788.8	51.2	0.4%
130	NORTHERN REGION PLANNING						
132	PLANNING	1125.0	1242.9	1700.8	1008.8	-8.0	-0.8%
134	DATA AND WORD PROCESSING	.5	.5				
	UNBUDGETED RSA'S, HPR P.R. SUS	194.0					
	*** PROGRAM TOTAL ***	1319.5	1243.4	1000.8	1008.8	-8.0	-0.8%
138	NORTHERN REGION DESIGN & CONST						
140	ENGINEERING MANAGEMENT	2607.7	3126.5	2994.1	3004.9	-10.8	-0.4%
142	DATA AND WORD PROCESSING	173.9	217.5				
	CIP PROGRAM	17099.5	21239.7	21133.4	21133.4		
	*** PROGRAM TOTAL ***	19881.1	24583.7	24127.5	24138.3	-10.8	0.0%
146	INTERIOR DISTRICT MAINT & OPER						
148	HIGHWAYS & AVIATION	22365.7	22982.2	21416.0	22625.7	-1209.7	-5.3%
150	FACILITIES	3941.9	4811.1	4682.2	4737.7	-55.5	-1.2%
	ADMINISTRATION	1098.3	1198.4	813.4	1045.4	-232.0	-22.2%

## \* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

SHORT FORM PAGE	BUDGET COMPONENT	85 ACT	86 AUTH	OMB REV	GOVERNOR	OMB REV - GOVERNOR COMPARISON	
	*** PROGRAM TOTAL ***	27405.9	28991.7	26911.6	28408.8	-1497.2	-5.3%
	WESTERN DISTRICT MAINT & OPER						
152	HIGHWAYS AND AVIATION	4023.1	4132.5	4033.9	4201.9	-168.0	-4.0%
154	FACILITIES	635.3	782.8	710.0	710.0		
156	ADMINISTRATION	324.4	338.3	195.5	319.8	-124.3	-38.9%
	*** PROGRAM TOTAL ***	4982.8	5253.6	4939.4	5231.7	-292.3	-5.6%
	SOUTHCENTRAL DISTRICT M & O						
158	HIGHWAYS AND AVIATION	6747.4	7283.6	7015.4	7283.6	-268.2	-3.7%
160	FACILITIES	1656.1	2093.0	2030.2	2033.8	-3.6	-0.2%
162	ADMINISTRATION	438.4	446.7	333.2	441.4	-108.2	-24.5%
	*** PROGRAM TOTAL ***	8841.9	9823.3	9378.8	9758.8	-380.0	-3.9%
	FAIRBANKS INT AIRPRT						
166	FIELD MAINTENANCE	1406.4	1515.5	1694.1	1694.1		
168	BUILDING MAINTENANCE	1099.7	1414.5	1432.3	1432.3		
170	SECURITY	2371.0	2832.3	2717.9	2717.9		
172	CUSTODIAL	558.6	721.1	683.1	683.1		
174	ADMINISTRATION	726.4	1110.0	1367.8	1170.7	197.1	16.8%
	*** PROGRAM TOTAL ***	6162.1	7593.4	7895.2	7698.1	197.1	2.6%
	S.E. REGION ADMIN. SERVICES						
178	ADMINISTRATIVE SERVICES	1308.6	1315.8	1103.8	1198.5	-94.7	-7.9%
180	DATA AND WORD PROCESSING	19.4	9.8				
182	STATE EQUIPMENT FLEET	1831.7	2032.6	2015.4	2015.4		
	*** PROGRAM TOTAL ***	3159.7	3358.2	3119.2	3213.9	-94.7	-2.9%
	SOUTHEAST REGION PLANNING						
186	PLANNING	683.9	583.2	379.4	381.9	-2.5	-0.7%
188	DATA AND WORD PROCESSING	20.5	15.1				
	*** PROGRAM TOTAL ***	704.4	598.3	379.4	381.9	-2.5	-0.7%
	SOUTHEAST REGION DES. & CONST.						
192	ENGINEERING MANAGEMENT	1923.7	1681.3	1338.9	1338.9		
194	DATA AND WORD PROCESSING	55.5	106.5				
196	CIP PROGRAM	7323.9	8721.7	8671.2	8671.2		
198	UNBUDGETED RSA'S SCH SUR/DSGN	822.0					
	*** PROGRAM TOTAL ***	10125.1	10509.5	10010.1	10010.1		
	SOUTHEAST REGION M & O						
202	HIGHWAYS & AVIATION	8633.7	8037.0	7794.0	7888.2	-94.2	-1.2%
204	FACILITIES	4508.2	4891.6	4751.5	4852.9	-101.4	-2.1%
206	ADMINISTRATION	364.4	409.6	397.5	404.6	-7.1	-1.8%
208	UNBUDGETED RSA'S (FAC MAINT & CIP)	934.4					
	*** PROGRAM TOTAL ***	14440.7	13338.2	12943.0	13145.7	-202.7	-1.5%
	MARINE ADMINISTRATION						
212	ADMINISTRATION	2372.1	2306.6	2320.8	2517.4	-196.6	-7.8%
214	DATA AND WORD PROCESSING		94.0				
	*** PROGRAM TOTAL ***	2372.1	2400.6	2320.8	2517.4	-196.6	-7.8%
	MARINE FACILITIES ENGINEERING						
218	MANAGEMENT	373.2	461.4	433.0	433.0		
220	CIP	942.6	1350.7	1341.5	1341.5		

## \* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

SHORT FORM PAGE	BUDGET COMPONENT	85 ACT	86 AUTH	OMB REV	GOVERNOR	OMB REV - GOVERNOR COMPARISON	
	*** PROGRAM TOTAL ***	1315.8	1812.1	1774.5	1774.5		
	MARINE MARKETING AND SERVICES						
224	MARKETING MANAGEMENT	935.4	1415.8	1649.4	1773.6	-124.2	-7.0%
226	SOUTHEAST SHORE FACILITIES	2416.0	2425.1	2472.6	2744.4	-271.8	-9.9%
228	SOUTHWEST SHORE FACILITIES	718.2	650.5	678.2	678.2		
230	DATA AND WORD PROCESSING	223.9	258.0				
	*** PROGRAM TOTAL ***	4293.5	4749.4	4800.2	5196.2	-396.0	-7.6%
	MARINE OPERATIONS						
	MANAGEMENT	616.0	764.4	1047.8	830.6	217.2	26.1%
234	SOUTHEAST VESSEL OPER/OVERHAUL	47580.7	49587.1	44765.1	47233.5	-2468.4	-5.2%
236	SOUTHWEST VESSEL OPER/OVERHAUL	9256.1	9626.0	9342.4	9342.4		
238	*** PROGRAM TOTAL ***	57452.8	59977.5	55155.3	57406.5	-2251.2	-3.9%
	*** TRANSPORTATION TOTAL ***	273018.1	293972.1	283991.7	289879.0	-5887.3	-2.0%
	***** TOTAL AGENCY EXPENDITURES	273018.1	293972.1	283991.7	289879.0	-5887.3	-2.0%
	***** AGENCY FUNDING						
	FED RCPTS	1557.3	2707.0	3697.6	3697.6		
	GEN FUND	176277.4	177803.5	165895.6	172327.0	-6431.4	-3.7%
	OTHER FUNDS	95183.4	113461.6	114398.5	113854.4	544.1	0.5%

## \* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

BUDGET COMPONENT	86 AUTH	GOVERNOR	OMB REV	EXPLANATION OF CHANGES (EXCEPT GENERAL REDUC	
TRANSPORTATION OFFICE OF THE COMMISSIONER					
2	COMMISSIONER'S OFFICE	-584.1	-187.4	612.0	
4	STATEWIDE DEPUTY COMMISSIONER	892.5	257.0	253.4	
6	EQUAL EMPLOYMENT & CIVIL RIGHT		737.3	<del>747.1</del>	Delete <747.1>
8	DATA AND WORD PROCESSING	11.1			
	*** PROGRAM TOTAL ***	319.5	806.9	1612.5	
STATEWIDE INTERNAL REVIEW					
12	INTERNAL REVIEW	786.5	879.8	873.9	
14	DATA & WORD PROCESSING	6.4			
	*** PROGRAM TOTAL ***	792.9	879.8	873.9	
STATEWIDE MANAGEMENT & FINANCE					
18	MANAGEMENT AND FINANCE	2444.8	2141.0	2233.2	
20	DATA AND WORD PROCESSING	95.2			
22	STATE EQUIPMENT FLEET	379.7	441.0	441.0	
	*** PROGRAM TOTAL ***	2919.7	2582.0	2674.2	
STATEWIDE INFORMATION SYSTEMS					
26	INFORMATION SYSTEMS STATE PLANS, PROGRAMS & BUDGET	2745.9	2784.8	2757.1	
30	PLANS, PROGRAMS & BUDGET	1754.4	1986.8	1878.8	
32	STATEWIDE AVIATION PLANNING		253.5	250.5	
34	DATA AND WORD PROCESSING	100.0			
	*** PROGRAM TOTAL ***	1854.4	2240.3	2129.3	
STATEWIDE RESEARCH					

## \* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

BUDGET COMPONENT	86 AUTH	GOVERNOR	OMB REV	EXPLANATION OF CHANGES (EXCEPT GENERAL REDUC
38 STATEWIDE RESEARCH STATEWIDE ENG & OPS STANDARDS	861.7	850.7	<del>879.8</del> <del>1143.8</del>	Delete CF for positions funded with CIP Receipts in FY 86 (223.2)
42 ENG & OPS STANDARDS	2478.7	2350.9	2311.4	
44 DATA AND WORD PROCESSING	26.3			
46 CIP PROGRAM	3492.8	3497.5	3497.5	
*** PROGRAM TOTAL ***	5997.8	5848.4	5808.9	
CENTRAL REGION ADMIN SERVICES				
50 ADMINISTRATIVE SERVICES	2060.9	2033.4	1809.3	
52 STATE EQUIPMENT FLEET	6130.4	6132.1	6132.1	
54 DATA AND WORD PROCESSING	20.7			
56 AIRPORT LEASING	361.8	293.8	271.2	
*** PROGRAM TOTAL ***	8573.8	8459.3	8212.6	
CENTRAL REGION PLANNING				
60 PLANNING	1550.9	1230.1	1175.4	
62 STATEWIDE AVIATION PLANNING	274.5			
64 DATA AND WORD PROCESSING	25.0			
*** PROGRAM TOTAL ***	1850.4	1230.1	1175.4	
CENTRAL REGION DESIGN & CONST.				
68 ENGINEERING MANAGEMENT	5095.3	5251.4	5161.2	
70 DATA AND WORD PROCESSING	189.3			
72 CIP PROGRAM	23151.4	23139.0	23139.0	
*** PROGRAM TOTAL ***	28436.0	28390.4	28300.2	
CENTRAL REGION MAINT. & OPER.				
76 HIGHWAYS AND AVIATION	28423.8	28520.4	27142.7	

\*\*\*\*\* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \*\*\*\*\*

BUDGET COMPONENT	86 AUTH	GOVERNOR	OMB REV	EXPLANATION OF CHANGES (EXCEPT GENERAL REDUC
78 TRAFFIC SIGNAL MANAGEMENT	826.0	826.0	826.0	
80 FACILITIES	3488.2	3421.4	3395.7	
82 ADMINISTRATION	1295.6	1244.0	1229.4	
84 DATA AND WORD PROCESSING	3.1			
*** PROGRAM TOTAL ***	34036.7	34011.8	32593.8	
ANCHORAGE INT AIRPORT				
88 FIELD MAINTENANCE	2852.4	3090.0	3090.0	
90 BUILDING MAINTENANCE	3650.7	3647.8	3647.8	
92 SECURITY	4093.4	4063.0	4063.0	
94 CUSTODIAL	3391.9	3272.2	3272.2	
96 EQUIPMENT MAINTENANCE	1159.5	1319.5	1319.5	
98 ADMINISTRATION	3353.0	3661.7	3661.7	
100 DATA AND WORD PROCESSING	17.8	60.8	60.8	
*** PROGRAM TOTAL ***	18518.7	19115.0	19115.0	
NORTH REGION ADMIN. SERVICES				
104 INTERIOR DIS. ADMIN. SERVICES	2007.3	1983.1	1838.9	
106 WESTERN DIS. ADMIN. SERVICES	345.3	341.0	341.0	
108 SOUTHCENTRAL DIS. ADMIN. SVCS	356.8	351.1	349.5	
110 DATA AND WORD PROCESSING	38.5	38.5	38.5	
112 INTERIOR DIS STATE EQUIP FLEET	6817.4	6811.6	7008.6	
114 WESTERN STATE EQUIP. FLEET	936.2	935.2	935.2	
116 SC DISTRICT STATE EQUIP. FLEET	2330.2	2328.3	2328.3	
*** PROGRAM TOTAL ***	12831.7	12788.8	12840.0	
NORTHERN REGION PLANNING				

