

ALASKA LEGISLATURE COMMITTEE FILES 1987 - 1988 8672
5132 HTRA COMM. MTGS: AK. MARINE HWY. (FILE 2) - OVERVIEW AKRR

Representative Cato
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December 12, 1986

If you should decide to introduce legislation on the marine highway system, please contact me with your specific proposals. If I can provide further assistance, please contact me.

GU:mkr
m7/066

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER—ALASKA MARINE HIGHWAY SYSTEM

POUCH R
JUNE 10, ALASKA 99811
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August 14, 1986

Mr. Stephan Mason
Acting Chairman
Coalition for the Improvement of
Alaska Marine Highway System
P. O. Box 9625
Ketchikan, AK 99901

Dear Mr. Mason:

I appreciate the opportunity to reply to your letter of August 2. Many of the questions have been asked of me personally on my various ship visits and obviously my answers have not reached all the right ears. The following should provide factual data and I hope it will clear up some popular misconceptions currently in circulation. The deadline you imposed has made it difficult to research all of the technical and detailed data you have requested. That information will be forwarded at a later date. I will restate or paraphrase your question, then provide the answer.

1. Q. Give us background information regarding lost jobs.
 - A. For FY 87 Alaska Marine Highway System (AMHS) like other branches of State government, was cut below FY 86 levels. These cuts came in several increments of various amounts during the budget process and included cost avoidances achieved through reduction in fuel prices. It was and continues to be our goal to provide the maximum amount of service to the public with the resources available. During the process it was determined that cutting of approximately \$700,000 in vessel personal services would result in less severe cuts in scheduled vessel service than would otherwise be required. This decision was made for two reasons; 1) to continue maximum service to the public and 2) maximum service means maximum employment. The guidelines used to determine which positions would be cut were; 1) not adversely effect safety, 2) not adversely effect passenger services and 3) keep additional overtime to a minimum. The Director of Operations outlined the requirements to the shoreside department heads who then met and agreed on specific positions for cuts. I reviewed and approved the cuts.

2. Q. How much money was estimated would be saved by each department cut and all collectively?

A. Engineer Department	\$178,000
Deck Department	303,700
Purser	33,300
Steward	<u>208,800</u>

Total	\$723,800
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3. Q. How much increased overtime has been submitted from each department since the job cuts. How much increased overtime has been submitted collectively?

A. There has been substantial overtime submitted. It is being compiled and analyzed as limited staff time permits. I will forward the results of this effort when it is completed.

4. Q. When exactly can we expect all these lost jobs to be reinstated?

A. AMHS is conducting an internal review of shipboard manning comparing required functions and work loads with manning. This study is expected to be completed this fall. Upon completion of this review, the preliminary finding will be reviewed with union and operating personnel prior to making any final determination. Both licensed and unlicensed input will be solicited and discussed. The result of this process should provide us with a valid manning document, based on required functions, workloads and services aboard each vessel.

5. Q. How many jobs have been eliminated from Department of Transportation and Public Facilities beach operations in accordance with recent funding cuts. What job positions and titles were eliminated and were these people terminated or moved to other positions within your operation? What exactly is the revenue savings currently reflecting these job cuts on the beach?

A. The following matrix should answer the above questions for AMHS.

FY 87 Budget Reductions prior July 1

<u>Position/Title</u>	<u>Who</u>	<u>Action</u>	<u>Where did the incumbent go</u>	<u>Estimated Savings (in Thousands)</u>
Administrative Assistant	vacant	Delete	vacant	34.1
Director of Marketing & Services	Emery	Delete	accepted classified service job	89.9
Secretary I	McCorcle	Delete	transferred to another department	31.8
Reservation Specialist	vacant	Delete	vacant	46.6
Accounting Clerk II	Roberson	PFT to seasonal	reduced pay	15.3
Accounting Clerk II	Harrigan	PFT to seasonal	reduced pay	10.6
Accounting Clerk II	Ketcham	PFT to seasonal	reduced pay	10.6
Clerk III	Salazar	PFT to seasonal	reduced pay	5.2
Clerk III	Seagrave	PFT to seasonal	reduced pay	5.2
Clerk III	Annand	PFT to seasonal	reduced pay	5.2
Clerk III	vacant	PFT to seasonal	reduced pay	5.2
Clerk III	vacant	PFT to seasonal	reduced pay	5.2
Clerk IV	Romzek	PFT to seasonal	reduced pay	5.8
Budgeted overtime for various positions		Delete		<u>48.6</u>
				309.3

Additional Cuts ordered since July 1

<u>Position/Title</u>	<u>Who</u>	<u>Action</u>	<u>Where did the incumbent go</u>	<u>Estimated Savings (in Thousands)</u>
Director of Operations	Black	Terminated	Terminated August 15	82.9
Secretary I	Vaden	Layoff	Lay off 8/29	27.6
Planner	Lindbeck	Layoff	Bumped down Jr. person lay off 8/29	45.2
Payroll Supervisor	O'Connor	retirement	leave vacant	45.7
Ferry Services Manager III	Clark	retirement	leave vacant	43.8
Accounting Technician I	Reddekopp	PFT reduced to 30 hr wk	reduced pay	12.6
Clerk III	Del Fierro	PFT reduced to 30 hr wk upon retirement	reduced pay beginning September 26	10.0
Stockhandler	Currie	Seasonal reduced from 9.6 months to 6 months	reduced pay	<u>11.9</u>
			Total	279.7

The net result is that approximately 15 percent of the total shoreside AMHS staff have had their jobs eliminated, held vacant or experienced some lesser degree of negative effect on their pay.

6. Q. How does that revenue savings correspond to the estimated revenue cuts the shore-side DOT&PF operations are expected to take in response to current funding cuts?

- A. The Department of Transportation and Public Facilities was required to take an overall 15% cut in the operating budget. If each element within the Department had been required to absorb that degree of cut the AMHS service and employment would have been severely crippled. By allocating total DOT&PF resources AMHS initially took approximately a 10% cut while the rest of the Department absorbed the rest. Impacts of this funding level would have included laying up the Columbia indefinitely and dropping one main line ship from winter service to southeast. When presented to the Governor this was considered unacceptable and he restored \$2 million to take the COLUMBIA out of layup and put on schedule to take advantage of the busy season. This meant that AMHS took approximately a 7% cut while the rest of the Department took an 18% cut.
7. Q. May we have an official statement concerning Mr. Black's dismissal?
- A. Mr. Black was relieved of duties as Director of Operations on July 16. He has been assigned some technical projects to work on prior to his final day at work on August 15.
8. Q. What transfer of job functions will this represent?
- A. There are no plans to refill the position at this time nor has a decision been made as to whether or not it will be refilled. In the interim, I am taking on the responsibility of the Division and am relying heavily on the Port Captain, Port Engineer and Passenger Services Manager for day-to-day operations.
9. Q. Who has access to our reservations system and to our standby reservations and wait lists? What kind of confidentiality can we expect in regard to protecting our reservations from being raided by private enterprise?
- A. All AMHS terminals have access to Reservation Management System (RMS II). Vista Travel in Fairbanks is the only travel agency with access to RMS and they finally became operational in late June 1986. Because of the special equipment requirements and technical difficulties experienced when we were actively attempting to bring

Vista Travel "on-line" I believe it would be almost impossible for an unauthorized party to gain usable access to RMS .II. I have heard many rumors that "STARDANCER" has access to RMS II. I don't believe it. I have heard stories that "someone made a reservation on AMHS and was immediately called by STARDANCER and offered a better deal". I would like to talk to someone this actually happened to in order to attempt to reconstruct what happened. The only possible connection of STARDANCER to State of Alaska "lists" I am aware of is the fact that the Division of Tourism compiles a computer list of all people who respond to their Vacation Planner questionnaire and indicate they would consider visiting Alaska by "ferryliner" and this list is available for sale to any firm wishing to purchase it.

10. Q. What were the exact figures on passenger and vehicle reservations made for the special Expo sailing of the M/V MATANUSKA?

A.	Southbound	Northbound
Passengers	159	147
Vehicles	13	24

At no time was either sailing booked full and there is no reason potential passengers should have been told it was full.

11. Q. Exactly how many reservations were made for Alaska State Government officials and dignitaries?

A. One. A reservation was made for DOT&PF Commissioner Knapp with the hope that he would be available to make the trip and present a letter from Governor Sheffield to the "Counsel General of the Expo". Other State business prevented Commissioner Knapp from making the trip and Captain R. M. Johnson presented the letter from the Governor.

12. Q. Were Governor Sheffield and Lt. Governor McAlpine scheduled to sail on that special Expo trip.

A. No.

13. Q. Exactly how many passengers actually showed for the sailing? How many vehicles?

A.	Southbound	Northbound
Passengers	75	75
Vehicles	10	17

14. Q. Please give us the exact amount collected on the cancellation fees.

A. None. All passengers who paid in advance made the trip. Since there were numerous staterooms and car deck space available for additional passengers desiring to make reservations the manifests were not purged of those who had not paid.

15. Q. How much revenue was expended on the Expo sailing?

A. The M/V MATANUSKA was operating on the Seattle route, Tuesday sailings. On May 20, the M/V MATANUSKA called in Vancouver, B. C. instead of proceeding on south to Seattle, therefore the only additional costs of the "Expo trip" were those incurred directly as a result of calling in Vancouver. Those costs were as follows:

Agency fee	Canadian	\$1,350.00
Pilot	Canadian	2,017.55
Berthage	Canadian	2,700.18
Miscellaneous	Canadian and U.S.	596.62
Total	U. S.	\$4,936.56

16. Q. Please give us a complete description of the complete Expo advertising campaign and its cost.

A. No money was budgeted or expended on special advertising for the Expo sailing. Maximum advantage was taken of radio public service announcements, press releases and media interviews, all at no cost to AMHS.

17. Q. A number of questions were asked concerning repairs and upgrade to the Haines and Skagway docks with the implication that these were undertaken by AMHS in order to accommodate STARDANCER.

A. I will deal with Skagway first. The City of Skagway obtained a grant from the State of Alaska to improve the ore dock to accommodate SUNDANCER. AMHS had no part in that grant. The Haines transfer bridge and tower were old and in need of replacement just as the Petersburg and Wrangell facilities were. Replacement of the Haines facilities was budgeted in FY 81. Design specifications were completed and received FHWA approval in January 1981. The project was advertised in November 1983 and construction began March 6, 1984. This dock was designed for AMHS vessels only. The STARDANCER was modified to fit Haines rather than the other way around, and for the record STARDANCER pays approximately \$1,000.00 per hour to use the Haines dock on a not to interfere basis with AMHS vessels.

18. Q. Who authorized the solicitation of AMHS traffic in line for boarding AMHS vessels by McDonald Enterprise/Sundance Cruise lines? Who authorized their use of the Haines terminal building for the same?

A. No one. In fact the State Terminal Tariff prohibits their use of our building. When it was brought to my attention that this was happening, I immediately had it stopped.

19. Q. How much of the Haines dock was federally funded? How much was State taxpayer funded?

A. Haines terminal project

State general funds	\$ 159,591.91
FHWA funds	<u>2,246,636.09</u>
Total	\$2,406,228.00

20. Q. Was the M/V COLUMBIA instructed to priority-load Juneau vehicles out of Haines during the summer of 1985? If so, who authorized it and for what reasons?