## \* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

BUDGET COMPONENT	86 AUTH	GOVERNOR	OMB REV	EXPLANATION OF CHANGES (EXCEPT GENERAL REDUC
120 PLANNING	1242.9	1008.8	1000.8	
122 DATA AND WORD PROCESSING	.5			
*** PROGRAM TOTAL ***	1243.4	1008.8	1000.8	
NORTHERN REGION DESIGN & CONST				
126 ENGINEERING MANAGEMENT	3126.5	3004.9	2994.1	
128 DATA AND WORD PROCESSING	217.5			
130 CIP PROGRAM	21239.7	21133.4	21133.4	
*** PROGRAM TOTAL ***	24583.7	24138.3	24127.5	
INTERIOR DISTRICT MAINT & OPER				
134 HIGHWAYS & AVIATION	22982.2	22625.7	21416.0	
136 FACILITIES	4811.1	4737.7	4682.2	
138 ADMINISTRATION	1198.4	1045.4	813.4	
*** PROGRAM TOTAL ***	28991.7	28408.8	26911.6	
WESTERN DISTRICT MAINT & OPER				
140 HIGHWAYS AND AVIATION	4132.5	4201.9	4033.9	
142 FACILITIES	782.8	710.0	710.0	
144 ADMINISTRATION	338.3	319.8	195.5	
*** PROGRAM TOTAL ***	5253.6	5231.7	4939.4	
SOUTHCENTRAL DISTRICT M & O				
146 HIGHWAYS AND AVIATION	7283.6	7283.6	7015.4	
148 FACILITIES	2093.0	2033.8	2030.2	
150 ADMINISTRATION	446.7	441.4	333.2	
*** PROGRAM TOTAL ***	9823.3	9758.8	9378.8	
FAIRBANKS INT AIRPORT				

## \* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

BUDGET COMPONENT	86 AUTH	GOVERNOR	OMB REV	EXPLANATION OF CHANGES (EXCEPT GENERAL REDUC
154 FIELD MAINTENANCE	1515.5	1694.1	1694.1	
156 BUILDING MAINTENANCE	1414.5	1432.3	1432.3	
158 SECURITY	2832.3	2717.9	2717.9	
160 CUSTODIAL	721.1	683.1	683.1	
162 ADMINISTRATION	1110.0	1170.7	1367.8	
*** PROGRAM TOTAL ***	7593.4	7698.1	7895.2	
S.E. REGION ADMIN. SERVICES				
166 ADMINISTRATIVE SERVICES	1315.8	1198.5	1103.8	
168 DATA AND WORD PROCESSING	9.8			
170 STATE EQUIPMENT FLEET	2032.6	2015.4	2015.4	
*** PROGRAM TOTAL ***	3358.2	3213.9	3119.2	
SOUTHEAST REGION PLANNING				
174 PLANNING	583.2	381.9	379.4	
176 DATA AND WORD PROCESSING	15.1			
*** PROGRAM TOTAL ***	598.3	381.9	379.4	
SOUTHEAST REGION DES. & CONST.				
180 ENGINEERING MANAGEMENT	1681.3	1338.9	1338.9	
182 DATA AND WORD PROCESSING	106.5			
184 CIP PROGRAM	8721.7	8671.2	8671.2	
*** PROGRAM TOTAL ***	10509.5	10010.1	10010.1	
SOUTHEAST REGION M & O				
188 HIGHWAYS & AVIATION	8037.0	7888.2	7794.0	
190 FACILITIES	4891.6	4852.9	4751.5	
192 ADMINISTRATION	409.6	404.6	397.5	
*** PROGRAM TOTAL ***	13338.2	13145.7	12943.0	

\*\*\*\*\* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \*\*\*\*\*

BUDGET COMPONENT	86 AUTH	GOVERNOR	OMB REV	EXPLANATION OF CHANGES (EXCEPT GENERAL REDUC
<b>MARINE ADMINISTRATION</b>				
196 ADMINISTRATION	2306.6	2517.4	2320.8	
198 DATA AND WORD PROCESSING	94.0			
*** PROGRAM TOTAL ***	2400.6	2517.4	2320.8	
<b>MARINE FACILITIES ENGINEERING</b>				
202 MANAGEMENT	461.4	433.0	433.0	
204 CIP	1350.7	1341.5	1341.5	
*** PROGRAM TOTAL ***	1812.1	1774.5	1774.5	
<b>MARINE MARKETING AND SERVICES</b>				
208 MARKETING MANAGEMENT	1415.8	1773.6	1649.4	
210 SOUTHEAST SHORE FACILITIES	2425.1	2744.4	2472.6	
212 SOUTHWEST SHORE FACILITIES	650.5	678.2	678.2	
214 DATA AND WORD PROCESSING	258.0			
*** PROGRAM TOTAL ***	4749.4	5196.2	4800.2	
<b>MARINE OPERATIONS</b>				
218 MANAGEMENT	764.4	830.6	1047.8	
220 SOUTHEAST VESSEL OPER/OVERHAUL	49587.1	47233.5	44765.1	
222 SOUTHWEST VESSEL OPER/OVERHAUL	9626.0	9342.4	9342.4	
*** PROGRAM TOTAL ***	59977.5	57406.5	55155.3	
*** TRANSPORTATION TOTAL ***	293972.1	289879.0	283991.7	
***** TOTAL AGENCY EXPENDITURES	293972.1	289879.0	283991.7	
***** AGENCY FUNDING				
FED RCPTS	2707.0	3697.6	3697.6	
GEN FUND	177803.5	172327.0	165895.6	164925.3
OTHER FUNDS	113461.6	113854.4	114398.5	Additional Potential Savings 970.3

Original sponsor: Rules/Legislative Budget  
and Audit Committee

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 505 ( )  
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 state vehicles and equipment;  
7 eliminating the working capital fund; and providing  
8 for an effective date."

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

10 \* Section 1. AS 19.05.060 is amended to read:

11 Sec. 19.05.060. SALE OF OBSOLETE EQUIPMENT AND MATERIAL. The  
12 department may sell, exchange or otherwise dispose of obsolete  
13 machinery, equipment and material no longer needed, required or useful  
14 for construction or maintenance purposes. Money derived from the sale  
15 of ~~the~~ property shall be deposited in the general fund [CREDITED TO  
16 THE FUNDS FROM WHICH THE PURCHASE WAS ORIGINALLY MADE].

17 \* Sec. 2. AS 35.20.060 is amended to read:

18 Sec. 35.20.060. SALE OF OBSOLETE EQUIPMENT AND MATERIAL. The  
19 department may sell, exchange or otherwise dispose of obsolete  
20 machinery, equipment and material no longer needed, required or useful  
21 for construction or maintenance purposes. Money derived from the sale  
22 of the property shall be deposited in the general fund [CREDITED TO  
23 THE FUND FROM WHICH THE PURCHASE WAS ORIGINALLY MADE].

24 \* Sec. 3. AS 44.68 is amended by adding new sections to read:

25 Sec. 44.68.050. REPAIR AND MAINTENANCE OF VEHICLES. A state  
26 agency that obtains the use of a vehicle from the Department of Trans-  
27 portation and Public Facilities is responsible for the repair and  
28 maintenance of the vehicle. The agency may contract with persons in  
29 the private sector or with the Department of Transportation and Public

Facilities for the repair and maintenance. Each agency shall include in its annual budget a request for an amount necessary to repair and maintain all vehicles it has obtained from the department.

Sec. 44.68.060. VEHICLE AND EQUIPMENT FUND. There is established in the Department of Transportation and Public Facilities the vehicle and equipment fund composed of money appropriated to the fund each fiscal year. Money from the fund shall be used by the department for the purchase of automotive and motorized vehicles, including construction equipment, for the use of state agencies. The unencumbered cash balance at fiscal year end shall not exceed 110% of the amount budgeted for replacement costs. Any amount which exceeds 110% of the budgeted replacement cost lapses into the general fund.

Sec. 44.68.070 CALCULATION OF VEHICLE REPLACEMENT COST.

Each year the commissioner of Transportation and Public Facilities shall prepare an estimate of replacement cost for all vehicles and equipment to be retired in the next fiscal year and \* → submit the calculation to the governor to be included in the operating budget as an appropriation to the vehicle and equipment fund. The department shall maintain records for each vehicle and piece of equipment showing purchase cost, estimated life, replacement cost, depreciation schedule, maintenance and repair costs, and hours or miles of operation.

\*Sec. 4. AS 44.74.010 - 44.74.060 are repealed.


\*Sec. 5. This Act takes effect July 1, 1986.



Dept. of Transportation & Public Facilities

# Position Paper

**BILL NO:** CS for House Bill 505

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

**TITLE:** An Act relating to State vehicles and equipment; eliminating the working capital fund; and providing for an effective date. **DATE:** March 26, 1986

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The Department of Transportation and Public Facilities offers the following comments on each of the sections proposed in CS HB 505:

**Section 1 and 2. SALE OF OBSOLETE EQUIPMENT AND MATERIAL.**

The impact of these sections would be to require the State Equipment Fleet (SEF) to increase its fixed fee rates over its current rate which now reflects credit to the user for an excessed vehicle's salvage value. Currently, the SEF retains salvage value funds received when a vehicle is sold in anticipation of its replacement. The anticipated salvage value receipt is credited to the user thereby reducing the cost basis upon which his fixed fee rate is calculated. The Department currently utilizes a 15% salvage value for its fixed fee calculations. Passage of this section would have the effect of increasing user operating budget requirements for fixed fee rates instead of allowing users to utilize salvage values received by SEF in future years for the funding of their vehicle replacements. The Department opposes Sections 1 and 2 since it increases current cash requirements unnecessarily.

**Section 3. REPAIR AND MAINTENANCE OF VEHICLES.**

This section would preclude the Department from utilizing its current vehicle type assignment policy. Current policy requires that all vehicles that have road access to a State Equipment Fleet maintenance shop be assigned to a user as a wet rental vehicle. Wet rentals require the user to pay a usage rate and to utilize SEF shops for all preventative and required repairs. The Department's current policy is based upon a firm conviction that it is in the state's best interest to insure effective preventative maintenance on all state equipment. The effect of this section would be to, in many cases, preclude the assurance of effective preventative maintenance with a resulting increase in the life cycle cost of the vehicle. A review of SEF's unit costs in comparison to private sector indicates a high degree of comparability.

For further information call Susan Fleischhauer at 465-3900.

While Section 3 may have the impact of reducing current year operating budgets for user agencies, this reduction is achieved solely by reducing levels of maintenance on equipment which would mean higher major repair bills later and shorter lives for vehicles. These later impacts would increase costs to the state for vehicle usage. The Department opposes section 3 since its impact would be to increase the cost to the State for vehicle services comparable to what is being achieved with current policy.

#### VEHICLE AND EQUIPMENT FUND.

CS HB 505 proposes a vehicle equipment fund similar to the current Highway Working Capital Fund. The proposed bill would force lapses from the fund should the fund balance exceed a 110% of the budgeted replacement cost in any fiscal year. The Department's main concern is that there be a vehicle and equipment replacement fund and that sufficient balances be insured to meet future replacement program needs and working capital requirements for the operating program. While the Department's major concerns are not jeopardized with the proposed wording we can see little benefit above that which can be accomplished with the current HWCF.

#### CALCULATION OF VEHICLE REPLACEMENT COST.

This portion of CS HB 505 requires that revenues to the Vehicle and Equipment Fund for vehicle replacement be budgeted in a lump sum in the capital budget. The lump sum amount must reflect a depreciation calculation which may not exceed 100% of its expected replacement cost. The concept of depreciation is based upon a loss in value of a vehicle's actual cost and does not necessarily include the recapture of monies necessary to replace the current vehicle with a future vehicle at a higher cost reflecting inflation. With fund balances being limited to a 110% of next years budget replacement cost, and revenues to the fund being limited by a depreciation calculation, there is a real concern that a given years depreciation calculation may not provide sufficient revenues to meet the following years replacement program in the event that a large number of expensive vehicles require replacement. The Department opposes both the lapsing requirement and the depreciation calculation for the vehicle and equipment funding since it does not assure a constant and sufficient flow of funding to meet required replacement programs based upon best available preventative maintenance and replacement technology.

In addition, the current procedure of user agencies requesting fixed fees for replacement in their annual operating budget provides the agency an annual review of its vehicle needs and provides a mechanisms for user agencies to collect costs against federal-aid reimbursement programs and projects. A single lump sum DOT&PF budget request does not require user agency reviews nor does it assist user agency to manage cost allocation records for a vehicles acquisition cost. For the Department of Transportation and Public Facilities, \$2 million is annually reimbursed by FHWA within its highway program, however, these funds would be redirected into highway construction requiring general fund monies to be budgeted to replace lost federal reimbursement for vehicle acquisition and replacement. For various "no lid" reimbursement programs, failure to record adequately vehicle acquisition expenses to federal-aid reimbursement eligible programs would cause a direct loss of federal reimbursement receipts and a corresponding direct increase in general fund expenditures. While these cost allocation needs may be achieved by an administrative system in addition to that required to that to manage the Vehicle and Equipment Fund, such a need would require additional system development, staff development, cost and paperwork.

#### Section 4. REPEAL OF AS 44.74.

This section would repeal all enabling legislation which allows the Department of Transportation and Public Facilities to operate the State Equipment Fleet and manage the Highway Working Capital Fund. Elimination of current enabling legislation would require the Department to redesign its systems of management to reflect the new requirements of CS HB 505 with subsequent cost for system development, staff development, and conversion inefficiencies.

#### Section 5. Effective Date.

This section would require the Department to manage the State Equipment Fleet based upon the guidelines and concepts in CS HB 505 at the start of FY87. With the exception of new systems for cost distribution related to federal-aid billings, achieving conversion into a vehicle and equipment fund as noted in CS HB 505 should be no problem.

Overall, the Department has numerous reservations on the proposed bill. Problems noted in the Department's current management of the State Equipment Fleet and the Highway Working Capital Fund can be accommodated and eliminated without statutes. The Department has a commitment to maintain the most cost effective maintenance for all vehicles with adequate controls to assure the highest utilization of its vehicles. The proposed bill introduces many new concepts which would have a tendency to increase the life cycle cost of the vehicle, remove incentives for high vehicle utilization, and potentially reduce federal reimbursement receipts, and increase general fund requirements.

## SECTIONAL ANALYSIS

### PROPOSED AMENDMENT TO HOUSE BILL 505

Section 1. Amends Highways and Ferries statute to require that money derived from sale of vehicles and property be deposited in general fund. Heretofore, money was deposited in Highway Equipment Working Capital Fund, or International Airport Revenue Fund.

Section 2. Amends Public Buildings statute to require that money derived from sale of vehicles and property be deposited in general fund. Heretofore, money was deposited in HEWCF or IARF.

Section 3. Amends Title 44, State Government, Chapter 68, State Owned Vehicles, by adding a new section making General Services and Supply in the Department of Administration the purchasing authority for all vehicles and equipment. (GSS already exists and performs this function but they are not set out in statute.)

Section 4. Amends Title 44 by transferring from DOT/PF to Department of Administration the authority to define proper use of state vehicles, and provide for proper marking of vehicles.

Section 5. Adds three new sections to Title 44.68:

44.68.050 Allows state agencies to use State Equipment Fleet facilities or private contractors (gas stations) to repair vehicles;

44.68.060 Establishes Vehicle Fund in Department of Administration to which is appropriated each year the depreciated amount for each vehicle which will be used to fund replacement of each vehicle. Provides for legislative approval of GSS shopping list each year before GSS can expend the money to replace vehicles.

44.68.70 Provides that GSS prepare a depreciation calculation each year for all vehicles and submit the calculations for legislative approval. Further provides that the Vehicle Fund cannot accumulate more than 100% of the replacement value. If vehicles are deleted and not replaced, the depreciation for that vehicle returns to the general fund.

Section 6. Amends 44.74 (Management and Disposition) Section 070 (Transfer to Political Subdivisions) to change DOT/PF to DOA for authority to transfer excess equipment to local governments.

## STATE EQUIPMENT FLEET - MANAGEMENT IMPROVEMENTS

### BACKGROUND

The State Equipment Fleet and its funding source the Highway Working Capital Fund (HWCF) have operated since 1960 as a revolving fund covering both vehicle replacement and vehicle operations and maintenance. The policies behind the State Equipment Fleet rates were to insure sufficient funds for vehicle replacement and sufficient HWCF balances to fund State Equipment Fleet maintenance operations. There never was an intent for the rates to be producing "profits," however, the original policy creating the HWCF as designed produces large HWCF balances.

In 1986, the HWCF balance is over \$47 million and rising. There have been four previous legislative deductions from the HWCF totalling over \$20 million. Many have felt that the large balances within the HWCF are inappropriate and reflect some failure on the part of the Department of Transportation and Public Facilities to appropriately manage the HWCF.

Historically, the policy for the fund was to insure sufficient HWCF balances which, when added to the salvage value estimates for all equipment, would produce a combination to sufficiently fund the replacement of all vehicles in the fleet. Currently, the State Equipment Fleet has on inventory approximately \$78 million of equipment, \$44 million of which has been depreciated through use leaving \$34 million in current estimated book (salvage) value. This \$34 million coupled with the \$47 million HWCF balance is adequate, but not overly so, to replace the current \$78 million in original assets at current inflated values. Overall, the large balances in the HWCF can be justified only if our historical policy of fully funding all vehicle depreciation and accumulating these reserves in the HWCF is still an acceptable policy.

### RATE SETTING

There are currently two kinds of rates affecting the HWCF:

Operating Rates which are based upon usage, either miles or hours or months, and are calculated for classes of vehicle based upon experienced operating costs for vehicles within the class.

Fixed Replacement Rates which are assessed annually to users of vehicles in amounts sufficient to cover the average depreciation of vehicles within the class.

There have been a number of ways in which excess funds have been collected in the HWCF:

- ° Inflated fixed fees for replacement.
- ° Inflated usage rates.
- ° Retention of salvage values for non replaceable vehicles.
- ° Retention of replacement funds for excessed vehicles.
- ° Compounding receipts to cover inflation in the replacement program.
- ° Replacement fees which were not curtailed when the vehicle reached the end of its paper life.
- ° Over budgeting of replacement costs.

#### CURRENT MANAGEMENT PROPOSALS

The Department of Transportation and Public Facilities has developed a number of proposed changes to the management and operations of both the State Equipment Fleet and the Highway Working Capital Fund. These proposals fall into three basic categories:

1. Redefinition of the Replacement Fund Financing.
2. A New Rate Setting Policy.
3. A Cash Balance Cap.

#### Replacement Fund Financing

The Department recommends accumulating replacements funds solely to the extent necessary to meet cash flow demands for annual replacements of the fleet. Thus, the HWCF need not retain a balance which when added to projected salvage values equals the fleets total capitalization. Rather, revenues to the HWCF and balances retained would be reduced to within limits that are necessary to meet annual cash flow requirements for replacement expenditures and working capital reserves for the operation of the fleet. The proposed financial plan for the HWCF indicates that a one time reduction of \$30 million in FY'87 will place the HWCF and the State Equipment Fleet into a stable annual financing program with minimum cash balances.

#### Rate Setting Improvements

Rate setting within the State Equipment Fleet will be dramatically altered, partly supported by the new management information system recently implemented (EMS). The Headquarters of the State Equipment Fleet will maintain a posture of "a banker," financing for users individual equipment purchases. The following changes would be made:

- ° Fixed replacement rates would be calculated once at the time of the users acceptance of the vehicle and the annual rate would be unique to that vehicle, based upon its actual

cost of purchase and transportation, and be held consistent through the paper life of the vehicle. When a vehicle reaches its paper life, fixed fees stop. A financing percentage rate would be applied to cover anticipated inflation cost for the replacement vehicle. This percentage rate would be reassessed annually and apply to all future fixed replace costs financing contracts. The rate would be adjusted to assure sufficient, but not excess, positive balances in the HWCF. Initial estimates are that a 10% financing rate would be sufficient and if applied would immediately reduce fixed fee replacement rates on average 25% with a savings to users annually of \$4-5 million.

- Operating rates would be recalculated based upon the cost collected for vehicles within a class by the new equipment management system (EMS). User rates by class would be maintained. Classes are defined to separate users by agency and DOT&PF users by region. In specific cases where there are too few vehicles in a class and there are large operating cost differences between vehicles in that class, individual vehicle user rates may be calculated and applied. Use revenues collected annually in excess of actual operating expenditures will be lapsed to the General Fund.

#### Cash Balance Cap

Even with the proposed financing plan, it is possible that in certain unique years large cash balances may accumulate in HWCF. Under these circumstances, there should be a cap in place which by formula requires the HWCF to lapse a portion of its balance. This cap should be calculated based upon figures which can be audited by the State's accounting system. A reasonable proposal would be to have at the end of each fiscal year a calculation done which compares the total assets of the fleet to the amount that is held as the cash balance. Cash as a percentage of the entire fleet's assets should be limited to no more than 20%. All cash balances in excess of 20% should be lapsed from the General Fund.

#### SUMMARY

The HWCF and the State Equipment Fleet that it supports is an extremely valuable entity to the State of Alaska. Recent audits, while critical of the large excess balances in the HWCF, have all remarked on the high maintenance and productivity standards of equipment. The Department's safety records and servicability records for State Equipment Fleet vehicles is an envy of many states as a direct result of a highly effective equipment replacement program. Management improvements to the State Equipment Fleet have been directed at dealing specifically with the problems of having unnecessary General Fund monies "locked up" in the HWCF, the lack of user flexibility which limits using State Equipment Fleet vehicles for their funded productive purpose.

FUND ASSETS BY ACCOUNT	DATED @
22652 WORKING CAPITAL FUND	FUND
COA: 1986	
ENTITY NUMBER - DESCRIPTION	
-----	
S88 10000 TOTAL ASSETS	
S88 10040 CASH	40.00
S88 10100 RECEIVABLES	47,105,555
S88 10601 OTHER CURRENT ASSETS	32,783
S88 10610 INVENTORIES	2,757,539
S88 10640 FIXED ASSETS	
Machinery And Equipment at Cost (Note 4)	78,540,226
Less : Allowance for Depreciation (note 1)	(44,662,023)
	-----
	33,878,303
S88 10900 CONVERSION ACCOUNTS	49,895,877
	-----
	83,774,180
S88 20000 TOTAL LIABILITIES	
S88 21000 CURRENT LIABILITIES	(823,298)
	-----
NET FUND BALANCE = ASSETS LESS LIABILITIES	182,950,942
	-----

NOTE AKSAS CAN NOT BE USED DIRECTLY TO FIND FUND EQUITY UNTIL  
AFTER REVENUE AND EXPENDITURE ACCOUNTS ARE CLOSED

Sample of bank financing at 10X

VEHICLE	CLASS	ACQ DATE	FY84	FY89	REPLACE	PER	AMOUNT	10X	10X	10X	10X	10X	10X	10X	10X	10X	10X	10X	10X			
								MO/PAY	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	
V-26695	104D	08/01/83	07/30/88	5	6,795	113	1,359	1,359	1,359	2,141	2,211	2,211	2,211	2,211	2,702	2,822	2,822	2,822	2,822			
V-26696	104D	08/01/83	07/30/88	5	6,795	119	1,359	1,359	1,359	2,141	2,211	2,211	2,211	2,211	2,702	2,822	2,822	2,822	2,822			
V-26710	122D	08/01/83	07/30/88	5	8,440	141	1,688	1,688	1,688	2,659	2,746	2,746	2,746	2,746	3,856	3,505	3,505	3,505	3,505			
V-26711	108D	08/01/83	07/30/88	5	7,573	126	1,515	1,515	1,515	2,386	2,464	2,464	2,464	2,464	3,011	3,145	3,145	3,145	3,145			
V-26712	108D	08/01/83	07/30/88	5	7,573	126	1,515	1,515	1,515	2,386	2,464	2,464	2,464	2,464	3,011	3,145	3,145	3,145	3,145			
V-26713	108D	08/01/83	07/30/88	5	7,573	126	1,515	1,515	1,515	2,386	2,434	2,464	2,464	2,464	3,011	3,145	3,145	3,145	3,145			
V-26714	108D	08/01/83	07/30/88	5	7,573	126	1,515	1,515	1,515	2,386	2,464	2,464	2,464	2,464	3,011	3,145	3,145	3,145	3,145			
V-26715	108D	08/01/83	07/30/88	5	7,573	126	1,515	1,515	1,515	2,386	2,464	2,464	2,464	2,464	3,011	3,145	3,145	3,145	3,145			
V-26717	104D	09/01/83	08/30/88	5	6,795	113	1,359	1,359	1,359	2,069	2,211	2,211	2,211	2,211	2,578	2,822	2,822	2,822	2,822			
V-26718	122D	09/01/83	08/30/88	5	8,640	144	1,728	1,728	1,728	2,630	2,812	2,812	2,812	2,812	3,277	3,588	3,588	3,588	3,588			
V-26741	116D	09/01/83	08/30/88	5	11,154	186	2,231	2,231	2,231	3,396	3,630	3,630	3,630	3,630	4,231	4,632	4,632	4,632	4,632			
V-26745	116D	09/01/83	08/30/88	5	11,154	186	2,231	2,231	2,231	3,396	3,630	3,630	3,630	3,630	4,231	4,632	4,632	4,632	4,632			
V-26746	116D	09/01/83	08/30/88	5	11,154	186	2,231	2,231	2,231	3,396	3,630	3,630	3,630	3,630	4,231	4,632	4,632	4,632	4,632			
V-26773	116D	09/01/83	08/30/88	5	11,304	188	2,261	2,261	2,261	3,441	3,678	3,678	3,678	3,678	4,288	4,695	4,695	4,695	4,695			
V-26812	116D	11/01/83	10/30/88	5	11,304	188	2,261	2,261	2,261	3,205	3,678	3,678	3,678	3,678	3,881	4,695	4,695	4,695	4,695			
								191,400	2,190	26,280	26,280	26,280	40,406	42,758	42,758	42,758	42,758	50,532	54,572	54,572	54,572	54,572