- A. There were no changes in standby loading procedures ordered for M/V COLUMBIA or any other vessels out of Haines last summer.
21. Q. Was the M/V AURORA instructed to load only Ketchikan/Hollis traffic out of Prince Rupert during the summer of 1985?
- A. No. If there was space available after loading all reserved vehicles, standby vehicles would be loading in their order on the standby list.
22. Q. Why have you not initiated an additional flyer inclusion on all tickets indicating a passengers "final destination"?
- A. This may be a good idea as the data would be useful. We do have data on passengers disembarking at Haines and Skagway but we do not have final destination. Presently there is no staff time available to compile the data because of other higher priority work and reduced staff.
23. Q. What was price per gallon for fuel in Seattle and Skagway during the time M/V MALASPINA was on the Seattle run in the winter of 1985? (December 1984, January and February 1985). How much fuel did M/V MALASPINA purchase from each facility during that time?
- A.
- | | Price | Amount Purchased |
|---------|----------|------------------|
| Skagway | .919 gal | 208,193 gals |
| Seattle | .738 gal | 202,649 gals |
- The M/V MALASPINA is required to fuel in Skagway for stability reasons.
24. Q. What is being done to publish and promote the life saving and waterway safety contributions of the Alaska Marine Highway vessels.
- A. If the press has not already covered the story a press release is prepared. In addition, articles are carried in the DOT&PF newsletter In Transit as appropriate.

25. Q. May we have a complete list of all rescue operations by AMHS vessels, all records of assistance to vessels in trouble, and all contributions made by AMHS vessels in the area of public waterway safety?
- A. No specific record is kept other than the entries in the ship's logs. Complete retrieval would require prohibitive efforts.
26. Q. We would greatly appreciate receiving a full and complete selection of personal and/or community commendations which exist. (In the area mentioned in Q. 25.)
- A. No such file exists. As such letters and/or commendations are received, they are sent with a forwarding letter to the vessel Master and/or individuals as appropriate. An example is enclosed.
27. Q. Please give us a description of the Seattle phone reservation system from 1982 to the present.
- A. In 1982 and until December 1984, the Seattle office had four telephone reservation clerks. Reservations were centralized in Juneau in December 1984 and toll free lines from both "outside" and within Alaska were established to the Juneau office. The Seattle "reservations" office was closed (the terminal and ticketing remained) and the four reservation clerk positions were transferred to Juneau.
28. Q. How many phone lines existed at which periods of time? When was the toll free 800 number installed? How long was it in existence and how much did it cost? When was it removed, how many non-toll free lines were installed to replace it?
- A. When the Centralized Reservation Office was established in Juneau in December 1983 it was set up with two Alaska-only toll free lines, four "outside" toll free lines and three local lines. The "outside" toll free lines were discontinued in April 1986 because of budgetary restrictions. At that time an additional Alaska-only toll free line and three additional non-toll free (907) lines were installed. The actual bills paid for the toll free lines are as follows:

		<u>Outside lines</u>	<u>Alaska only lines</u>
January	1985	\$ 4,612.92	
February	1985	3,337.19	\$ 7,793.54
March	1985	4,191.61	16,486.63
April	1985	5,510.98	12,507.86
May	1985	8,059.46	15,307.62
June	1985	7,714.86	15,307.62
July	1985	8,456.62	15,307.62
August	1985	5,828.09	17,263.15
September	1985	4,481.02	16,264.00
October	1985	3,201.24	4,898.77
November	1985	2,506.58	6,716.92
December	1985	3,152.71	751.11
January	1986	7,141.40	1,515.70
February	1986	6,391.85	23,741.05
March	1986	4,878.45	21,099.20
April	1986	101.32	25,646.09
May	1986		25,621.65
June	1986		29,342.40
July	1986		28,681.00
		\$79,566.30	\$284,251.93

29. Q. Josephine Emery was Director of Marketing for what period of time?

A. Mrs. Emery was Director of Marketing and Services from January 1984 until May 1986.

30. Q. Could you please give us a description of her duties as Director of Marketing?

A. Her primary responsibilities included managing a \$4.7 million operating budget along with the development, revision and communication of policies, rules and procedures for the promotion and sales of passenger, vehicle and stateroom space on the system which carries approximately 370,000 passengers and 100,000 vehicles.

She participated in the tourism industry to promote travel on the system, monitored community needs and probable effects of changing schedules or capacity; monitored passenger services on vessels; and responded to customer complaints.

She also supervised 65 employees, located in 18 offices and terminals in Seattle, Washington; Prince Rupert, B. C. and Alaska. She was responsible for publication and distribution of seasonal schedules and acted as project manager for the development and maintenance of a second generation computerized Reservation Management System (RMS II).

31. Q. What were her accomplishments as Director of Marketing?
- A. She was Project Manager for the development of second generation Computer Reservation Management system; centralized and increased reservation sales office hours. Introduced toll-free numbers and introduced electronic call distribution system in central reservation office to assist planning for proper staffing, monitor efficiency and provide necessary data for future staffing levels; timely publication and distribution of printed schedules; employees in uniforms to improve Alaska Marine Highway system image and assist in public identification; coordinated promotional programs with the State Division of Tourism; and served on the Board of Directors of the Southeast Tourism Council and Juneau Convention and Visitor Bureau.
32. Q. Please give us a brief history of her prior marketing experience.
- A. 1978 - 1980 Instructor - Tanana Valley Community College. Instructed three credit course - "Fundamentals of Transportation".
- 1974 - 1978 Manager, Passenger Services and Sales. Wien Air Alaska, Fairbanks.
- 1961 - 1974 Supervisor, Marketing and Sales - Western Airlines. Seattle, San Francisco, Ketchikan and Anchorage.
33. Q. How much was the advertising budget for FY 82 through FY 86?

- A. The base budget printing and advertising line item for FY 82 through FY 86 was as follows:

FY 82	121.7
FY 83	149.4
FY 84	177.7
FY 85	125.3
FY 86	161.4

34. Q. What was the general breakdown of advertising costs for FY 85 and FY 86?

- A. FY 85 breakdown: Summer and Winter schedules printing \$90,000; tickets \$20,000; miscellaneous printing and print advertising \$14,000.

FY 86 breakdown: Summer and Winter schedules printing \$100,000; tickets \$30,000; miscellaneous printing, photo contest and print advertising \$31,000.

35. Q. Who decided to implement the cancellation fees?

- A. I did.

36. Q. Do you think the cancellation fees are particularly unfair during the busy summer months when the rooms, in particular, can be resold and bring in their expected revenue?

- A. No, I do not. The cancellation penalty is a tool to encourage people who change their mind about traveling to cancel their reservation in order that we may then offer the space to someone on our "wait-list", a new innovation which allows our reservation's center personnel to confirm reservations for people on the wait-list as cancellations occur. This is in contrast to the standby list which only allows people in the terminal to board if there is a no-show. Before the penalty individuals were not cancelling their reservations causing the computer to show the vessel "booked solid". Other potential passengers then could not make reservations and when the person with the original reservation "no showed" we sailed with light loads. Staterooms almost always are filled on board by "cabin standby", passengers, but others may have decided not to travel because of non-availability of confirmed car deck or stateroom space.

37. Q. For exactly how many years was the no-charge stopover option available?

A. Staterooms have always been charged on a trip segment basis. This is the first year trip segment fares have been charged for other classes of fares.

38. Q. Who decided to discontinue this attractive travel incentive?

A. I did to help cover some of our costs during a year when operation of our vessels was directly tied to earned revenue for the first time.

39. Q. Could you please give us the cost increase figures on a fare from Seattle/Skagway with stops in Ketchikan, Wrangell, Petersburg, Juneau and Haines as opposed to a through fare?

A. Trip Segment Fare		Through Fare	
Sea-Ktn	138	Sea-Sgy	208
Ktn-Wrg	22		
Wrg-Psg	14		
Psg-Jnu	36		
Jnu-Hns	18		
Hns-Sgy	<u>10</u>		
Total	238	Total	208

40. Q. Are you considering reinstating the travel incentive of through fares?

A. Yes, either through elimination of or by lowering the difference in costs.

41. Q. May we have a list of private organizations that the State has contracted with for labor with their physical location and address?

A. AMHS has contracted on occasion for specific jobs when cost analysis has shown contracting out to be less expensive. Specifically, the M/V MATANUSKA staterooms were cleaned by Coast Janitorial Service following the reengining of that vessel in Portland. The contracted

job cost \$8,230.00. The Chief Steward has stated he needed 10 stewards to do the job which would have cost \$21,918.00 per diem and wages (minimum guarantee included) and \$376.70 in travel cost. The cost avoidance was approximately \$14,064.70. Additionally, a contract has been signed with a company, Wright Service, to provide assistance in cleaning staterooms on the vessel turn arounds in Skagway. The contract calls for a cost of \$6.25 per room. This is measured against the cost of "turn around" stewards from Juneau to Skagway to Juneau and the overtime plus the limited time in port. This program has been accepted by Chief Stewards as necessary, especially when there is limited turn around time in Skagway. Other contracts are entering into only if specific cost avoidance can be shown.

42. Q. How much was spent on contracted labor in 1984, 85 and 86?

A. This information is not readily available. As staff time will allow the answer will be researched and the information provided at a later date.

43. Q. How many "Comprehensive Plans" have been done regarding proposed operating plans for the Alaska Marine Highway System?

A. The Alaska Marine Highway is currently developing a comprehensive System Plan as recommended in the 1984 AMHS Task Force Report. It is scheduled to be completed this fall, and to my knowledge this is the only comprehensive plan developed in recent history.

The Southeast Region of DOT&PF has a Southeast Transportation Plan developed in 1980 that address AMHS as well as other modes of transportation in Southeast Alaska. It was updated earlier this year. It is a plan that addresses transportation from a regional aspect and does not go into detail nor does it address all the aspects that the AMHS System Plan will include.

44. Q. Is the AMHS System Plan Policy Workshop report yet another "proposed comprehensive plan"?

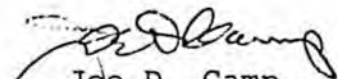
Mr. Stepham Mason

-16-

August 14, 1986

A. No. It is a small portion of the System Plan under development.

Sincerely,



Joe D. Camp
Deputy Commissioner

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Enclosure

cc: copy of August 2, 1986 Coalition letter enclosed
The Honorable Robert H. Ziegler, Sr.
Alaska State Legislature
The Honorable Jim Duncan
Alaska State Legislature
The Honorable Richard I. Eliason
Alaska State Legislature
The Honorable Peter Goll
Alaska State Legislature
The Honorable Ben Grussendorf
Alaska State Legislature
The Honorable Mike M. Miller
Alaska State Legislature
The Honorable Bill Ray
Alaska State Legislature
The Honorable John Sund
Alaska State Legislature
Karen Hofstad, President
Southeast Conference
R. J. Knapp, Commissioner
Len Laurance, Chairman
Governor's Task Force
The Honorable Robin L. Taylor
Alaska State Legislature