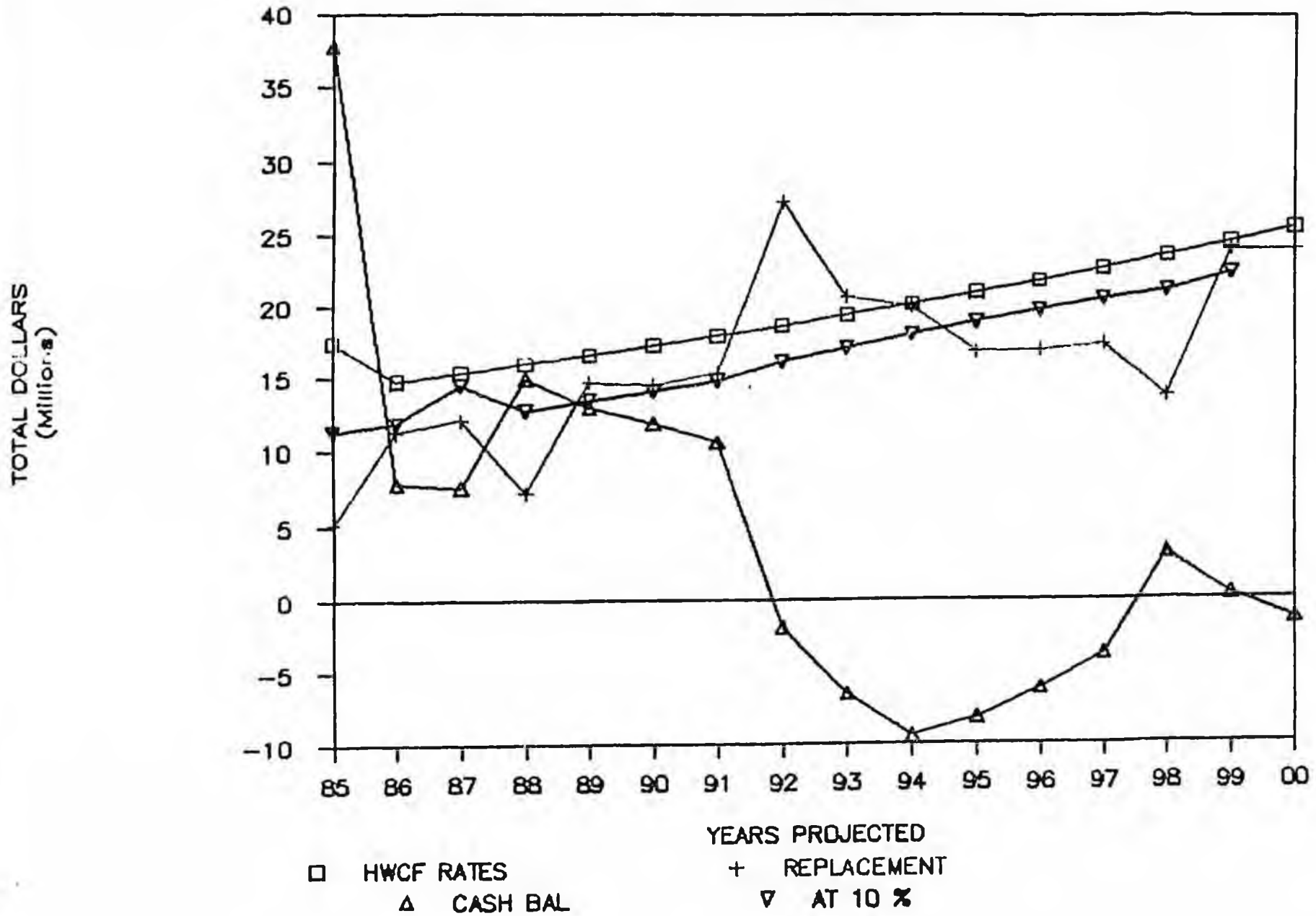
Sample of HWCF RATES

VEHICLE CLASS	ACQ DATE	REPLACE	PER AMOUNT	HWCF RATE	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998		
					AM PAY	AM PAY	AM PAY	AM PAY	AM PAY	AM PAY	AM PAY	AM PAY	AM PAY	AM PAY	AM PAY	AM PAY	AM PAY		
V-26695	1040	08/01/89	07/30/88	5	6,795	134	1,608	1,688	1,773	1,861	1,955	2,052	2,155	2,263	2,376	2,495	2,619	2,750	2,889
V-26696	1040	08/01/89	07/30/88	5	6,795	134	1,608	1,688	1,773	1,861	1,955	2,052	2,155	2,263	2,376	2,495	2,619	2,750	2,888
V-26710	122D	08/01/88	07/30/88	5	8,440	161	1,932	2,029	2,130	2,237	2,348	2,466	2,589	2,719	2,854	2,997	3,147	3,304	3,470
V-26711	1080	08/01/83	07/30/88	5	7,578	135	1,620	1,701	1,786	1,875	1,969	2,068	2,171	2,280	2,393	2,513	2,639	2,771	2,909
V-26712	1080	08/01/83	07/30/88	5	7,578	135	1,620	1,701	1,786	1,875	1,969	2,068	2,171	2,280	2,393	2,513	2,639	2,771	2,909
V-26713	1080	08/01/83	07/30/88	5	7,573	135	1,620	1,701	1,786	1,875	1,969	2,068	2,171	2,280	2,393	2,513	2,639	2,771	2,909
V-26714	1080	08/01/83	07/30/88	5	7,573	135	1,620	1,701	1,786	1,875	1,969	2,068	2,171	2,280	2,393	2,513	2,639	2,771	2,909
V-26715	1080	08/01/83	07/30/88	5	7,573	135	1,620	1,701	1,786	1,875	1,969	2,068	2,171	2,280	2,393	2,513	2,639	2,771	2,909
V-26717	1040	09/01/89	08/30/88	5	6,795	134	1,608	1,688	1,773	1,861	1,955	2,052	2,155	2,263	2,376	2,495	2,619	2,750	2,888
V-26718	122D	09/01/83	08/30/88	5	8,640	161	1,932	2,029	2,130	2,237	2,348	2,466	2,589	2,719	2,854	2,997	3,147	3,304	3,470
V-26741	1160	09/01/89	08/30/88	5	11,154	227	2,724	2,860	3,003	3,153	3,311	3,477	3,650	3,833	4,025	4,226	4,437	4,659	4,892
V-26745	1160	09/01/83	08/30/88	5	11,154	227	2,724	2,860	3,003	3,153	3,311	3,477	3,650	3,833	4,025	4,226	4,437	4,659	4,892
V-26746	1160	09/01/83	08/30/88	5	11,154	227	2,724	2,860	3,003	3,153	3,311	3,477	3,650	3,833	4,025	4,226	4,437	4,659	4,892
V-26773	1160	09/01/83	08/30/88	5	11,304	227	2,724	2,860	3,003	3,153	3,311	3,477	3,650	3,833	4,025	4,226	4,437	4,659	4,892
V-26812	1160	11/01/83	10/30/88	5	11,304	227	2,724	2,860	3,003	3,153	3,311	3,477	3,650	3,833	4,025	4,226	4,437	4,659	4,892
					191,400	2,534	80,408	31,928	93,525	35,201	36,961	38,809	40,750	42,787	44,926	47,178	49,581	52,088	54,608
					944	4,128	5,648	7,245	(5,204)	(5,797)	(9,949)	(2,009)	29	(5,606)	(7,399)	(5,040)	(2,564)		37

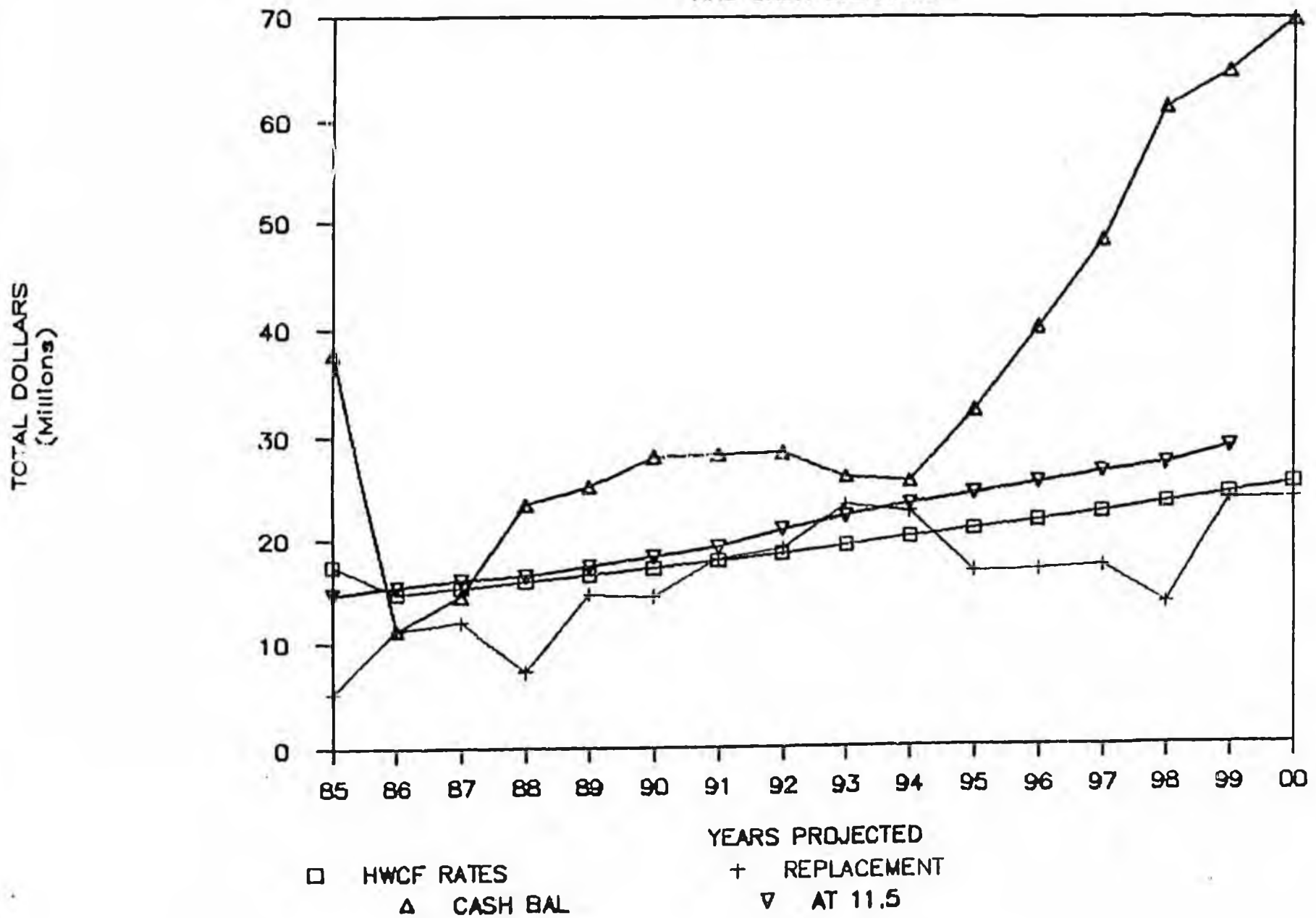
**CENTRAL REGION EQUIPMENT FLEET  
RATE COMPUTATION  
(# IN THOUSANDS)  
FEBRUARY 14, 1986**

Central Region Equipment Fleet Rate Computation 7487 Base	71000 Pcs. Serv.	72000 Travel	73000 Contractual	74000 Supply	75000 Equipment	TOTAL	
BUDGET COST TO RECOVER ACTIVITIES FOR RECOVERY	28400	286	1,2493	1,9241	544	6094	
• PARTS							
• FUEL							
• SERVICE							
COMPUTATION (# in thousands)	AMOUNT	ADMIN	PARTS	FUEL	LIGHT DUTY	HEAVY DUTY	EXPLANATION
PERSONAL SERVICES SHOP FOREMAN	28400	221.7	326.4		686.6	1,491.8	ADMINISTRATION 5 POSITIONS, PARTS 7 POSITIONS, LIGHT DUTY 14 POS HIGHWAY 27 POS, SHOP FOREMAN 3 POS
TRAVEL							
FIELD TRAVEL	200	3.4	1.5		4.5	9.6	TRAVEL - ESTIMATE OF TIME
ADMIN TRAVEL	36	3.6					ADMINISTRATIVE TRAVEL FOR BUDGET MGR & STAFF
NON-EMPLOYEE	10		10				COST OF MOUNTING PARTS & EQUIPMENT
CONTRACTUAL							
COMMUNICATIONS	100	2.5	12.5		9.5	19.5	EQUIPMENT MAKE ESTIMATE FOR ACTIVITY
TRANSPORTATION	32.0		30.0				FREIGHT CHARGES FOR TIRE & PARTS SUPPLY OUTSIDE OF APCA SH
TRANSPORTATION - SELF FORS	290.9	5.4	23.6	513.8	102.2	195.9	VEHICLE MAINTENANCE, FUEL COST, TIRE REPAIRS, MAINTENANCE REPAIRS
ADVERTISING	2.5	2.5					TEAM, BOOK, MATERIAL FOR THE OFFICE
UTILITY SERVICES	2.5	2.5					WATER CALCULATION
REPAIR & MAINTENANCE	70	7.2					M. SC. REPAIR OF SHOP OFFICE EQUIPMENT
RENTAL FOR LAND, BLDG & SPACE	275.4	11.0	40.0		71.8	156.6	RENTAL OF BLDG - BRIDGE ON EQUIPMENT ESTIMATE OF SPACE REQD
RENTAL FOR MACHINERY & EQUIP.	19.9	19.9					M. SC. RENTAL - FUEL
OTHER EXPENDITURES & SERVICES	28.9	28.9					EMPLOYEE TRAINING & TUITION
SUPPLIES							
OFFICE & LIBRARY	15.0	1.50					OFFICE SUPPLIES
HOUSEHOLD & INSTL. SUPPLIES	20.0				1.0	1.0	MISC. CLEANING SUPPLIES USED TO MAINTAIN WORKING CONDITION
DP SUPPLIES	2.4	2.4					DATA PROCESSING SUPPLIES - ANALOG & DIGITAL
OTHER OPER. SUPPLIES	40				30.0	30.0	OTHER SUPPLIES
REPAIR & MAINTENANCE	1806.7			506.3	420.5	736.9	GENERAL FUEL COST - BUDGET - APPROX 21.6 BTL/DAY IN 1,000 BTL/DAY
EQUIPMENT							
VEHICLE & TRANSPORT. EQUIP.	130				5.4	12.6	VEHICLE MAINTENANCE
SHOP PLANT & INDUSTRIAL	26.4				11.0	25.4	SHOP EQUIPMENT
SUB-TOTAL	4,095.4	353.0	435.0	1,020.1	1,269.5	3,038.8	
HEADQUARTERS		1,548					
ADMIN. ACTIVITY REALLOCATION		(487.8)	48.0		130.0	509.8	
TOTAL ACTIVITY COST			483.0	1,020.1	1,398.5	3,548.6	
RECOVERY COSTS			20% markup	20.4% markup	140.0	151.0	

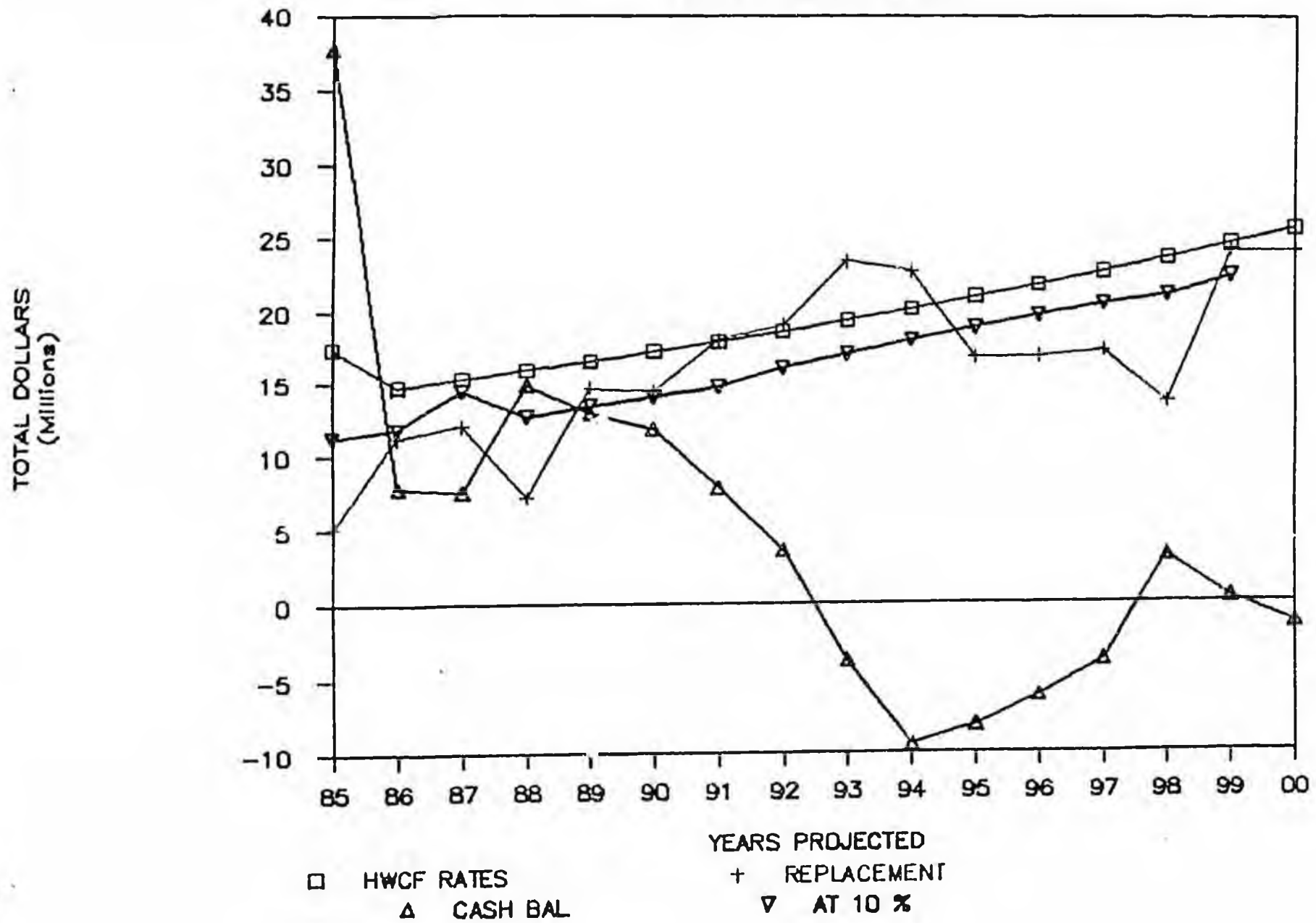
# HWCF ESTIMATED REVENUE, REPLACEMENT AND CASH BALANCES



# HWCF ESTIMATED REVENUE, REPLACEMENT AND CASH BALANCES



# HWCF ESTIMATED REVENUE, REPLACEMENT AND CASH BALANCES





## Dept. of Transportation & Public Facilities

# Position Paper

**BILL NO:** House Bill 505

**TITLE:** An Act eliminating the working capital fund.

*W. S. Epule*  
**APPROVED:** R. J. Knapp  
Commissioner

**DATE:** February 18, 1986

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House Bill 505 would eliminate the State Equipment Fleet for all state agencies. As stated in Commissioner Knapp's response to the legislative audit which makes a recommendation similar to HB 505, the results of passage of HB 505 as written would be of little advantage and likely some harm to the State of Alaska. In the absence of having a State Equipment Fleet, experience within the State of Alaska and other states has shown that there would be an inability of various line agencies to appropriately schedule and successfully fund through the capital budget required replacements for critical pieces of equipment.

Failing to replace critical equipment in a timely fashion would not only reduce productivity but also vehicle safety and working conditions would reach levels unacceptable.

The department has currently redesigned the financial and administrative procedures of the State Equipment Fleet with the effect of substantially dropping rates, improving service to users and increasing efficiency of State Equipment Fleet operations. These benefits can be gained within the current enabling legislation for the State Equipment Fleet. Without a State Equipment Fleet, these gains would be lost and many costly impacts to state agencies may result.

This department strongly opposes HB 505, urges its rejection, and looks forward to review of its State Equipment Fleet financial and management improvement recommendations.

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER - HB 505

OPPOSED

February 3, 1986

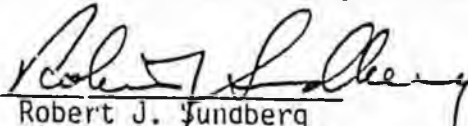
HB 505 - 'An Act eliminating the working capital fund; and providing for an effective date'.

HB505 removes the Department of Transportation from the control over the Highway Working Capital Fund (HWCF) which has been a "revolving fund" that has existed to finance fleet activities, provide a centralized purchasing organization and provide specialized repair facilities. By default, this legislation places these responsibilities with the user agency.

This legislation was submitted by the Rules Committee at the request of the Legislative Budget and Audit Committee in response to a report issued by the Division of Legislative Audit on the Highway Working Capital Fund (HWCF) dated November 15, 1985. The report's Recommendation No. 1 states that individual user agencies should request and budget for replacement vehicles on an as-needed basis. The need for the fund would no longer exist if this recommendation is adopted by passage of this legislation. The use of the HWCF provides a partial hedge against declining revenue impacting the quality of the fleet that can result from cutbacks in funding allocation. This will no longer exist if the fund is eliminated.

AST does not support passage of this bill due to the likelihood that the quality of the vehicles available to our law enforcement personnel will decline as the fleet competes more directly with other requests for state funding. Further, the elimination of DOT from the management, procurement and record keeping for the fleet will require AST to provide these services at considerable cost. (\$290,200 in FY87 - See Fiscal Note).

Not addressed specifically in this legislation is wording from the audit report indicating that replacements should be sought through the Capital Budget process. Currently, replacement fees are accumulated in the operating budget in the contractual line. It is anticipated that replacement vehicles will continue to be funded in the operating budget since equipment in this budget process is specifically for "Equipment purchased to substitute for existing equipment which is too old, worn out or cannot be repaired" as noted in the FY87 budget instructions, page A-7. Conversely, capital projects are normally items costing over \$25,000 each (AS 37.07.120 (4)). Further, in order to provide for a consistent expenditure pattern, provision for replacement vehicles should remain where historically they have always been.

  
Robert J. Sundberg  
Commissioner



H2505  
Fiscal Note Analysis

In the Department of Public Safety, the FY87 Operating Budget has requested funding for 425 vehicles of which 306 are in the Alaska State Trooper BRU. Accordingly, management and support of the fleet will be provided by a new component within AST which will provide these services both for the AST fleet and for the other vehicles spread throughout the five BRU's which presently utilize HWCF vehicles. Funding for operating costs and replacement costs will not be moved from the BRU and component where they are budgeted in order to continue to reflect an accurate cost of operating these entities. Only new costs associated with the changed management, administration, procurement and record keeping are being requested. Recently we have reviewed the lease option for operating the fleet. Initial indications revealed that it would not be advantageous. A more detailed study will be initiated in the coming year.

Based upon AST experience in fleet operations and close working relationship with DOT over the past several years we are able to accurately predict the staffing and other costs needed to provide an organization necessary to operate the fleet. The additional funding and positions are as follows:

Alaska State Troopers (BRU) Fleet Management (New Component)				
	Base Year		1/4 Yr	FY87
<b>Personal Services:</b>				
1 State Trooper, Lieutenant	70.4			
1 Administrative Assistant	40.4			
1 Accounting Clerk I	31.9			
1 Clerk Typist II	30.4			
1 Data Control Clerk	<u>31.9</u>			
TOTAL PERSONAL SERVICES		\$205.0	25%	\$ 51.3
<b>Travel</b>				
Travel and Per Diem for unit head to visit each Detachment Headquarters	2.5			
Fleet Management Course	<u>1.7</u>			
TOTAL TRAVEL		4.2	25%	1.0
<b>Contractual</b>				
Vehicle Operating and Replacement Costs	8.7			
Telephone & Postage Costs	7.7			
Maintenance on Micro Computer	1.2			
Maintenance on Word Processor	1.2			
Miscellaneous Other Costs	<u>1.4</u>			
TOTAL CONTRACTUAL		20.2	25%	5.1

HB505  
 Fiscal Note Analysis  
 (continued)

	Base Year	1/4 Yr	FY87
<b>Supplies</b>			
Uniform & Accessories for Lieutenant	1.9		
Consumable Vehicle Supplies	.7		
Office Supplies, Stationary, Forms, etc.	8.5		
Miscellaneous	<u>.7</u>		
<b>TOTAL SUPPLIES</b>	11.8	25%	3.0
<b>Equipment</b>			
Vehicle (115C)	12.0		
Micro Computer	12.0		
Word Processor	10.0		
Vehicle Related Equipment, Radio etc.	7.4		
Desks (5)	2.9		
Chairs	2.2		
Miscellaneous	<u>2.5</u>		
<b>TOTAL EQUIPMENT</b>	49.0	100%	49.0
<b>TOTAL</b>	<u>\$290.2</u>		<u>\$109.4</u>

Assumptions: The fiscal impact noted above is based upon no resources being transferred out by DOT/PF and that replacement vehicles will be ordered from presently appropriated contractual funding within the operating budget. FY87 funds are based upon the need to have the unit in place prior to the July 1, 1987 effective date to allow for training and familiarization in order to provide for a smooth transition from Department of Transportation to Department of Public Safety. Costs after FY87 are based upon the need for new equipment only in FY87 and a 6% inflation factor each year thereafter.