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

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
	TRANSPORTATION						
	OFFICE OF THE COMMISSIONER						
2	COMMISSIONER'S OFFICE	641.6	575.8	536.9	504.1	-32.8	-6.1%
4	STATEWIDE DEPUTY COMMISSIONER	779.0	242.7	218.5	207.9	-10.6	-4.9%
6	EQUAL EMPLOYMENT & CIVIL RIGHT		704.1	704.1	681.7	-22.4	-3.2%
8	INTL ARPT REVENUE CNTRL OFFICE				228.5	228.5	100.0%
10	DATA AND WORD PROCESSING	8.3					
12	INTERNAL REVIEW	679.5	842.5	842.5	842.5		
	*** PROGRAM TOTAL ***	2108.4	2365.1	2302.0	2464.7	162.7	7.1%
	STATEWIDE MANAGEMENT & FINANCE						
16	MANAGEMENT AND FINANCE	2102.7	2124.6	2124.6	2456.6	332.0	15.6%
18	DATA AND WORD PROCESSING	72.7					
20	STATE EQUIPMENT FLEET	304.6	441.0	441.0	756.5	315.5	71.5%
	*** PROGRAM TOTAL ***	2480.0	2565.6	2565.6	3213.1	647.5	25.2%
	STATEWIDE INFORMATION SYSTEMS						
24	INFORMATION SYSTEMS	2435.4	2167.8	1911.8	1911.8		
	STATE PLANS, PROGRAMS & BUDGET						
28	PLANS, PROGRAMS & BUDGET	1769.8	1846.2	1669.3	1673.1	3.8	0.2%
30	STATEWIDE AVIATION PLANNING	274.9	250.5	245.8	245.8		
32	DATA AND WORD PROCESSING	98.4					
34	UNBUDGETED RSA'S HPR/IARF	823.3					
	*** PROGRAM TOTAL ***	2966.4	2096.7	1915.1	1918.9	3.8	0.2%
	STATEWIDE RESEARCH						
38	STATEWIDE RESEARCH	964.3	774.9	711.2	746.2	35.0	4.9%
	STATEWIDE ENG & OPS STANDARDS						
42	ENG & OPS STANDARDS	2453.0	2286.0	2050.7	1741.7	-309.0	-15.1%
44	DATA AND WORD PROCESSING	15.6					
46	CIP PROGRAM	2657.4	3497.5	3497.5	3754.0	257.3	7.4%
48	UNBUDGETED RSA'S	69.7					
	*** PROGRAM TOTAL ***	5195.7	5783.5	5548.2	5496.5	-51.7	-0.9%
	CENTRAL REGION ADMIN SERVICES						
52	ADMINISTRATIVE SERVICES	2073.9	1710.1	1618.7	1618.7		
54	STATE EQUIPMENT FLEET	5814.5	6132.1	6132.1	6116.7	-15.4	-0.3%
56	DATA AND WORD PROCESSING	20.7					
58	AIRPORT LEASING	328.2	271.2	271.2	391.9	120.7	44.5%
	*** PROGRAM TOTAL ***	8237.3	8113.4	8022.0	8127.3	105.3	1.3%
	CENTRAL REGION PLANNING						
62	PLANNING	1516.4	1113.6	1046.1	963.8	-82.3	-7.9%
64	DATA AND WORD PROCESSING	8.5					
66	UNBUDGETED RSA'S	694.3					
	*** PROGRAM TOTAL ***	2219.2	1113.6	1046.1	963.8	-82.3	-7.9%
	CENTRAL REGION DESIGN & CONST.						
70	ENGINEERING MANAGEMENT	2166.2	5233.8	5140.4	4987.3	-153.1	-3.0%
72	DATA AND WORD PROCESSING	43.7					
74	CIP PROGRAM	20282.6	23139.0	23139.0	22850.2	-288.8	-1.2%

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

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AMN	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
	*** PROGRAM TOTAL ***	22492.5	28172.8	28279.4	27837.5	-441.9	-1.6%
	CENTRAL REGION MAINT. & OPER.						
78	HIGHWAYS AND AVIATION	28462.6	26956.5	21193.8	16989.4	-4204.4	-19.8%
80	TRAFFIC SIGNAL MANAGEMENT	826.0	1126.0	1126.0	1126.0		
82	FACILITIES	3429.0	3395.7	2927.7	2901.2	-26.5	-0.9%
84	ADMINISTRATION	1283.6	1155.3	996.5	864.4	-132.1	-13.3%
	*** PROGRAM TOTAL ***	34001.2	32633.5	26244.0	21881.0	-4363.0	-16.6%
	ANCHORAGE INT AIRPORT						
88	FIELD MAINTENANCE	2661.3	3090.0	3090.0	3068.9	-21.1	-0.7%
90	BUILDING MAINTENANCE	3483.1	3647.8	3647.8	4140.4	492.6	13.5%
92	SECURITY	3879.5	4063.0	4063.0	4326.0	263.0	6.5%
94	CUSTODIAL	2797.6	3272.2	3272.2	3204.9	-67.3	-2.1%
96	EQUIPMENT MAINTENANCE	1275.8	1319.5	1319.5	1319.5		
98	ADMINISTRATION	3224.7	3661.7	3661.7	3989.6	327.9	9.0%
100	DATA AND WORD PROCESSING	1.5	60.8	60.8	60.8		
	*** PROGRAM TOTAL ***	17323.5	19115.0	19115.0	20110.1	995.1	5.2%
	NORTH REGION ADMIN. SERVICES						
104	INTERIOR DIS. ADMIN. SERVICES	2044.7	1672.8	1672.8	1540.4	-132.4	-7.9%
106	WESTERN DIS. ADMIN. SERVICES	344.5	337.0	188.1	164.1	-24.0	-12.8%
108	SOUTHCENTRAL DIS. ADMIN. SVCS	403.1	345.6	195.6	195.6		
110	DATA AND WORD PROCESSING	33.2	38.5	32.7	32.7		
112	INTERIOR DIS STATE EQUIP FLEET	6730.8	7008.6	7008.6	7008.6		
114	WESTERN STATE EQUIP. FLEET	871.3	935.2	935.2	963.2	28.0	3.0%
116	SC DISTRICT STATE EQUIP. FLEET	2141.6	2328.3	2328.3	2300.3	-28.0	-1.2%
118	AIRPORT LEASING/PROPERTY MGMT				337.8	337.8	100.0%
	*** PROGRAM TOTAL ***	12569.2	12666.0	12361.3	12542.7	181.4	1.5%
	NORTHERN REGION PLANNING						
122	PLANNING	1197.1	975.6	975.6	951.1	-24.5	-2.5%
124	UNBUDGETED RSA'S, HPR P.R. 505	327.8					
	*** PROGRAM TOTAL ***	1524.9	975.6	975.6	951.1	-24.5	-2.5%
	NORTHERN REGION DESIGN & CONST						
128	ENGINEERING MANAGEMENT	2382.1	2967.9	2857.6	2848.3	-9.3	-0.3%
130	DATA AND WORD PROCESSING	105.5					
132	CIP PROGRAM	18732.8	21133.4	21133.4	21022.5	-110.9	-0.5%
	*** PROGRAM TOTAL ***	21220.4	25101.3	23991.0	23870.8	-120.7	-0.5%
	INTERIOR DISTRICT MAINT & OPER						
136	HIGHWAYS & AVIATION	23069.1	21060.5	16853.1	14947.3	-1905.8	-11.3%
138	FACILITIES	4709.4	4482.2	3877.4	3654.4	-225.0	-5.8%
140	ADMINISTRATION	1107.1	763.2	763.2	589.0	-174.2	-22.8%
	*** PROGRAM TOTAL ***	28885.6	26305.9	21493.7	19190.7	-2303.0	-10.7%
	WESTERN DISTRICT MAINT & OPER						
144	HIGHWAYS AND AVIATION	4122.0	3893.6	3007.6	2695.9	-311.7	-10.4%
146	FACILITIES	670.7	661.0	574.8	574.8		
148	ADMINISTRATION	306.7	159.5	135.6	135.6		
	*** PROGRAM TOTAL ***	5099.4	4714.1	3718.0	3406.3	-311.7	-8.9%
	SOUTHCENTRAL DISTRICT M & O						

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

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	87 REV
152	HIGHWAYS AND AVIATION	6728.6	6413.1	5046.5	4048.4	-998.1	-19.8%
154	FACILITIES	1719.9	1930.2	1742.4	1692.0	-50.4	-2.9%
156	ADMINISTRATION	431.8	329.1	279.7	279.7		
	*** PROGRAM TOTAL ***	8880.3	8672.4	7068.6	6020.1	-1048.5	-14.8%
	FAIRBANKS INT AIRPORT						
160	FIELD MAINTENANCE	1306.4	1694.1	1694.1	1584.1	-110.0	-6.5%
162	BUILDING MAINTENANCE	1225.5	1432.3	1432.3	1382.3	-50.0	-3.5%
164	SECURITY	2736.8	2717.9	2717.9	3032.8	314.9	11.6%
166	CUSTODIAL	619.4	683.1	683.1	658.1	-25.0	-3.7%
168	ADMINISTRATION	1049.5	1367.8	1367.8	1417.8	50.0	3.7%
	*** PROGRAM TOTAL ***	6937.6	7895.2	7895.2	8075.1	179.9	2.3%
	S.E. REGION ADMIN. SERVICES						
172	ADMINISTRATIVE SERVICES	1313.0	1039.8	898.1	953.1	55.0	6.1%
174	DATA AND WORD PROCESSING	9.8					
176	STATE EQUIPMENT FLEET	1740.0	2015.4	2015.4	1660.6	-354.8	-17.6%
	*** PROGRAM TOTAL ***	3062.8	3055.2	2913.5	2613.7	-299.8	-10.3%
	SOUTHEAST REGION PLANNING						
180	PLANNING	547.5	376.8	345.3	365.3	20.0	5.8%
182	DATA AND WORD PROCESSING	10.6					
	*** PROGRAM TOTAL ***	558.1	376.8	345.3	365.3	20.0	5.8%
	SOUTHEAST REGION DES. & CONST.						
186	ENGINEERING MANAGEMENT	1246.5	1322.4	1245.9	4012.8	2766.9	222.1%
188	DATA AND WORD PROCESSING	63.6					
190	CIP PROGRAM	8087.0	8671.2	8671.2	5833.1	-2838.1	-32.7%
192	UNBUDGETED RSA'S SCH SUR/DSGN	2.2					
	*** PROGRAM TOTAL ***	9399.3	9993.6	9917.1	9845.9	-71.2	-0.7%
	SOUTHEAST REGION M & O						
196	HIGHWAYS & AVIATION	7996.5	7611.8	6305.6	4339.6	-1966.0	-21.2%
198	FACILITIES	4890.2	4608.7	3872.4	3726.9	-145.5	-3.8%
200	ADMINISTRATION	393.1	392.6	326.2	324.7	-1.5	-0.5%
	*** PROGRAM TOTAL ***	13279.8	12613.1	10504.2	8391.2	-2113.0	-20.1%
	MARINE ADMINISTRATION						
204	ADMINISTRATION	2405.4	2226.7	2226.7	2331.7	105.0	4.7%
206	DATA AND WORD PROCESSING	46.8					
	*** PROGRAM TOTAL ***	2452.2	2226.7	2226.7	2331.7	105.0	4.7%
	MARINE FACILITIES ENGINEERING						
210	MANAGEMENT	393.5	433.0	433.0	433.0		
212	CIP	970.8	1341.5	1341.5	1393.1	51.6	3.8%
	*** PROGRAM TOTAL ***	1364.3	1774.5	1774.5	1826.1	51.6	2.9%
	MARINE MARKETING AND SERVICES						
216	MARKETING MANAGEMENT	1410.2	1363.2	1363.2	2271.2	908.0	66.6%
218	SOUTHEAST SHORE FACILITIES	2389.8	2712.9	2712.9	2359.6	-353.3	-13.0%
220	SOUTHWEST SHORE FACILITIES	650.6	678.2	678.2	468.0	-210.2	-31.0%
222	DATA AND WORD PROCESSING	258.7					
	*** PROGRAM TOTAL ***	4709.3	4754.3	4754.3	5098.8	344.5	7.2%
	MARINE OPERATIONS						

M M M M M DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES M M M M M

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	87 REV
226	MANAGEMENT	820.2	1047.8	1047.8	1201.1	153.3	14.6%
228	SOUTHEAST VESSEL OPER/OVERHAUL	47337.4	44267.1	44267.1	36571.2	-7695.9	-17.4%
230	SOUTHWEST VESSEL OPER/OVERHAUL	9416.0	9315.6	9315.6	8041.6	-1274.0	-13.7%
	MMM PROGRAM TOTAL MMM	57573.6	54630.5	54630.5	45813.9	-8816.6	-16.1%
232	RETIREMENT INCENTIVE PROGRAM				1143.3	1143.3	100.0%
	MMM TRANSPORTATION TOTAL MMM	277940.7	279857.1	262229.9	246157.6	-16072.3	-6.1%
MMMMMMMMMM	TOTAL AGENCY EXPENDITURES	277940.7	279857.1	262229.9	246157.6	-16072.3	-6.1%
MMMMMMMMMM	AGENCY FUNDING						
	FED RCPTS	3058.4	3697.6	3697.6	3697.6		
	GEN FUND	176161.1	161446.1	143380.6	120972.0	-22408.6	-15.6%
	OTHER FUNDS	98721.2	114713.4	115151.7	121488.0	6336.3	5.5%