HB505  
FORM 13 SUMMARY

	Base Year Funding					
	Lieutenant	Admin Ass't I	Clerk Typist II	Acctg Clerk I	Data Processing Clerk I	Total
Pers. Servcs.	70.4	40.4	30.4	31.9	31.9	205.0
Travel	4.2	-0-	-0-	-0-	-0-	4.2
Contractual	11.2	3.6	2.2	1.0	2.2	20.2
Supplies	3.3	2.5	2.0	2.0	2.0	11.8
Equipment	21.8	1.7	10.8	1.6	13.1	49.0
Total	110.9	48.2	45.4	36.5	49.2	290.2

## CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 505

The Department of Public Safety would need to continue to use of Department of Transportation & Public Facilities garages to ensure quality control. In addition, there is a need for mechanics to inspect vehicles upon receipt to ensure that specifications have been met. There are frequently problems when cars are received from the manufacturer, plus cars need to be outfitted with light bars, switching panels, door decals, shotgun holders, etc.

While the fiscal note includes funding for five positions for fleet management, the staff will experience a learning curve which will result in unavoidable inefficiencies as Public Safety develops its internal expertise needed for fleet management.

The Department of Public Safety will potentially be in a position where replacement vehicles would not be funded because replacement vehicle costs would compete in the Capital Budget with other equipment needs. In the past, the Department of Public Safety has been successful in raising concerns to DOT&PF which has adjusted rates downward and has minimized increases as well as made available special rates to meet the Department's needs. The Department has over a million dollars requested in the Operating Budget for vehicle replacement, and this is projected to meet the approximately 28% vehicle replacement needed by the Department in FY 87.

The Department of Public Safety would need to have a Police Vehicle Replacement Fund (revolving and continuing) with a separate component in each major budget to ensure that law enforcement vehicles receive a priority attention they deserve because of their operational needs. If the revolving fund is not approved, the replacement amount will be requested and included in the operating budget each year under the Equipment line item of each component.

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program. No more than one board, commission, or agency program shall be continued or reestablished in any legislative bill, and the board, commission, or agency program shall be mentioned in the title of the bill. (§ 3 ch 149 SLA 1977)

**Sec. 44.66.060. Existing claims.** This chapter shall not cause the termination or dismissal of a claim or right of a citizen against a board, commission or program of an agency terminated under this chapter which is subject to litigation. Claims and rights shall be assumed by the department to which the board or commission terminated under this chapter was attached for administrative purposes. (§ 3 ch 149 SLA 1977)

## Part 6. State Property.

### Chapter

68. State-Owned Vehicles (§§ 44.68.010 — 44.68.040)

71. Surplus Property (§§ 44.71.010 — 44.71.040)

74. Management and Disposition (§§ 44.74.010 — 44.74.090)

### Chapter 68. State-Owned Vehicles.

#### Section

10. Use of state-owned vehicles

20. Regulations regarding the use of state-owned vehicles

#### Section

30. Exemptions

40. Violations

**Sec. 44.68.010. Use of state-owned vehicles.** State-owned vehicles may be used only in the conduct of state business. A state officer or employee may not use or permit the use of a state-owned vehicle except in the conduct of state business. (§ 1 ch 178 SLA 1959)

**Collateral references.** — 72 Am. Jur. 2d States, Territories and Dependencies, § 66.

Applicability to public officials or employees of motor vehicle regulations. 19 ALR 459; 23 ALR 418.

Responsibility of public officer for negligence of subordinate in operation of vehicle, 3 ALR 149.

**Sec. 44.68.020. Regulations regarding the use of state-owned vehicles.** The Department of Transportation and Public Facilities shall adopt regulations that

(1) define what is the use of state-owned automotive and mechanical vehicles in the conduct of state business and distinguish this use from misappropriation for private use;

(2) prescribe use governing the storage of state-owned vehicles in those locations where storage space, under the jurisdiction of the Department of Transportation and Public Facilities, is available for storage of state-owned vehicles;

(3) provide for the marking of state-owned vehicles as property of the state and for the use of distinctive license tags for state-owned vehicles. (§ 2 ch 178 SLA 1959; am § 1 ch 12 SLA 1960; am § 50 ch 127 SLA 1974; am E.O. No. 39, § 11 (1977))

**Sec. 44.68.030. Exemptions.** This chapter does not apply to the use of vehicles by the governor. (§ 3 ch 178 SLA 1959)

**Sec. 44.68.040. Violations.** A state officer or employee who violates this chapter or a regulation adopted under this chapter is subject to dismissal from state employment upon hearing as provided for other dismissals for cause. (§ 4 ch 178 SLA 1959)

### Chapter 71. Surplus Property.

#### Article

- 1. Disposition of Surplus State Property (§ 44.71.010)
- 2. Acquisition of Federal Surplus Property (§§ 44.71.020 — 44.71.040)

#### Article 1. Disposition of Surplus State Property.

##### Section

- 10. Disposition of obsolete or surplus state property

**Sec. 44.71.010. Disposition of obsolete or surplus state property.** The Department of Administration shall take possession of obsolete or surplus property of the state for which there is no immediate or prospective use, except abandoned or obsolete school buildings and other school property. It shall also take possession of property remaining in the control of a commission or board of the state government after the commission or board stops functioning. The Department of Administration shall sell, lease, license, or dispose of the property on the terms it considers for the best interests of the state. (§ 2 ch 24 SLA 1953)

**Collateral references.** — 1 and 2 Am. Jur. 2d, Administrative Law, § 1 et seq.; 63 Am. Jur. 2d, Public Officers and Employees, § 22; 72 Am. Jur. 2d, States, Territories and Dependencies, § 66 et seq. 81A C.J.S., States, § 145 et seq.

#### Article 2. Acquisition of Federal Surplus Property.

##### Section

- 20. Authority and duty of Department of Administration

##### Section

- 30. Financing surplus property service
- 40. Authorization to accept property

**Sec. 44.71.020. Authority and duty of Department of Administration.** (a) The Department of Administration may

(1) acquire from the United States under The Federal Property and Administrative Services Act of 1949 as amended, referred to in AS

44.71.020 — Federal statu et seq.) prop United State: (including ed armed servic authorized by

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Chapter 74. Management and Disposition.

Article

- 1. Equipment Maintenance and Operation of Supply Depots (§§ 44.74.010 — 44.74.060)
- 2. Transfer to Political Subdivisions (§§ 44.74.070 — 44.74.090)

Article 1. Equipment Maintenance and Operation of Supply Depots.

Section

- 10. Working capital fund
- 20. Use of fund
- 30. Receipts for equipment rental, repairs, and supplies

Section

- 40. Records of working capital fund
- 50. Additions and replacements to fund
- 60. Governor's approval of rates

Sec. 44.74.010. Working capital fund. A working capital fund is established in the state treasury for the use of the Department of Transportation and Public Facilities. (§ 1 ch 120 SLA 1960; am § 13 ch 49 SLA 1963; am E.O. No. 39, § 11 (1977))

Collateral references. — 63 Am. Jur. 2d, Public Funds, § 1 et seq.

Sec. 44.74.020. Use of fund. The department shall use the fund for necessary expenses resulting from the centralization of equipment maintenance and for the operation of supply depots. (§ 1 ch 120 SLA 1960)

Sec. 44.74.030. Receipts for equipment rental, repairs, and supplies. Receipts from rental fees and surcharges to the various departments for equipment rental, repair and supplies shall be deposited in the working capital fund. The departments of the state government shall include in their annual budgets the rental fees, equipment repairs and supplies. (§ 2 ch 120 SLA 1960)

Sec. 44.74.040. Records of working capital fund. The Department of Transportation and Public Facilities shall maintain cost accounting records showing the income and expenses of the fund. The department shall submit a report on the operation of the fund to the governor and the legislature at the time of submission of the departmental budget. (§ 3 ch 120 SLA 1960; am § 14 ch 49 SLA 1963; am E.O. No. 39, § 11 (1977))

Sec. 44.74.050. Additions and replacements to fund. Additions to capital equipment, replacements of capital equipment or improvements paid from the working capital fund are subject to annual appropriation by the legislature and shall be detailed in the executive budget. (§ 3 ch 120 SLA 1960)

Sec. 44.74.060. Governor's approval of rates. Rental and surcharge rates charged by the department are subject to annual review and approval by the governor. (§ 3 ch 120 SLA 1960)

Article

Section

- 70. Transfer of equipment divisions

Sec. 44.74.070. (a) The village organization may transfer direct title to automotive maintenance the state requirement use, to some extent (c) The commissioner's judgment regard to (b) of the (d) The commission allocated in the be necessary regulation ch 106 SLA 1962:

Effect of amendment substituting transportation and public works and the department

Sec. 44.74.080. receives title to it for a period of two SLA 1962)

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**Sec. 19.05.060. Sale of obsolete equipment and material.** The department may sell, exchange or otherwise dispose of obsolete machinery, equipment and material no longer needed, required or useful for construction or maintenance purposes. Money derived from the sale of the property shall be credited to the funds from which the purchase was originally made. (§ 3 art IV title IV ch 152 SLA 1957)

**Sec. 19.05.070. Vacating and disposing of land and rights in land.** (a) The department may vacate land, or part of it, or rights in land acquired for highway purposes, by executing and filing a deed in the appropriate recording district. Upon filing, title to the vacated land or interest in land inures to the owners of the adjacent real property in the manner and proportion considered equitable by the commissioner and set out by him in the deed.

(b) If the department determines that land or rights in land acquired by the department are no longer necessary for highway purposes the department may:

(1) transfer the land or rights in land to the Department of Natural Resources for disposal, or

(2) sell, contract to sell, lease, or exchange land or rights in land according to terms, standards and conditions established by the commissioner.

(c) Proceeds received from disposal of land or rights in land as authorized by this section shall be credited to the funds from which the purchase of the land was made originally. (§ 4 art IV title IV ch 152 SLA 1957; am § 4 ch 35 SLA 1971)

**Article 2. Acquisition of Property**

Section	Section
80. Acquisition of land, rights-of-way, and materials by purchase or eminent domain	publicly owned property for the purpose of exchange
90. Declaration of taking	120. Authority to purchase property for the purpose of exchange
100. Acquisition of excess lands	122. Utility corridor for extension of the Alaska Railroad
110. Authority to condemn or acquire	

**Sec. 19.05.080. Acquisition of land, rights-of-way, and materials by purchase or eminent domain.** The department on behalf of the state and as part of the cost of constructing or maintaining a highway may purchase, acquire, take over, or condemn under the right and power of eminent domain land in fee simple or easements which it considers necessary for present public use, either temporary or permanent, or which it considers necessary and reasonable for the public use. By the same means, the department may obtain material, including clay, gravel, sand, or rock, or the land necessary to obtain material, including access to it. The department may acquire the land or materials notwithstanding the fact that title to it is vested in the

Collateral references. — 39 Am. Jur. 2d, Highways, Streets, and Bridges, § 1 et seq.  
39A C.J.S., Highways, § 1 et seq.

**Sec. 44.42.010. Commissioner of transportation and public facilities.** The principal executive officer of the Department of Transportation and Public Facilities is the commissioner of transportation and public facilities. (E.O. No. 39, § 2 (1977))

**Sec. 44.42.020. Powers and duties.** (a) The department shall

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

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

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

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

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

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

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

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

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

(10) develop facility program plans for transportation and state buildings, docks and breakwaters required to implement the duties set out in this section, including but not limited to (A) functional performance criteria; and (B) schedules for completion;

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

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

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

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

(15) provide planning assistance, including but not limited to energy audits and related technical services, to school districts and regional educational attendance areas to develop and implement

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

(B) energy conservation measures for rural educational facilities.