13	MMMMMM DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES MMMMM				13		
14	MMMMMM				14		
15	STATEWIDE PROGRAMS			15,751,200	7,747,700	8,003,500	15
16	OFFICE OF THE COMMISSIONER						16
17	COMMISSIONER'S OFFICE (6 POSITIONS)			504,100			17
18	STATEWIDE DEPUTY COMMISSIONER (4 POSITIONS)			207,900			18
19	EQUAL EMPLOYMENT AND CIVIL RIGHTS (12 POSITIONS)			681,700			19
20	INTERNATIONAL AIRPORT REVENUE FUND CONTROLLER'S OFFICE (4 POSITIONS)			228,500			20
21	INTERNAL REVIEW (14 POSITIONS)			842,500			21
22	STATEWIDE MANAGEMENT AND FINANCE						22
23	MANAGEMENT AND FINANCE (42 POSITIONS)			2,456,600			23
24	STATE EQUIPMENT FLEET (9 POSITIONS)			756,500			24
25	STATEWIDE INFORMATION SYSTEMS						25
26	INFORMATION SYSTEMS (31 POSITIONS)			1,911,800			26

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1
2			APPROPRIATION	APPROPRIATION	FUND SOURCES
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	STATEWIDE PLANS, PROGRAMS, AND BUDGET				
5	PLANS, PROGRAMS AND BUDGET (31 POSITIONS)	1,673,100			
6	STATEWIDE AVIATION PLANNING (4 POSITIONS)	245,800			
7	STATEWIDE RESEARCH				
8	STATEWIDE RESEARCH (12 POSITIONS)	746,200			
9	STATEWIDE ENGINEERING AND OPERATIONS STANDARDS				
10	ENGINEERING AND OPERATIONS STANDARDS (28 POSITIONS)	1,741,700			
11	CIP PROGRAM (58 POSITIONS)	3,754,800			
12	CENTRAL REGION PROGRAMS		58,809,600	24,627,300	34,182,300
13	CENTRAL REGION ADMINISTRATIVE SERVICES				
14	ADMINISTRATIVE SERVICES (36 POSITIONS)	1,618,700			
15	STATE EQUIPMENT FLEET (58 POSITIONS)	6,116,700			
16	AIRPORT LEASING (7 POSITIONS)	391,900			
17	CENTRAL REGION PLANNING				
18	PLANNING (18 POSITIONS)	963,800			
19	CENTRAL REGION DESIGN AND CONSTRUCTION				
20	ENGINEERING MANAGEMENT (75 POSITIONS)	4,987,300			
21	CIP PROGRAM (52 POSITIONS)	22,850,200			
22	CENTRAL REGION MAINTENANCE AND OPERATIONS				
23	HIGHWAYS AND AVIATION (241 POSITIONS)	16,989,400			
24	TRAFFIC SIGNAL MANAGEMENT	1,126,000			
25	FACILITIES (26 POSITIONS)	2,901,200			
26	ADMINISTRATION (18 POSITIONS)	864,400			
27	ANCHORAGE INTERNATIONAL AIRPORT		20,110,100		20,110,100

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)		APPROPRIATION	APPROPRIATION	FUND SOURCES	2
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS	3
4	FIELD MAINTENANCE (50 POSITIONS)	3,068,900				4
5	BUILDING MAINTENANCE (49 POSITIONS)	4,140,500				5
6	SECURITY (79 POSITIONS)	4,326,000				6
7	CUSTODIAL (69 POSITIONS)	3,204,900				7
8	EQUIPMENT MAINTENANCE (15 POSITIONS)	1,319,500				8
9	ADMINISTRATION (24 POSITIONS)	3,989,600				9
10	DATA AND WORD PROCESSING	60,800				10
11	<u>NORTHERN REGION PROGRAMS</u>		65,981,700	26,832,200	39,149,500	11
12	NORTHERN REGION ADMINISTRATIVE SERVICES					12
13	INTERIOR DISTRICT ADMINISTRATIVE SERVICES (30 POSITIONS)	1,540,500				13
14	WESTERN DISTRICT ADMINISTRATIVE SERVICES (3 POSITIONS)	164,100				14
15	SOUTHCENTRAL DISTRICT ADMINISTRATIVE SERVICES (7 POSITIONS)	195,600				15
16	DATA AND WORD PROCESSING	32,700				16
17	INTERIOR DISTRICT STATE EQUIPMENT FLEET (56 POSITIONS)	7,008,600				17
18	WESTERN DISTRICT STATE EQUIPMENT FLEET (9 POSITIONS)	963,200				18
19	SOUTHCENTRAL DISTRICT STATE EQUIPMENT FLEET (21 POSITIONS)	2,300,300				19
20	AIRPORT LEASING AND PROPERTY MANAGEMENT (5 POSITIONS)	337,800				20
21	NORTHERN REGION PLANNING					21
22	PLANNING (16 POSITIONS)	951,100				22
23	NORTHERN REGION DESIGN AND CONSTRUCTION					23
24	ENGINEERING MANAGEMENT (38 POSITIONS)	2,848,300				24

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1
2			APPROPRIATION	APPROPRIATION	FUND SOURCES
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	CIP PROGRAM (484 POSITIONS)	21,022,500			
5	INTERIOR DISTRICT MAINTENANCE AND OPERATIONS				
6	HIGHWAYS AND AVIATION (174 POSITIONS)	14,947,300			
7	FACILITIES (25 POSITIONS)	3,654,400			
8	ADMINISTRATION (7 POSITIONS)	589,000			
9	WESTERN DISTRICT MAINTENANCE AND OPERATIONS				
10	HIGHWAYS AND AVIATION (30 POSITIONS)	2,695,900			
11	FACILITIES (5 POSITIONS)	574,800			
12	ADMINISTRATION (2 POSITIONS)	135,600			
13	SOUTHCENTRAL DISTRICT MAINTENANCE AND OPERATION				
14	HIGHWAYS AND AVIATION (57 POSITIONS)	4,048,400			
15	FACILITIES (16 POSITIONS)	1,692,000			
16	ADMINISTRATION (6 POSITIONS)	279,700			
17	FAIRBANKS INTERNATIONAL AIRPORT		8,075,100		8,075,100
18	FIELD MAINTENANCE (17 POSITIONS)	1,584,100			
19	BUILDING MAINTENANCE (8 POSITIONS)	1,382,300			
20	SECURITY (43 POSITIONS)	3,032,800			
21	CUSTODIAL (13 POSITIONS)	658,100			
22	ADMINISTRATION (12 POSITIONS)	1,417,800			
23	SOUTHEAST REGION PROGRAMS		21,216,100	10,228,800	10,987,300
24	SOUTHEAST REGION ADMINISTRATIVE SERVICES				
25	ADMINISTRATIVE SERVICES (22 POSITIONS)	953,100			
26	STATE EQUIPMENT FLEET (15 POSITIONS)	1,660,600			

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)		1
2		APPROPRIATION	APPROPRIATION FUND SOURCES
3		ITEMS	GENERAL FUND OTHER FUNDS
4	SOUTHEAST REGION PLANNING	APPLICATIONS	
5	PLANNING (5 POSITIONS)	365,300	
6	SOUTHEAST REGION DESIGN AND CONSTRUCTION		
7	ENGINEERING MANAGEMENT (47 POSITIONS)	5,012,800	
8	CIP PROGRAM (118 POSITIONS)	5,833,100	
9	SOUTHEAST REGION MAINTENANCE AND OPERATIONS		
10	HIGHWAYS AND AVIATION (55 POSITIONS)	4,339,600	
11	FACILITIES (26 POSITIONS)	3,726,400	
12	ADMINISTRATION (6 POSITIONS)	324,700	
13	ALASKA MARINE HIGHWAY SYSTEM		55,070,500 51,026,800 5,043,700
14	MARINE ADMINISTRATION		
15	ADMINISTRATION (46 POSITIONS)	2,331,700	
16	MARINE FACILITIES ENGINEERING		
17	MANAGEMENT (5 POSITIONS)	533,000	
18	CIP PROGRAM (22 POSITIONS)	1,393,100	
19	MARINE MARKETING AND SERVICES		
20	MARKETING MANAGEMENT (32 POSITIONS)	2,271,200	
21	SOUTHEAST SHORE FACILITIES (38 POSITIONS)	2,359,600	
22	SOUTHWEST SHORE FACILITIES (5 POSITIONS)	468,000	
23	MARINE OPERATIONS		
24	MANAGEMENT (16 POSITIONS)	1,201,100	
25	SOUTHEAST VESSEL OPERATIONS AND OVERHAUL (627 POSITIONS)	36,571,200	
26	SOUTHWEST VESSEL OPERATIONS AND OVERHAUL (98 POSITIONS)	8,041,600	

January 27, 1987

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
 OPERATING BUDGET COMPARISON
 AND NARRATIVE OVERVIEW
 FY86 AUTHORIZED - FY88 GOVERNOR'S REQUEST
 (in millions)

Source of Funding	FY86 Authorized	FY87 Authorized	FY87 Revised	FY88 Governor's Request*	\$ Change FY87 Rev. to FY88
Gen. Fund	\$177.8	\$161.4	\$143.4	\$124.1	(\$19.3)
Other Funds	116.2	118.5	113.8	122.1	3.3
Dept. Totals	\$294.0	\$279.9	\$262.2	\$246.2	<\$16.0>
% G.F. Change From Previous Year	<0.4>%	<9.2>%	<11.2>%	<13.5>%	

*Excludes \$5.2 million switch to user fees for Dalton Highway toll charges.

General fund decrements totalling \$21.1 million and one general fund increment for \$1.8 million for Marine Highways Risk Management increases have been accepted by the Governor. This is a net reduction of \$19.3 million for the Department of Transportation and Public Facilities (DOT&PF). This yields a 13.5% departmental reduction from the FY87 Revised general fund budget. Please note this includes a net reduction of approximately 14% for the Alaska Marine Highway System (AMHS) and a 13.1% cut for all remaining DOT&PF general funds.

In addition, it is proposed that \$5.2 million be changed from general funds to user fees to reflect operation of the Dalton Highway as a toll road. This would bring the general fund (GF) reduction to \$24.5 million, or 17.1% of the Department's FY87 Revised GF budget. However, since this proposal would require separate legislative action this funding change is being considered as a part of the proposal for new legislation rather than as a part of the Department's budget.

Excluding the AMHS, and the Dalton Toll proposal, a general fund reduction of 13.1% and \$11.3 million from the FY87 Revised GF level of \$84 million is proposed. This 13.1% reduction in FY88

would mean that units of the department other than AHMS have been reduced by 36.1% since the FY36 authorized GF budget.

A net reduction for the general fund portion must be viewed in light of the overall impact to revenue from cuts to the AMHS. The AMHS has a FY'87 general fund revised budget of approximately \$60 million and a subsidy level of about \$30 million. We have identified the impacts from reducing the subsidy level by about \$6 million, which results in a total reduction to the AMHS general fund budget of about \$8.4 million due to revenue cuts.

MAJOR HIGHLIGHTS

The following depicts the major impacts from adoption of these proposals:

- (1) Elimination of all state maintenance on nearly 1,600 miles of roads currently on the state maintenance system that are not considered the highest priority routes, or do not require minimal maintenance efforts due to investment of federal funds;
- (2) Elimination of all maintenance except for minimal safety repairs and physical highway protection (which adds a hidden cost for increased legal liability) for approximately 800 miles of highways that are not priority routes, but have federal investment requiring continued state efforts to protect this investment;
- (3) Reduction of maintenance funding by another 8% on the remaining 2900 miles of roads, which means a total reduction well in excess of 25% for maintenance and operation of these facilities in less than 18 months;
- (4) Elimination or reduction of airport maintenance by over 7%, with particular emphasis on daytime operations only and major reduction of winter maintenance at certain airports statewide;
- (5) Substantial reductions in Marine Highway service including unmanned layup of 6 vessels for a total of 29 months. This will affect at least 230 crew members. This leaves the Southeast system with no change to summer service, but only one mainline vessel and one feeder vessel for the other 8 months of the year, and the Southwest system with single vessel service for 6 months and no service for 2 months during the winter.
- (6) Institution of a toll or user fee charge of approximately \$500 per trip, per 13-wheeler for commercial use of the James Dalton Highway north of the Yukon River, which

may lead to eventual closure due to inability to recover adequate fees;

- (7) Elimination of maintenance for campgrounds, rest areas, turnouts and waysides, land fills, and litter pickup for state highways to preserve funds for essential M&O functions; and
- (8) Reductions in facilities maintenance including janitorial services for state buildings from 5 to 3 days per week, grounds-keeping, and clearing of snow and ice from sidewalks and parking areas.

HIGHWAY MAINTENANCE & OPERATIONS

The impact to highway M&O is particularly troublesome when viewed in a longer term context. Since 1980, DOT&PF's responsibilities have grown over 10%, while available real dollars have decreased by nearly 30% under the FY'87 revised budget.

To gain additional perspective, consider the likely effects of the FY'87 reductions already taken:

- (1) Little preventative maintenance anywhere on the system, which means little highway crack sealing, patching or resurfacing.
- (2) Traffic services such as snow plowing, striping, and pothole patching can only be performed on a priority basis, and roads to recreational areas and low traffic rural and suburban areas can be plowed only if time permits; and
- (3) Routine summer maintenance will have to be eliminated or drastically curtailed if extraordinary winter snow and ice conditions occur.

Following the M&O cuts in August 1986, it is no longer possible to cut further on the basis of a straight percentage decrease across the entire system. Instead, it has been necessary to structure further reductions on a programmatic basis by classifying the highway system as follows:

- (1) Category I: Priority routes that provide the intrastate connecting system between the population and economic centers, airports, and major harbors, thereby covering Alaska's fundamental transportation links.
- (2) Category II: Routes where the state has invested sufficient federal funds to contractually bind us to provide a minimum level of maintenance to realize anticipated service life of the constructed improvements.

- (3) Category III: All other routes that the state currently has on the state maintenance system.

We have further differentiated the importance of state efforts for maintenance into eight groups. These are in increasing order of importance (1) snow and ice control on Category III roads within organized governmental units; (2) all activities on Category III roads within organized governmental units; (3) snow and ice control on Category II routes within organized governmental units; (4) snow and ice control for Category III routes outside governmental units; (5) snow and ice control on Category II roads outside governmental units; (6) all activities on Category III roads outside governmental units; (7) maintenance at 30% of historical levels for Category II roads within governmental units; and (8) maintenance at 30% of historical levels on Category II routes outside governmental units.

The basic assumption is that a currently organized governmental unit would be better able, and probably more likely, to assume maintenance responsibilities for routes within their boundaries than people outside of a governmental unit. Please note this may require legislative action to grant road powers in certain cases. This also recognizes that for many routes in rural areas there is not an identifiable user group to assume this responsibility. We have also assumed that while snow and ice control is important, it is less critical in the long run than basic life/safety and structural maintenance efforts, partially because of our agreement with the Federal Highway Administration (FHWA) to prevent highway deterioration.

While we tried to structure the decrements in increasing order of importance, and with as much individual selection as possible to allow decisions other than simply "take it or leave it," it is important to underscore the radical and severe nature of these proposals. First, these cuts have been prepared on top of other cuts that we're currently managing, with cost data gaps regarding current performance. Second, there has been no public involvement to review and legitimize the methodology. Third, there may be administrative code and federal legal constraints hindering or preventing implementation of some of these proposals. Finally, there is probably a hidden cost of increased legal liability from implementing these proposals, which needs to be scrutinized.

AVIATION/BUILDING MAINTENANCE & OPERATIONS

The FY'37 aviation cuts have also severely curtailed preventative maintenance work, such as runway crack sealing and patching. Snow and ice removal may not always occur, depending on available manpower. Certified airports may not be open for all scheduled flights if safe operational conditions cannot be provided, or if overtime is not available to provide required crash/fire/rescue (CFR) services. Additional curtailment of routine summer maintenance efforts may also occur.

The proposed FY'88 decrements reduce these efforts further, and force more service elimination. Elimination of winter maintenance may force operators to perform their own snow control or to switch to a different airport. Reductions or elimination of CFR activities may restrict the types of aircraft now using certain runways. Specific impacts include the winter closure of Nome's North/South runway, and service reductions or eliminations at Barrow, Umiat, Northway, Bettles, Tanana, Unalakleet, Talkeetna, and Kotzebue. If significant cuts are pursued in the aviation M&O area, more work is needed to ensure an equitable level of service reductions statewide.

FY'87 reductions for building M&O have meant that efforts on heating and ventilation components have been limited to emergency repairs. Considerable deferred maintenance continues to accrue. Any FY'88 cuts would further exacerbate these problems.

ALASKA MARINE HIGHWAY SYSTEM

To date the AMHS has not incurred any substantial reductions in available general funds, although there have been service reductions to offset cost increases. Since the AMHS's portion of DOT&PF overall general fund budget is about 40%, it has become necessary to scrutinize all components carefully and to propose ways to achieve significant general fund reductions to accommodate your request.

Since the AMHS is a transportation entity that generates revenue, the true cost to the state is not the total general fund appropriation, but is the net general fund cost or subsidy. Accordingly, we have proposed three sets of decrements to reduce the net subsidy by about \$6 million for FY'88. Although we have not structured our proposal in this fashion, we believe serious consideration should be given to changing the current budget method to provide program receipt authority to expend generated revenues, along with the general fund subsidy needed to achieve the selected service level. This separation in funding would make it clearer to all concerned there is a revenue aspect to the AMHS.

The following depicts the specific impacts from reducing the subsidy level by \$6 million:

- (1) Reduce M/V MALASPINA service by four months. Reduce M/V Taku service by six months. Both vessels would be placed in unmanned layup. In combination with the already scheduled layup of the M/V COLUMBIA for six months and the overhaul periods for every ship, this will leave only one mainline vessel in service from Seattle or Prince Rupert to Skagway for eight months of the year. This will impact approximately 164 crew members during this period.

- (2) Reduce M/V AURORA service by four months resulting in single feeder vessel service in Southeast for eight months of the year versus the current four month period. The M/V CHILKAT would increase service by four months to supplement service between Ketchikan and Prince of Wales Island.
- (3) Reduce M/V BARTLETT service by six months. The M/V TUSTUMENA will provide service for the entire Southwest system, resulting in general service reductions in the winter, particularly between Valdez and Cordova. There would be no service for two months during the winter.

There are several key assumptions under each scenario. The basic intent is to maximize service for Alaskans, at the expense of tourist business if necessary. Although no service or cost saving assumptions have been included for eliminating Seattle service since current data is inconclusive, we intend to continue reviewing this option as a means to improve service for Alaskans without increasing the subsidy. Another key assumption is that it would be more cost efficient to maintain the same level of summer service for the entire 1987 summer before instituting reductions. This is because of (1) the FY'87 budget authorizes initiation of this level; (2) these are the high revenue months; (3) we have already published our schedule and are accepting reservations; and (4) it would minimize the impact from implementing cuts immediately. If earlier implementation of service cuts is desired, we can analyze this further.

We have not made any assumptions regarding possible savings to minimize service cuts by fare increases. Further work is needed to ascertain what service level savings can be obtained without increasing the subsidy, although we believe there are some possibilities here. Finally, no assumptions have been made about further savings from negotiating wage and benefit concessions or

crew size reductions, or through major streamlining of the administrative side. Please also note there is an increment to fund additional risk management expenses not covered in the current base budget, which if not funded will cause a further reduction in service.

It is important to underscore that the proposed service cuts are not "set in concrete," but merely a general sense of what service levels would be by reducing the subsidy level by \$6 million. On the other hand, our current review of available data suggests that changes fairly close to these would be needed to obtain the targeted level of savings. The AMHS is a difficult entity to analyze correctly to achieve the savings we believe can be made, while preserving essential service levels. Any decision to achieve major subsidy reductions will require more work together to ensure we have a rational proposal.

JAMES DALTON HIGHWAY

While the Dalton Highway remains an important transportation facility, we believe it is reasonable to consider covering all or some of the high annual M&O costs through a user fee or toll charge. This is not a new issue, as evidenced by the state's success in including the special provision in Sec. 1113 of the Alaska National Interest Lands Conservation Act, which allows the charging of tolls without facing an obligation to repay federal-aid highway money used to construct the road.

The primary user and beneficiary from continued operation are North Slope oil producers and Aleyska. While it can be argued that we'd be biting the hand that feeds us, and clearly there would be some reduction in tax receipts because of the additional costs, we know of no covenant or agreement requiring continuation of this support at our expense. The Department of Law has advised us that there may be some changes to state statutes needed prior to initiating this proposal.

The per mile M&O cost for the Dalton is higher by at least 70% than for any other major rural transportation route in Interior District. Further, it is worth noting that since state assumption of this responsibility in 1973, we have spent about \$50 million in state capital dollars to support this function. While it is conceivable that the net effect over time might be closure of the road because aviation and/or marine modes are selected as the more economical means for support of North Slope oil activities, we believe these are exactly the type of hard choices Alaskans are facing under declining revenues.

Outside of the hue and cry from the oil industry, the other major group negatively impacted would be the trucking industry, particularly owner-operators. We are sympathetic to this concern in light of currently depressed conditions, but ultimately the most cost efficient means of transporting goods must be used to maintain economic stability and growth in Alaska. One answer, which incidentally might also help address the general complaints about "unfair" competition from the Alaska Railroad Corporation (ARRC), would be an interim state assisted training program to relocate trucking industry people into other job opportunities. Another entity that would be negatively impacted if the Dalton closed would be the ARRC since they now haul a fair portion of this business to Fairbanks. It might be necessary to contact them to obtain an assessment of this impact.

A toll to recover the full charge of the department's maintenance and operations costs for the Dalton Highway would mean a charge of about \$500 per trip for an 18-wheeler. Our costs are estimated to be \$5.2 million annually, approximately \$4.3 million in Interior M & O's Highway and Aviation component and \$0.9 million in the Facilities component. In addition, we have requested an increment for \$0.4 million in user fees to cover the costs associated with collection of the toll charges (.3 million would be the

annual cost, plus a one time cost of moving and modifying the checkpoint facility). The proposed toll does not include the capital costs for resurfacing or major maintenance of this road.

ADMINISTRATION/PLANNING/DESIGN & CONSTRUCTION

During prior reduction reviews, considerable general funds reductions were obtained in these areas. A total of 30.5% of general funds have been cut in these areas between the FY'86 authorized and FY'87 revised budgets. For example, a considerable portion of the reductions made to achieve the FY'87 revised budget were in these areas, allowing AMHS and M&O cuts to be considerably less than otherwise would have been the case.

Our decrements do include some additional general fund cuts in the planning areas. Otherwise, we are not proposing any further cuts at this time. It appears that sizeable "fat" trimming has already occurred. There is also a potential problem of making reductions to the point that we face problems with the FHWA and Federal Aviation Administration as to whether we are maintaining sufficient state funded management and administration to continue qualifying for federal highway and aviation money. Finally, we do not want to propose any cuts in the administrative or accounting side at least until we have a better handle on the magnitude of those problems, and the level of resources needed to fix them.