(b) The department may

(1) engage in experimental projects relating to available or future modes of transportation and any means of improving existing transportation facilities and service;

(2) exercise the power of eminent domain, including the declaration of taking as provided in AS 09.55. (E.O. No. 39, § 2 (1977); am § 13 ch 168 SLA 1978; am § 12 ch 83 SLA 1980; am E.O. No. 50, § 10 (1981))

**Cross references.** — For the responsibility and authority of the supreme court over state court facilities, see AS 22.05.025.

**Effect of amendments.** — The 1980 amendment added paragraphs (14) and (15) to subsection (a).

The 1981 amendment, in subsection (a), deleted "communication facilities" following "transportation facilities" in paragraph (1), deleted "and communication facilities" following "modes and facilities" in paragraph (2), deleted "and communication" following "improving

transportation" in paragraph (3), deleted "communication facilities" following "transportation facilities" in paragraph (7), deleted "and communication facilities" following "plans for transportation" in paragraph (10), deleted "and" at the end of paragraph (11), deleted "and communications" following "aeronautics" and substituted a semicolon for a period near the end of paragraphs (12) and (13). The amendment also deleted "and communication" following "facilities and service" in paragraph (1) of subsection (b).

**Sec. 44.42.030. Regulations.** The department may adopt regulations under the Administrative Procedure Act (AS 44.62) to implement, interpret, or make more specific its powers and duties. (E.O. No. 39, § 2 (1977))

**Sec. 44.42.040. Departmental organization.** The commissioner shall establish regions within the state. The functions of the department within each region shall be performed, to the maximum extent

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and a copy of the declaration of taking is filed in the office of the recorder located in the recording district where the land is located. The department may pay or have paid, from the appropriate fund, into court the amount it considers represents a reasonable valuation for the lands, easement or materials taken. (§ 1 art I title IV ch 152 SLA 1957)

This section and AS 35.20.010 grant eminent domain proceedings. Tallman v. State, Sup. Ct. Op. No. 862 (File No. 1612), 306 P.2d 679 (1973). to the Department of Public Works eminent domain powers, as well as the right to employ a declaration of taking in

**Sec. 35.20.030. Acquisition of excess lands.** When a part of a parcel of land is taken and the remainder is in such shape or condition as to be of little value to its owner, or gives rise to claims or litigation concerning severance or other damage, the department may acquire the whole parcel and may sell the remainder or exchange it for other property needed for public works. (§ 2 art I title IV ch 152 SLA 1957; added by § 3 ch 122 SLA 1960)

**Sec. 35.20.040. Authority to condemn or acquire publicly owned property for the purpose of exchange.** When property which is devoted to or held for another public use for which the power of eminent domain may be exercised is taken for purposes set out in this title, the department may, with the consent of the person or agency in charge of the other public use, condemn the real property to be exchanged for the real property so taken. This section shall not limit the authorization of the department to acquire, other than by condemnation, property for those purposes in any other manner. (§ 2 art I title IV ch 152 SLA 1957; added by § 3 ch 122 SLA 1960)

**Sec. 35.20.050. Authority to purchase property for the purpose of exchange.** When the commissioner formally declares that it is in the best public interest of the state to do so, the department may acquire by purchase or otherwise privately or publicly owned land or an interest in it for the purpose of exchanging it for privately or publicly owned land which the department is authorized by law to acquire. (§ 2 art I title IV ch 152 SLA 1957; added by § 3 ch 122 SLA 1960)

**Sec. 35.20.060. Sale of obsolete equipment and material.** The department may sell, exchange or otherwise dispose of obsolete machinery, equipment and material no longer needed, required or useful for construction or maintenance purposes. Money derived from the sale of the property shall be credited to the fund from which the purchase was originally made. (§ 3 art IV title IV ch 152 SLA 1957)

**Sec. 35.20.070. Vacating of lands or rights in land.** The department may vacate land, or part of it, or rights in land acquired for public work purposes by executing and filing a deed in the appropriate

HOUSE BILL NO. 505

**DRAFT**

For an Act entitled: "An Act improving the fiscal controls on the size and use of the working capital fund; and providing for an effective date."

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

\* Section 1. AS 44.74 is amended by adding a new section to read:

Sec. 44.74.070 Required Fund Lapse.

The size of the Highway Working Capital Fund's cash balance is limited by the following conditions:

a) All annual fees for vehicle or equipment replacement accumulated in the Fund for a vehicle which has been exceeded shall be lapsed to the general fund on 7/1 of each year if not previously credited to the user agency for the purchase of a vehicle or equipment serving the budgeted function of the user agency.

*SALVAGE VALUE # 375...*

b) All salvage sale receipts deposited in the Fund for vehicles which have been exceeded shall be lapsed to the general fund on 7/1 of each year if not previously credited to the user agency for the purchase of vehicle or equipment serving the budgeted function of the user agency.

*THIS TO BE DONE IN FISCAL YEAR*

c) Any funds accumulated in Fund during the fiscal year representing an excess of usage fees collected when compared to the actual cost of operation and maintenance shall be lapsed into the general fund on 7/1 of each year.

d) The cash balance of the Fund shall be limited to a maximum not to exceed 20% of the Fund's fixed assets plus accumulated depreciation, the excess of 7/1 of each year shall be lapsed into the general fund.

*net book value (\$78M)*

\* Sec. 2. This Act takes effect July 1, 1987.

A M E N D M E N T

Offered in the HOUSE

By Pignalberi

TO: HB 505

Page 1, line 6:

Delete "eliminating the working capital fund" and insert "relating to state-owned vehicles and equipment"

Page 1, after line 8, insert the following new bill sections to read:

"\* Section 1. AS 19.05.060 is amended to read:

Sec. 19.05.060. SALE OF OBSOLETE EQUIPMENT AND MATERIAL. Except as provided in AS 44.68.005, the [THE] department may sell, exchange or otherwise dispose of obsolete machinery, equipment and material no longer needed, required or useful for construction or maintenance purposes. Money derived from the sale of the property shall be deposited in the general fund [CREDITED TO THE FUNDS FROM WHICH THE PURCHASE WAS ORIGINALLY MADE].

\* Sec. 2 AS 35.20.060 is amended to read:

Sec. 35.20.060. SALE OF OBSOLETE EQUIPMENT AND MATERIAL. Except as provided in AS 44.68.005, the [THE] department may sell, exchange or otherwise dispose of obsolete machinery, equipment and material no longer needed, required or useful for construction or maintenance purposes. Money derived from the sale of the property shall be deposited in the general fund [CREDITED TO THE FUND FROM WHICH THE PURCHASE WAS ORIGINALLY MADE].

\* Sec. 3. AS 44.68 is amended by adding a new section to read:

Sec. 44.68.005. PURCHASE AND DISPOSAL OF STATE OWNED VEHICLES. (a) The division of general services and supply in the Department of Administration shall purchase all automotive and mechanical vehicles, including construction equipment, for the use of state agencies. An obsolete or surplus vehicle shall be delivered by the state agency using it to the division of general services and supply for use by another agency or disposal as determined by the division. Money from the sale or other disposal of a vehicle by the division shall be deposited in the general fund.

(b) The purchase of additional vehicles or construction equipment for the use of an agency shall be paid for from appropriations to that agency for that purpose. The purchase to replace vehicles or construction equipment shall be paid for from the vehicle fund. The division of general services and supply shall encourage state agencies to use vehicles for as long as possible before requesting replacement.

\* Sec. 4. AS 44.68.020 is amended to read:

Sec. 44.68.020. REGULATIONS REGARDING THE USE OF STATE-OWNED VEHICLES. The Department of Administration [TRANSPORTATION AND PUBLIC FACILITIES] shall adopt regulations that

(1) define what is the use of state-owned automotive and mechanical vehicles, including construction equipment, in the conduct of state business and distinguish this use from misappropriation for private use;

(2) [PRESCRIBE USE GOVERNING THE STORAGE OF STATE-OWNED VEHICLES IN THOSE LOCATIONS WHERE STORAGE SPACE, UNDER THE JURISDICTION OF THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, IS AVAILABLE FOR STORAGE OF STATE-OWNED VEHICLES;

(3)] provide for the marking of state-owned automotive and mechanical vehicles, including construction equipment, as property of the state and for the use of distinctive license tags for state-owned vehicles.

\* Sec. 5. AS 44.68 is amended by adding new sections to read:

Sec. 44.68.050. REPAIR AND MAINTENANCE OF VEHICLES. A state agency that obtains the use of a vehicle from the division of general services and supply is responsible for the repair and maintenance of the vehicle. The agency may contract with persons in the private sector or with another state agency for the repair and maintenance. Each department shall include in its annual budget a request for an amount necessary to repair and maintain all vehicles it has obtained from the division of general services and supply.

Sec. 44.68.060. VEHICLE FUND. There is established in the Department of Administration the vehicle fund composed of money appropriated to the fund each fiscal year. Money from the fund shall be used by the division of general services and supply for the replacement of automotive and motorized vehicles, including construction equipment, for the use of state agencies. Replacement of vehicles and construction equipment determined essential by the division is subject to annual appropriation by the Legislature and shall be detailed in the executive budget.

Sec. 44.68.070. CALCULATION OF VEHICLE DEPRECIATION. Each year the division of general services and supply shall prepare a depreciation calculation for all state-owned vehicles, including construction equipment, and submit the calculations to the governor to be included in the budget as an appropriation to the vehicle fund. A depreciation calculation for a vehicle may not exceed 100 percent of its value. Funded depreciation relating to vehicles that are not replaced will revert to the general fund at the end of each fiscal year.  
\* Sec. 6. AS 44.74.070(a) is amended to read:

(a) The commissioner of administration [TRANSPORTATION AND PUBLIC FACILITIES] may transfer directly to a political subdivision of the state, including a village organized under 25 U.S.C. 461 - 479 or 48 U.S.C. 362, the title to automotive and construction equipment that [WHICH] can be used in the maintenance or construction of roads and airports."

Renumber the following bill sections accordingly.

Page 1, line 9, before "AS 44.74.010 - 44.74.060"

Insert: "AS 44.42.020(a)(11) and"

Delete: "is"

Insert: "are"

A M E N D M E N T

Offered in the HOUSF

By Pignalberi

TO: HB 505

Page 1, line 6:

Delete "eliminating the working capital fund" and insert "relating to state-owned vehicles and equipment"

Page 1, after line 8, insert the following new bill sections to read:

(b) \*\* Section 1. AS 19.05.060 is amended to read:

Sec. 19.05.060. SALE OF OBSOLETE EQUIPMENT AND MATERIAL. Except as provided in AS 44.68.005, the [THE] department may sell, exchange or otherwise dispose of obsolete machinery, equipment and material no longer needed, required or useful for construction or maintenance purposes. Money derived from the sale of the property shall be deposited in the general fund [CREDITED TO THE FUNDS FROM WHICH THE PURCHASE WAS ORIGINALLY MADE].

\* Sec. 2. AS 35.20.060 is amended to read:

Sec. 35.20.060. SALE OF OBSOLETE EQUIPMENT AND MATERIAL. Except as provided in AS 44.68.005, the [THE] department may sell, exchange or otherwise dispose of obsolete machinery, equipment and material no longer needed, required or useful for construction or maintenance purposes. Money derived from the sale of the property shall be deposited in the general fund [CREDITED TO THE FUND FROM WHICH THE PURCHASE WAS ORIGINALLY MADE].

\* Sec. 3. AS 44.68 is amended by adding a new section to read:

Sec. 44.68.005. PURCHASE AND DISPOSAL OF STATE OWNED VEHICLES.

(a) The division of general services and supply in the Department of Administration shall purchase all automotive and mechanical vehicles, including construction equipment, for the use of state agencies. An obsolete or surplus vehicle shall be delivered by the state agency using it to the division of general services and supplies for use by another agency or disposal as determined by the division. Money from the sale or other disposal of a vehicle by the division shall be deposited in the general fund.

(b) The division of general services and supply shall encourage state agencies to use vehicles for as long as possible before requesting replacements.

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(2) [PRESCRIBE USE GOVERNING THE STORAGE OF STATE-OWNED VEHICLES IN THOSE LOCATIONS WHERE STORAGE SPACE, UNDER THE JURISDICTION OF THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, IS AVAILABLE FOR STORAGE OF STATE-OWNED VEHICLES;

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Sec. 44.68.070. CALCULATION OF VEHICLE DEPRECIATION. Each year the division of general services and supply shall prepare a depreciation calculation for all state-owned vehicles, including construction equipment, and submit the calculations to the governor to be included in the budget as an appropriation to the vehicle fund. A depreciation calculation for a vehicle may not exceed 100 percent of its value.

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Renumber the following bill sections accordingly.