One change in the transfer area warrants mention. We are proposing to raise the State Equipment Fleet (SEF) fixed fee rate from 51% of the budgeted FY'87 rate back to 72% of that rate. This rate was dropped as a one-time cost savings measure for FY'87, with an understanding that the rate would be re-instated to keep the Highway Working Capital Fund fiscally sound over the long term. It is our intention to maintain the 72% rate level for at least the next two years, and then reassess what, if any, additional adjustments are needed, particularly in light of possible reduced need for equipment due to other budget reductions. We project this increase will allow us to meet vehicle replacement demand, while maintaining a positive cash flow. This means increased fee costs of about \$1.8 million for DOT&PF, which represents about 35% of the SEF's business.

REORGANIZATION SAVINGS

The attached budget submission includes some adjustments for organizational changes that have already been made, including the deletion of a net 5 PX positions based on already taken personnel actions. While further general fund savings are anticipated through additional reorganization and streamlining of current operations, we are not prepared to present any further proposals at this time.

The Commissioner wants to assess the overall operations for a period of time to ensure we don't destroy valuable portions of the organization that are working well. It may be that some of these savings won't materialize until mid to late FY'88 or at the start of FY'89. Accordingly, we respectfully request an understanding that any savings in these areas will be given priority consideration for use to restore reduced or deferred DOT&PF M&O activity.

REVENUE GENERATION

One way to offset some of the impact of both the proposed FY'88 and actual FY'87 reductions is to generate more revenue through our proposal to increase the motor fuel tax from 8¢ to 16¢ per gallon. We estimate this will generate approximately \$20 million in additional revenue. We recommend using this increase to help local governments and communities to pay for the increased M&O costs for those roads and highways removed from the state maintenance system. There may be other ways to generate further receipts, such as airport landing and tie-down fees, to offset other reductions. We will continue to review these possibilities.

SUMMARY

DOT&PF provides the state with numerous, essential transportation services. There is no doubt that transportation serves a critical economic role in a state such as ours. We fear pursuing major cuts, particularly in highway and aviation M&O, will only exacerbate our current problems.

Accordingly, until we can develop some of these proposals more fully, including greater acceptance by local communities of many of these responsibilities, it is imperative that we carefully analyze adoption of the large reductions we have identified, and if possible, find other revenues to avoid drastic reductions.

OVERVIEW OF QUESTIONS ASKED BY HOUSE FINANCE COMMITTEE MEMBERS
DURING A PRESENTATION BY THE DEPARTMENT OF TRANSPORTATION.

Tuesday, January 26 1987, Commissioner Gutierrez and staff for the Department of Transportation gave a budget presentation and overview to the House Finance Committee.

Attached please find the Department's proposed FY 88 budget from the Governor's office and an overview of the proposed budget changes and cuts.

Much of the information presented at this meeting is in the attached DOT overview report. Rather than be repetitive I felt it may be helpful to update you on some of the questions raised by House Finance Committee members at this meeting.

1. Why have such substantial cuts been made in the areas of M & O and to the Alaska Marine Highway System?

In 1985, major cuts were made in the areas such as management and design and construction. No cuts have been made in the AMHS and very minimal cuts, have been made in M & O during the previous few years budget cuts. Another point to consider is that when looking at the cuts made to AMHS these cuts reflect cuts from the 1987 "actual" figure and not the revised figures - therefore, the cut to AMHS is actually less than in other areas.

2. How did the department go about categorizing Class 1, 11 and 111 roads - were they categorized on a user basis?

No. The department felt that if roads were categorized on a user basis, heavily populated areas would have a great deal more Class 1 roads than rural areas. Several factors were taken into consideration including whether the road provides freight transportation needs (Valdez to Fairbanks), whether the road provides the only access to the area, how many people live in the area and numerous other factors were also taken into consideration. The department feels that this area is one that will need further consideration and will ask for community input and advice from local area DOT personnel to help prioritize the roads.

3. With the Capital Projects Cleanup, why can't we just get a computer print out of the total number of projects currently authorized? Then, compile a list of those projects that are physically under construction, complete these projects and start over again with all other projects so that are books and information would be correct and so that the problems with the Federal Government Highway on reimbursement of Federal dollars could be overcome? How long would it take to get this list?

It would be possible to compile a list and have it available in a very short time, 3-5 days. The department feels this would be very inaccurate as the problem is with billings not being made to projects. Therefore, it would take some time to figure out what monies had not been billed to projects and get the paper path moving along. Also, some projects are in the planning and design phase, some are under construction, some have been completed and require outstanding bills to be logged in before the project can be closed out. Because of the methods used for billing to the projects and the way in which project tracking has been done, the department now finds that there are currently thousands of projects that are in question.

Because of the poor accounting system information requested on projects before 1985 is difficult to provide accurately. The older the project, the harder it becomes to provide accurate information.

As of 6/30/85, the capital projects clean up list identified each project and the status of the project. When the department changed over to the new state accounting system this information was not recorded. The department is currently working on correcting the problems that exist.

Mr. Bob Poe has been hired to head up this project and the department is currently working on:

1. Correcting the Federal billing system problem.

At the present time all bills submitted for Federal reimbursement receive a manual audit from the Feds before reimbursement is made. This is partly due to previous incorrect billings and also an inefficient system for compiling the bills.

The department is in the process of requesting proposals for putting in place a system that will adequately perform all FHWA billings.

The contract should be awarded within 45 days and the system should be in place in 6 months.

2. The department is also bringing on board two C.P.A.'s to help set up and administer the new accounting system.

4. Is there statutory language changes required to turn the Dalton Highway into a toll road? Is there anything that prevents turning a road that received considerable Federal funds into a toll road?

Based on discussions with the Department of law, DOT believes it advisable to amend AS 19.40 to make it clear this arrangement would be legal, therefore yes, an amendment to the AS 19.40 would be required. The State of Alaska has a specific exemption from the requirements under Section 11.13 of the lands bill and relieves the state of any requirement to repay Federal monies used to build this road.

5. On the three tier maintenance program plan, is there some kind of legislation needed to establish a tier reduction program rather than the usual pro-rated reductions usually implemented?

The Department would like to investigate this further, As Mr. Hickey sees it now the statutes provide the Commissioner with a great deal of latitude to make these decisions. The department has administrative procedures in place as well as regulations which require the department to receive public input and recommendations however, at the present time it does not appear that anything legislative would be required.

This will need to be looked into further.

6. You refer to an increase in legal liability because of the reduced maintenance, could you explain further?

The Commissioner stated the department will have to state the level of service it will provide. He feels that if in fact, a road is open, there is a responsibility to provide a minimum level of maintenance on the road. The Commissioner is not sure what this level is and he feels the department will need to consult with the Attorney General's office for legal direction. However, he has raised the question and feels it must be addressed.

7. How will user fees on the Dalton Highway affect the lift axle? If the axle is on the truck would there be a toll for this axle? How is the department addressing the overall lift axle question?

In terms of the toll charge, if the axle were down and used for weight carrying purposes, it would be charged at the same level - \$100/axle.

As far as the question on regulations, the department has suspended implementation of the regulation to give the department and the legislature a chance to look at some of the issues. There is considerable controversy about some of the issues and, frankly, with the rapid change in economic conditions this issue may require rethinking on how to phase in a proposal. The department still has some basic concerns. There are a lot of concerns about the safety of using the lift axle, the test performed by the department would suggest they are a problem and many drivers have stated to the department in hearings that they are a problem.

Enforcement is a problem because they are used for weight purposes at the scale houses and then in order to avoid wear and tear they are not used. The department is looking at a new proposal that would allow for lift axles to continue under certain conditions such as Washington has just done. Steerable as opposed to fixed Certification from the manufacturer that they are properly guaged to carry the weight they are carrying Controls on the outside only The department is still looking into this but feels this type of proposal may be acceptable.

8. Do you envision the \$20 million revenue from doubling the motor fuel tax coming back to municipal governments through some sort of statutory shared taxes or how do you envision this? How does the \$20 million relate to the actual cost of maintaining roads today?

The administration is going to propose legislation to provide for the pass back of this money. The total M & O cut talked about in Category 1 11 and 111 is about \$10 million. With the cuts taken in the past plus this years \$10 million total cuts in the past few years in M & O will total about \$20 million. This therefore should be sufficient to offset these cuts.

9. Who would have to pay for use of the toll road?

The proposal is a new proposal and has a charge for light vehicles, this charge would be less but there would be a charge for any user of the road on a structured basis.

10. Where do you place schools in the three category system?

It would be categorized depending on whether the school is on a route. If the school is on a category 111 route we would be looking for the schools to take on the responsibility.

DOT may have to reconsider this categorizing and receive additional input.

Concerns were expressed by Senator Fischer about the roads to schools not being open and yet the constitutional requirement to provide education.

DOT will have to consider this.

11. Why is there an increase in the total dollars for the state equipment fleet, state planning and research and yet dramatic cuts are shown for M & O. What are the philosophical goals of the department?

The administrative sections, planning, research and administration is roughly 12% of the overall general fund dollars of the department budget. In FY 87 revised a large cut was made in these areas and none in AMHS and very little in O & M. The department would be willing to look at the budget more closely as the figures shown are not set. Until the department has a better feel for things such as the Capital Project cleanup they did not want to get rid of any available personnel.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: HB 62
Publish Date: _____

REQUEST: _____

Revision Date: _____
Title: "An Act...establishing the
Alaska Marine Highway Authority."
Sponsor: Cato
Requestor: Cato

Agency Affected: DOT&PF - AMHS
BRU: Marine Administration and
Marine Facilities Engineering
Components: Administration and
Engineering Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		137.7	107.1	207.0	217.4	228.3
TRAVEL		104.0	109.2	114.7	120.4	126.4
CONTRACTUAL		229.2	134.6	141.3	148.4	155.3
SUPPLIES		19.5	20.5	21.5	22.0	23.7
EQUIPMENT		20.5				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		569.9	461.4	484.5	508.3	534.2

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

REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		569.9	461.4	484.5	508.3	534.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		1	4	4	4	1
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: ^{MBA} Mark S. Hickey, Deputy Commissioner, Operations Phone: 465-3900
Division: Commissioner's Office Date: 01/23/87

Approved by Commissioner: 11-68-11-1-87 Date: 1/31/87
Agency: Dept. of Transportation and Public Facilities

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

HB 62

FISCAL NOTE ANALYSIS

During FY 84, the Department of Transportation and Public Facilities completed a program of reorganization. Basically, the efforts were toward regionalization of the Department and decentralization of the functions within its operation. As a result, Marine Highway System became a "region" or a stand alone operating unit headed by a Deputy Commissioner.

After almost three years of operating at the new level, the Alaska Marine Highway System has shaken-down internally with planned organization adjustments to ensure all functions previously accomplished outside the System are covered. The current organization with a minimum of additional positions would be required for independent operation as the "Alaska Marine Highway Authority". The new positions required are identified on the attached Request for New Position forms.

No funds for the increased operation of vessels are being requested in this fiscal note. Such an increase would require additional funds whether the System is managed as an Authority or under the present organization within the Department of Transportation and Public Facilities.

It is assumed the Authority would continue to utilize the State Accounting System and other State computer resources, including those needed to support our Reservations Management System. The requirements will remain the same under the current organization or an Authority.

The following assumptions were made:

1. The legislation would take effect July 1, 1987.
2. The "Alaska Marine Highway Authority's" time and attendance, personnel, and leave accounting computer systems will be completed with existing funding and will interface with existing State systems.
3. There would be an annual appropriation for full operating costs of the Authority each year that would include all revenues generated (Program Receipts) and a General Fund subsidy appropriation to cover the balance of costs needed to maintain the currently budgeted level of vessel operating schedules.
4. An inflation factor of five percent has been included for future years beyond FY 88.

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

5. The position of Deputy Commissioner would be converted to Executive Director and administrative support would be provided to the Board of Directors by the existing staff and the additional positions requested. No transfers of positions would be made from the Department of Transportation and Public Facilities.
6. The Authority would continue to use:
 - A. State-owned office buildings.
 - B. The State mail system
 - C. The State equipment fleet.
 - D. The statewide purchasing contracts (i.e. fuel).
 - E. "Shared" communications lines.
 - F. Insurance, bonding, etc., as now supplied.
 - G. Legal services from the Attorney General's Office.
7. The Directors of the Authority would meet an average of three days per month, or thirty-six days per year.