Page 1, line 9, before "AS 44.74.010 - 44.74.060"

Insert: "AS 44.42.020(a)(11) and"

Delete: "is"

Insert: "are"

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

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

**REQUEST**

Bill/Resolution No.: HB 504  
 Title: "An Act transferring appropriations from the working capital fund to the general fund..."  
 Sponsor: Rules Committee  
 Requestor: H. Transportation  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Public Safety  
 BRU: Alaska State Troopers  
 Components: \_\_\_\_\_

**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						
<b>TOTAL OPERATING</b>		0	0	0	0	0

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

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

**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		0	0	0	0	0

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: Kathy Niles *Kathy Niles*  
 Division: Commissioner's Office  
 Phone: 465-4336  
 Date: 2/05/86

Approved by Commissioner: [Signature]  
 Agency: Public Safety  
 Date: 2/5/86

Distribution (by Agency preparing fiscal note):

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

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER

Opposed

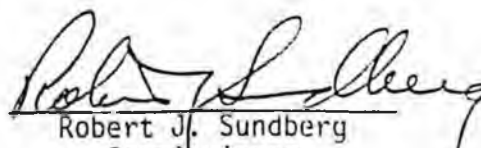
February 4, 1986

HB504 "An Act transferring appropriations from the working capital fund to the general fund; and providing for an effective date."

HB504 transfers the funds built up by operating budget contributions to replace fleet vehicles when they have reached the end of their useful lives. This is the companion bill to HB505 which eliminates the Highway Working Capital Fund. Both are in response to a Legislative Audit Report on the fund dated November 15, 1985. HB504 adopts Recommendation No. 3 transferring the remaining cash balance in the fund to the General Fund.

By transferring accumulated funds to the general fund, the user agencies will be forced to request replacements in budget competition with other needs of the state government and the public. Ultimately, this may result in a deterioration in the quality of the fleet available to our law enforcement officers.

See Position Paper for HB505 for related discussion.

  
Robert J. Sundberg  
Commissioner

Bette -

I didn't do a summary of what is going on with these bills for the members today as the bills are pretty short and to the point and the performance report from Legislative Budget and Audit is easy reading and relates directly to the bills.

Basically -

Legislative Budget and Audit feels that the Highway Working Capital Fund can be eliminated and agencies would then budget for the replacement vehicle as they would budget for any other item. This would also ensure the highest degree of legislative oversight since replacement purchases would be reviewed and defended on an agency-by-agency basis rather than as a lump sum appropriation from the Highway Equipment Working Capital Fund.

DOTPF disagrees with this recommendation because as it stands now, the Legislature reviews expenditures by the State Equipment Fleet twice throughout the capital budgeting process and annually (4-6 times depending upon the life of the vehicle) in the operating budget. Plus the fact that the annual appropriation process occurs too late to replace critical vehicles in a timely fashion and over budgeting vehicle replacement would be duplicated by these agencies, thus increasing the cost of vehicles to the state through early an unwarranted replacement and repairs.

Legislative Budget and Audit feels that the cash balance of the Highway Equipment Working Capital Fund should be transferred to the General Fund.

DOTPF generally agrees that portions of the fund should be transferred to the General Fund. However, they also commented that all funds now in the cash balance of the Highway Equipment Working Capital Fund are already within the General Fund and earning interest for use as an unrestricted General Fund. Also, DOT noted that the department has both supported the re-appropriation of funds so as to minimize the adverse effects of holding unnecessary General Funds within the HEWCF and has adjusted rates downwards for both FY 85 and FY 86 to avoid future excess balances.

At the time of this typing (4:30 p.m.) all I have to give you is the audit report and DOT's comments contained in the back of that report. Susan was doing her best to get us a position paper and fiscal note, but so far nothing.

Gerald Wilkerson, head of Legislative Budget and Audit will be present to testify on as a sort of sponsor of this bill at my request.

It is also my understanding that Commissioner Knapp will also be here.

A PERFORMANCE REPORT ON THE  
DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES  
HIGHWAY EQUIPMENT WORKING CAPITAL FUND

November 15, 1985

Audit Control Number

25-1228-86-R

Commissioner, Department of  
Transportation and Public Facilities

Richard J. Knapp

Deputy Commissioners, Department of  
Transportation and Public Facilities

H. Glenzer, Jr.  
John Olson (Acting)  
John Scribner  
Warren Sparks

# STATE OF ALASKA

AUDIT DIVISION  
POUCH W  
JUNEAU, ALASKA 99811

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

November 20, 1985

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska  
Statutes, the attached report is submitted for your review.

A PERFORMANCE REPORT ON THE  
DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES  
HIGHWAY EQUIPMENT WORKING CAPITAL FUND

November 15, 1985

Audit Control Number

25-1228-86-R



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

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## PURPOSE OF THE REPORT

In accordance with Title 24 of the Alaska Statutes, we conducted a performance review of the Highway Equipment Working Capital Fund to review the efficiency and economy of the Fund's activities.

The policy and audit approach utilized by the Division of Legislative Audit for performance reports can best be described as "audit by exception."

This methodology focuses audit effort on areas of an auditee's operations that have been identified by a preliminary survey as having a high degree of probability for needing improvements.

Therefore, by design, finite audit resources are used to identify where and how improvement can be made and little time is devoted to reviewing well-run operations or programs. Consequently, this report highlights those areas needing improvement and does not emphasize those operations and programs that are properly functioning.

(Intentionally left blank)

## Organizational History and Fund Designation

In 1960, the Highway Equipment Working Capital Fund (HEWCF) was established by AS 44.74 to be used by the Department of Transportation and Public Facilities (DOTPF). The Department was charged with using the Fund for the necessary expenses resulting from the centralization of equipment maintenance and for the operation of supply depots. Receipts from rental fees and surcharges to the various departments for equipment rental, repair, and supplies were designated as deposits to HEWCF.

Intragovernmental Service Funds (also termed Revolving Funds or Working Capital Funds) are established in order to finance, administer, and account for the provision of goods or services by one department of a government to another. Charges to other departments and agencies for services provided by such a Fund are normally intended to recoup the cost of services and are not generally designed to produce any significant profits or cash balances. Intragovernmental Service Funds are established to provide continuing services on as closely as possible break-even basis. Many goods and services, such as that provided by the State Equipment Fleet, that are financed through Intragovernmental Service Funds are available on a commercial basis. Therefore, one of the benefits of accounting for equipment and services through an Intragovernmental Service Fund is the ability to compare the cost of the same services if procured commercially.

## Organizational Structure

Presently, HEWCF is structured similarly to the Department of Transportation and Public Facilities. This structure is regional in nature in order to provide better response to regional concerns. However, it has been noted by HEWCF personnel that this structure impedes the centralized type of service that HEWCF provides to other agencies - many of which are centralized. Those personnel also note that the reason for regionalization does not apply to HEWCF since they provide service to agencies and not to the general public. Other departmental personnel feel that, as a part of DOTPF, HEWCF should be structured similarly.

## Organizational Functions

The Highway Equipment Working Capital Fund (HEWCF) collects two major categories of fees - fixed fees and operating fees. Fixed fees allocate the cost of a replacement vehicle over the vehicle's life span. Thus, an agency will request an appropriation to purchase a vehicle or equipment item when needed and then pay a monthly fee over the estimated useful life of the vehicle or equipment item for its eventual replacement. The original acquisition is a capital budget item while the monthly replacement fee is contained in the user agency's operating budget and may not receive the legislative scrutiny afforded other capital requests. At the end of the vehicle's useful life, the vehicle is replaced by HEWCF using the fees accumulated during the vehicle's life. Instead of vehicle and equipment purchases being reviewed and defended to the Legislature on an individual basis by the agency in need, HEWCF requests a lump sum dollar amount for a fiscal year's replacement program. These requests are based on the assumption that all vehicles whose "paper life" has been reached will be replaced in that fiscal year's replacement program. As shown by Exhibit A, this method of budgeting has overstated equipment needs by as much as \$12 million in one fiscal year.

As shown on Exhibit A, there is a surprising trend of increasing fixed fee revenues (obtained from other agencies' operating budgets), increasing HEWCF expenditure authorizations for replacement vehicles and decreasing actual expenditures. For Fiscal Years 1981-1985, the figures show:

<u>Fiscal Year</u>	<u>HEWCF Fixed Fee Revenues</u>	<u>Vehicle Replacement Authorizations</u>	<u>Actual Expenditures</u>
1981	\$15,095,523	\$10,253,800	\$10,252,798
1982	16,924,817	11,278,100	9,400,780
1983	18,146,126	14,254,000	8,285,292
1984	21,412,988	17,600,000	5,549,185
1985	<u>18,856,530</u>	<u>19,183,800</u>	<u>6,338,210</u>
Total	<u>\$90,435,984</u>	<u>\$72,569,700</u>	<u>\$39,826,265</u>

As shown above, \$90 million in fixed fees were assessed other agencies over five years for the replacement program while \$40 million was expended/encumbered to meet replacement needs (creating a \$50 million excess of revenues over expenditures). This compares to legislative authorization requests of \$72.5 million. This is the main reason for the substantial amount of cash reserves accumulated by HEWCF.

Another cause for the increase in cash is that if an agency decides it does not want to replace a vehicle or no longer needs one, it has already provided HEWCF with sufficient funds to replace it. Those funds remain within HEWCF and do not revert to the General Fund from which they were originally appropriated. As noted by HEWCF personnel, this and the high fixed fees themselves, in part, has lead to the accumulation of a greater than \$40 million cash balance in HEWCF.

The second category of fees collected by HEWCF, operating fees, allocates the cost of operating a vehicle over the standard usage of the vehicle. Thus, an agency pays a mileage, hourly, or monthly rate on a vehicle's use in return for fuel and maintenance provided by HEWCF personnel. The past high operating fees, according to HEWCF personnel, have been the other means by which a \$40 million cash balance has been accumulated in HEWCF.

As part of its operating functions, HEWCF has 36 maintenance shops statewide, regionalized as follows:

Central Region:	11 shops, 3 parts locations, 23 fuel depots
Interior Region:	13 shops, 1 parts location, 26 fuel depots
Southeast Region:	6 shops, 1 parts location, 11 fuel depots
Western Region:	1 shop, 1 parts location, 5 fuel depots
Southcentral Region:	5 shops, 2 parts locations, 10 fuel depots

As of June 1985, the shops statewide had 157 permanent full-time positions and 13 seasonal positions.

## Financial Activity

As stated previously, HEWCF has a greater than \$40 million cash balance. This cash balance is comprised of General Fund appropriations made to agencies requiring maintenance or replacement of their State vehicles. According to HEWCF personnel, the Fund has accumulated an excess cash balance through a combination of high operating fees and replacement funds that have not reverted to the General Fund even though the replacement of vehicles did not occur. The Legislature has recognized and has, to some extent, compensated for this by reappropriating funds from HEWCF to the General Fund over a three year period (FY 83 - FY 85) in an amount exceeding \$25 million (Exhibit B). Despite the legislative reappropriations, the HEWCF cash balance has remained in excess of \$34 million, and will increase to approximately \$44 million in spite of a budgeted funding adjustment for FY 86 of approximately \$12 million. The result of this is that unneeded funds were appropriated to agencies and passed to HEWCF, thereby restricting the amount of General Funds that could be made available for other purposes. As shown on Exhibits C and D, cash balances of HEWCF with and without legislative reappropriations are and would have been:

<u>Fiscal Year</u>	<u>Actual Cash Balances With Reappropriations</u>	<u>Cash Balances if Not Reappropriated</u>
1981	\$22,469,507	\$22,469,507
1982	24,663,123	24,663,123
1983	34,390,388	38,390,388
1984	38,507,627	53,828,627
1985	45,952,793	71,273,793
1986 (as projected)	43,811,539	80,912,839

## User Agencies' Concerns

We met with and/or conducted surveys by telephone with representatives of the Departments of Administration, Law, Revenue, Education, Health and Social Services, Labor, Commerce and Economic Development, Natural Resources, Fish and Game, Public Safety, Corrections, Military and Veterans Affairs, and Environmental Conservation. We also met with the State's purchasing agency - Division of General Services and Supply - and held discussions with the regional offices of the State Equipment Fleet and the Department of Transportation and Public Facilities regional offices of the Division of Maintenance and Operations. Our interviews and discussions generally were held with budgetary/policy-making individuals, or their representatives, and were not designed to discuss financial and budget matters with custodians or assignees of vehicles.

There is a general dissatisfaction with the current operations of HEWCF and how it services the needs of these State agencies. While a number of agencies felt it was more convenient to deal with HEWCF, a majority are concerned with the cost.

It has been mentioned by HEWCF personnel that the present data system does not accumulate data in a manner to make accurate comparisons between the service provided by HEWCF and that provided by private industry. It has also been noted that few measures of performance have been established and analyzed to indicate the performance level of HEWCF. HEWCF is presently negotiating for an Equipment Management System (EMS) to provide more accurate cost information.

Presently, there is some confusion among users as to what service is being provided to them by HEWCF and for what their agencies are being charged. This confusion seems to stem from the lack of an updated HEWCF policies and procedures manual which should be disseminated to user agencies.