DETAIL OF FY 88 COSTS

MARINE ADMINISTRATION BRU

<u>Personal Services</u> - 1 PFT Position		\$ 53.3
Analyst/Programmer IV	\$ 53.3	
<u>Travel</u>		65.0
Transportation and per diem for seven directors to attend monthly meetings (3 days each in various locations statewide)	35.0	
Transportation and per diem for Executive Director, section chiefs, and other staff as required to attend monthly directors' meetings.	30.0	
<u>Contractual Services</u>		\$163.2
Professional Services	\$122.5	
Transcription services for directors' meetings	\$ 2.5	
Annual audit by CPA	20.0	
Initial legal services	100.0	

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

Contractual Services (Continued)

Communication	9.5	
Local telephone service for new position	.5	
Long distance telephone cost	2.0	
Postage	5.0	
Network connect fees for new terminal	2.0	
Advertising, Printing and Binding		20.0
Printing, photography, etc.	5.0	
Advertising of directors' meetings	5.0	
Initial printing of stationery	10.0	
Rental for Land, Buildings and Space		1.2
Room rental for directors' meetings	1.2	
Other Expenditures and Services		10.0
Mail clerk services (to be RSA'd to DOT&PF)	10.0	
<u>Supplies and Materials</u>		9.5
Office & Library Supplies	7.5	
Routine supplies for new position and directors' meetings		
Data Processing Supplies	2.0	
<u>Equipment</u>		10.5
Office equipment for new position	.5	
Data processing equipment for new position	10.0	
Marine Administration BRU TOTAL		\$301.5

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

MARINE FACILITIES ENGINEERING BRU

<u>Personal Services</u> - 3 PFT Positions		\$134.4
Maintenance Worker II	\$ 46.4	
2 Maintenance Worker I's	88.0	
 <u>Travel</u>		 39.0
Transportation and per diem for Maintenance Workers to perform maintenance of terminal facilities	39.0	
 <u>Contractual Services</u>		 75.0
Professional Services	50.0	
Environmental engineering, right-of-way, EEO compliance, etc. (Currently performed by DOT&PF)		
Minor Repair and Maintenance	25.0	
Minor repairs beyond the scope of work performed by Maintenance Workers		
 <u>Supplies and Materials</u>		 10.0
Repair & Maintenance Supplies	10.0	
Structural materials and minor tools as needed		
 <u>Equipment</u>		 10.0
Outfitting of maintenance shop		
Marine Facilities Engineering BRU TOTAL		<u>\$268.4</u>

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

SUMMARY OF FY 88 COSTS

	<u>Marine Administration</u>	+	<u>Marine Fac. Engineering</u>	=	<u>Total</u>
Personal Services	53.3 (1 PFT)		134.4 (3 PFT)		187.7 (4 PFT)
Travel	65.0		39.0		104.0
Contractual Services	163.2		75.0		238.2
Supplies & Materials	9.5		10.0		19.5
Equipment	<u>10.5</u>		<u>10.0</u>		<u>20.5</u>
Totals	301.5	+	268.4	=	569.9

FY 89 COSTS

FY 88 costs include an inflationary increase of 5% after deletion of the following one-time costs:

<u>Contractual Services</u> (Marine Administration BRU)	\$110.0
Initial Legal Fees	\$100.0
Initial Printing Costs	10.0
<u>Equipment</u> (Both BRU's)	20.5

Position Title		Maintenance Worker II	No. of Positions	1	Range/Step	54/A	Barg. Unit	LTC
Time Status	PFT	Staff Months	12.0		Location	Juneau	Election District	04
Justification								
<p>The legislation exempts the Department of Transportation and Public Facilities from maintenance of the facilities operated by the Authority.</p> <p>This position will serve as the lead for a maintenance team required to service Alaska Marine Highway System terminals, building, and docks.</p>								
Type of Expenditure			Amount					
1			2			3		
Salary			32,391					
Benefits			11,064					
Premium Pay 10 hrs OT/mo.			2,990					
Other								
Total Personal Services			46.4					
Travel			13.0					
Contractual			.5					
Commodities			.5					
Equipment			1.0					
Other								
Total Cost			61.4					
Funding Source for Total Cost								
Federal Receipts 1002								
G. F. Match 1003								
General Fund 1004			61.4					
I-A Receipts 1006								
CIP Receipts 1061								
Other								

**Request For
New Position**

Agency Dept. of Transportation and P.F.
Alaska Marine Highway System
BRU Marine Facilities Engineering
Component Engineering Management

FY 88

Page 8 of 10
Revised Date

Position Title		Maintenance Worker I	No. of Positions	1	Range/Step	55/A	Barg. Unit	LTC
Time Status	PFT	Staff Months	12.0		Location	Juneau	Election District	04
Type of Expenditure				Justification				
		Amount		<p>The legislation exempts the Department of Transportation and Public Facilities from maintenance of the facilities operated by the Authority.</p> <p>This position is part of a three position maintenance team required to service Alaska Marine Highway System terminals, buildings, and docks.</p>				
1		3						
Salary		30,592						
Benefits		10,561						
Premium Pay 10 hrs OT/mo.		2,825						
Other								
Total Personal Services		44.0						
Travel		13.0						
Contractual		.5						
Commodities		.5						
Equipment		1.0						
Other								
Total Cost		59.0						
Funding Source for Total Cost								
Federal Receipts		1002						
G. F. Match		1003						
General Fund		1004		59.0				
I A Receipts		1006						
CIP Receipts		1061						
Other								

**Request For
New Position**

Agency Dept. of Transportation and P.F.
Alaska Marine Highway System
 BRU Marine Facilities Engineering
 Component Engineering Management

FY 88

Page 10 of 10
 Revised Date

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 62
Publish Date: _____

REQUEST _____

Revision Date: _____ Agency Affected: Division of Personnel
Title: An act relating to ferries and ferry terminals and establishing the Alaska Marine BRU: Personnel
Sponsor: Cato Highway Authority Components: Centralized Administrative Services
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

There would be no fiscal impact on the Division of Personnel.

Prepared By: Diana DeSimone, Director *Diana DeSimone* Phone: 465-4430
Division: Division of Personnel Date: 1/28/87
Approved by Commissioner: Garrett Baskin *Garrett Baskin* Date: _____
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

POSITION PAPER
HB 62

House Bill 62 establishes the Alaska Marine Highway Authority as an independent public corporation for the operation, management, planning and construction of the State's marine highway system.

Section 19.70.040 specifies that the authority shall hire an executive director and may employ additional staff as necessary. The proposed language clearly and appropriately places the employees of the Authority in the classified service. However, the status of the executive director and legal counsel are not clearly delineated.

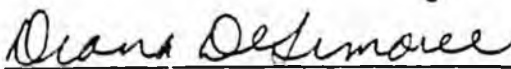
"The executive director and legal counsel are in the exempt service under AS 39.25.110."

Also add another section to the bill which states:

"AS 39.25.110 is amended by adding a new paragraph to read:

(23) The executive director and legal counsel of the Alaska Marine Highway Authority."

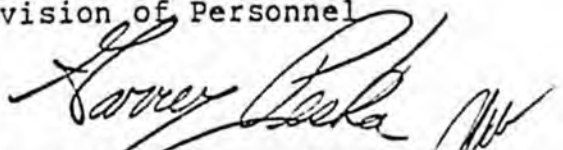
The Department of Administration/Division of Personnel's position on this bill is neutral.



Diana DeSimone, Director
Division of Personnel

1/30/87

Date



Commissioner Garrey Peska
Department of Administration

Date

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

COMMITTEE

MEETINGS:

OVERVIEW OF

AK. RAILROAD with

FRANK TURPIN

2-18-87

STATE OF ALASKA
THE LEGISLATURE

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

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

House Transportation:

1/28/87

ALASKA RAILROAD CORPORATION
GOALS & OBJECTIVES

1. DEVELOP THE ALASKA RAILROAD CORPORATION INTO AN EFFECTIVE AND EFFICIENT CORPORATION SERVING THE TRANSPORTATION NEEDS OF ALASKA.
2. IMPROVE, OPERATE, AND MAINTAIN THE RAILROAD ON A SELF-SUSTAINING BASIS.
3. ENHANCE AND UPGRADE THE RAILROAD'S FACILITIES, PROPERTY AND EQUIPMENT TO AN ATTRACTIVE AND WELL-MAINTAINED CONDITION.
4. DEVELOP A HIGHLY MOTIVATED, PRODUCTIVE WORK FORCE.
5. BE RESPONSIVE TO MARKET OPPORTUNITIES AND CUSTOMER NEEDS.

ALASKA RAILROAD CORPORATION
1986 EXTRAORDINARY EVENTS
(Thousands of Dollars)

<u>Event</u>	<u>Amount</u>
• Coal Train Derailment	350
• Crown Point	1,200
• Loss of SeaWay	200
• Flood	<u>175</u>
TOTAL	<u>1,925</u>

2-9-87

PRELIMINARY UNAUDITED

ALASKA RAILROAD CORPORATION

Income/Expense Comparison
1986 vs 1985
(\$000's)

	<u>1986</u>	<u>1985</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Revenue	57,355	67,234	(9,879)	(14.7)
Expense	<u>55,260</u>	<u>58,085</u> **	<u>2,825</u>	<u>(4.9)</u>
Operating Surplus	2,095	9,149	(7,054)	(77.2)
Interest Expense	(736)	(561)	(175)	(31.1)
Depreciation	<u>(2,556)</u>	<u>(1,455)</u>	<u>(1,101)</u>	<u>(75.7)</u>
NET INCOME (Loss)	<u>(1,197)*</u>	<u>7,133</u>	<u>(8,330)</u>	

* Excludes flood-related activity.

** 1985 was not a full calendar year. Actual comparable expense is \$60.1 million.

2-10-87

MAY GO AS
low AS 1,037 on
985

PRELIMINARY UNAUDITED

PRELIMINARY UNAUDITED

Handout #3, Page 2 of 4

ALASKA RAILROAD CORPORATION
 Revenues by Commodity
 1986 vs 1985
 (In Thousands of Dollars)

COMMODITY	1986	1985	Variance	
			Amount	Percent
Pipe	2,237	3,253	(1,016)	(31.2)
Coal	10,445	9,434	1,011	10.7
197 AAS Petroleum	10,615	11,833	(1,218)	(10.3)
Gravel	4,054	7,819	(3,765)	(48.2)
TOFC/COFC	6,057	7,008	(951)	(13.6)
227 AAS Interline	7,006	10,530	(3,524)	(33.5)
Miscellaneous Local	958	2,101	(1,143)	(54.4)
Total Freight	41,372	51,978	(10,606)	(20.4)
Passengers	4,574	4,344	230	5.3
Real Estate	5,271	4,322	949	22.0
All Other	6,138	6,590	(452)	(6.9)
TOTAL	57,355	67,234	(9,879)	(14.7)

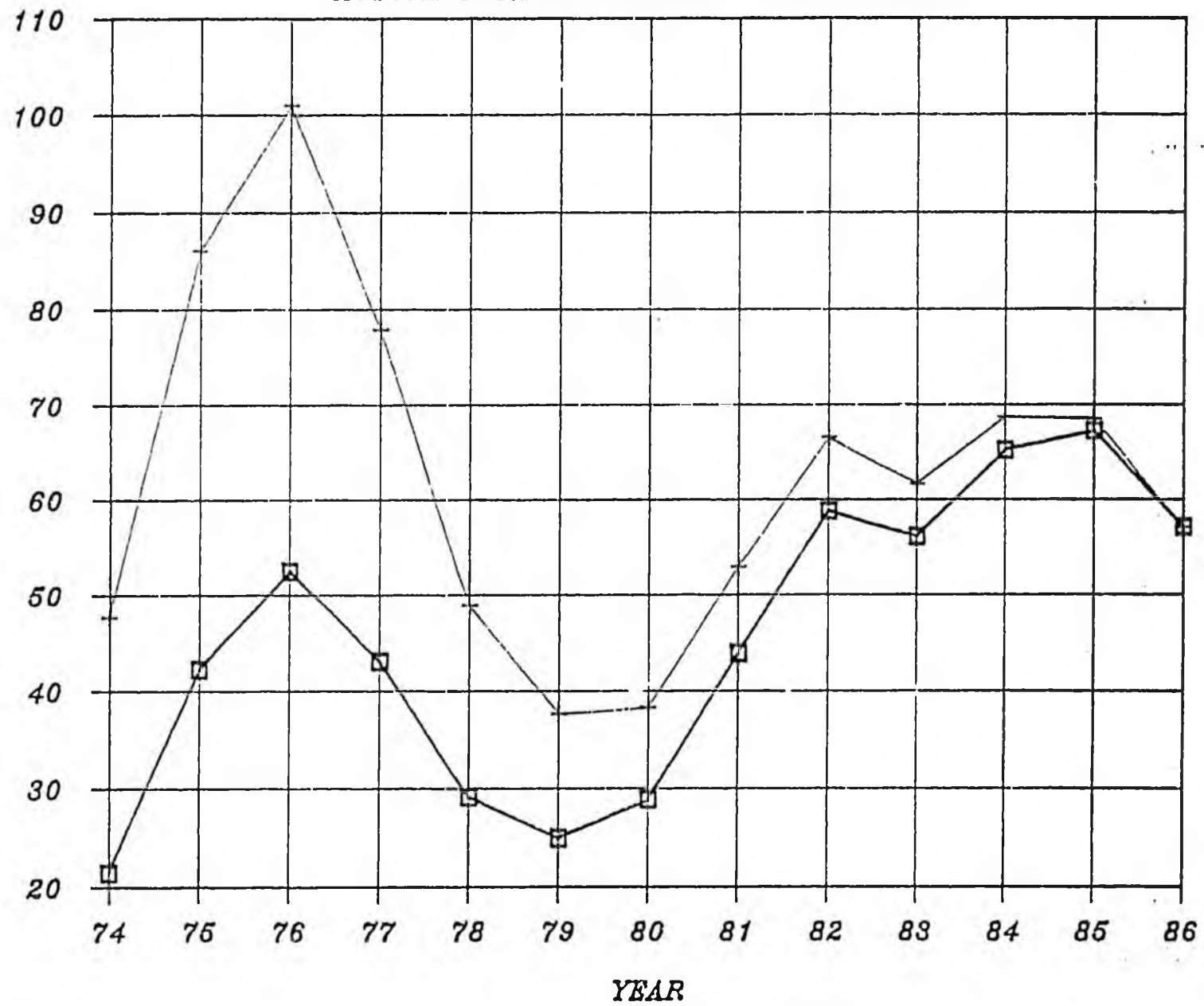
2-9-87

PRELIMINARY UNAUDITED

ALASKA RAILROAD CORPORATION

ACTUAL TOTAL REVENUE IN 1986 DOLLARS

TOTAL REVENUE
(Millions)

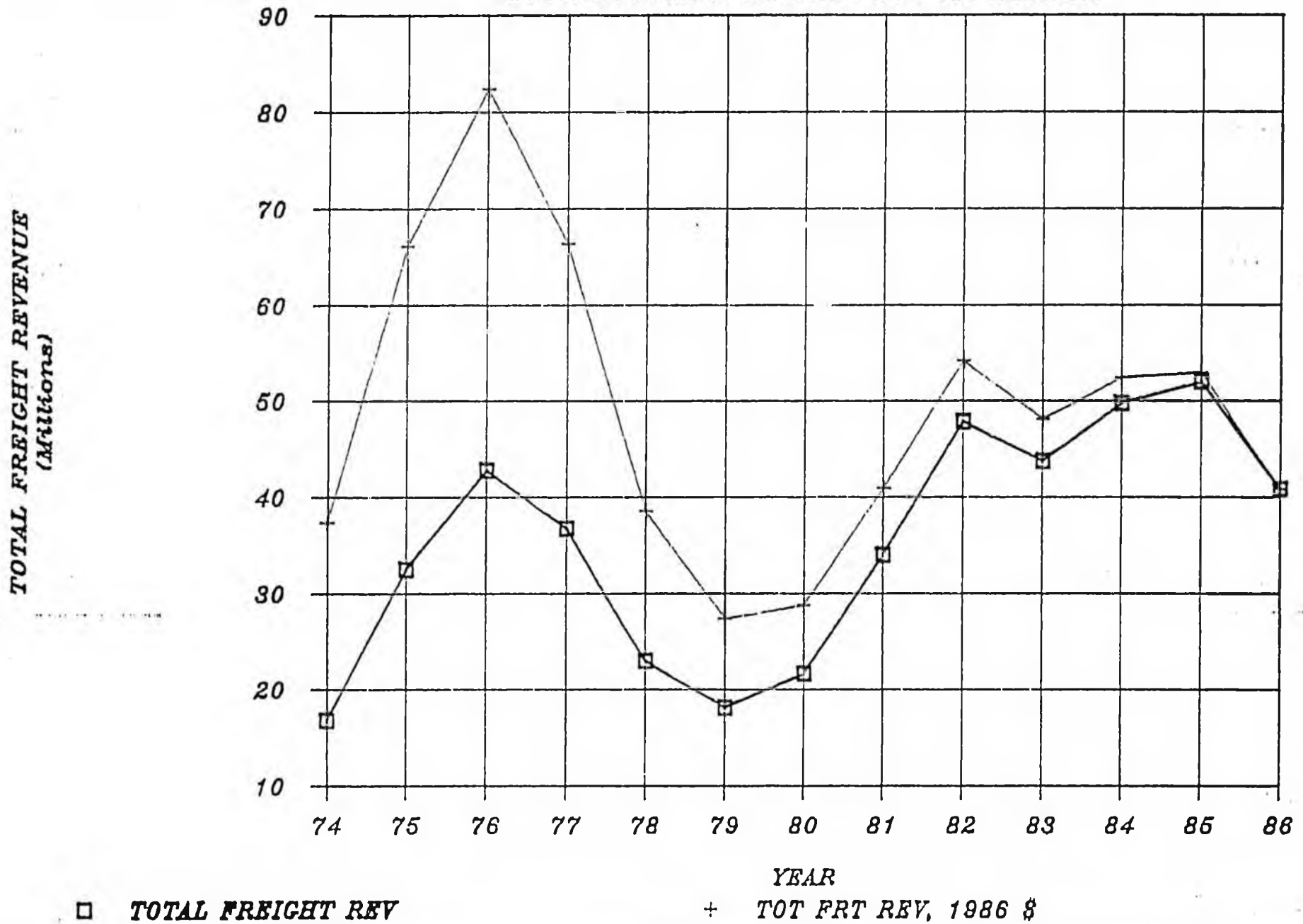


□ TOTAL REVENUE

+ TOT REV - 1986 \$

ALASKA RAILROAD CORPORATION

ACTUAL FREIGHT REVENUE IN 1986 DOLLARS



ALASKA RAILROAD CORPORATION
1987 OPERATING AND CAPITAL BUDGET SUMMARY

(\$ 000's)

REVENUE	\$ 56,760
EXPENSE	56,406
<u>NET INCOME (LOSS) FROM OPERATIONS</u>	<u>354</u>
ADD BACK NON-CASH ITEMS	<u>4,620</u>
CASH GENERATED FROM OPERATIONS	4,974
CAPITAL BUDGET CASH REQUIREMENTS	<u>4,620</u>
<u>CASH SURPLUS/DEFICIT, 1987</u>	<u>354</u>

ALASKA RAILROAD CORPORATION

1987 - REVENUE BUDGET BY CATEGORY

TOT. REVENUE
56.8

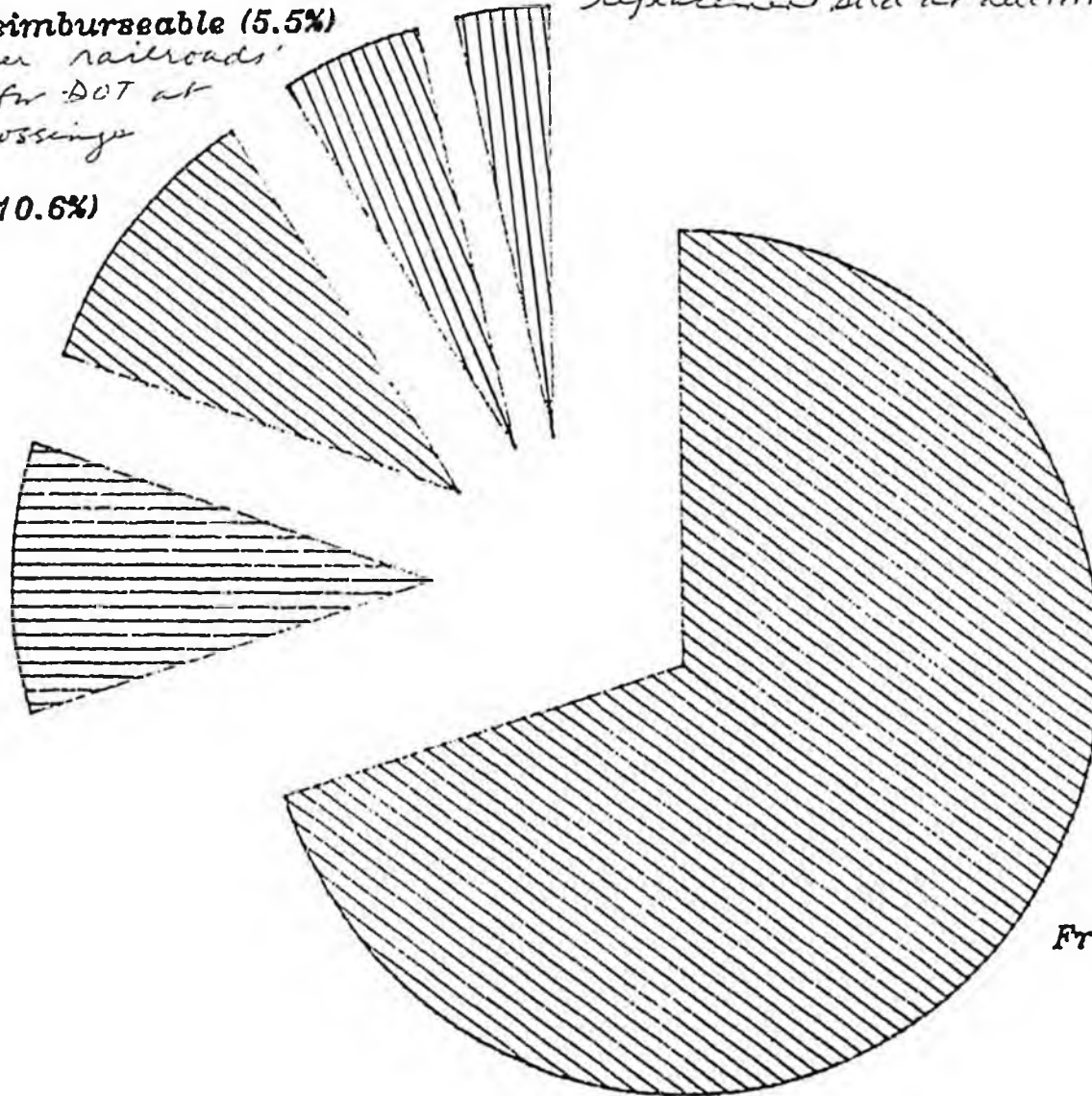
All Other (3.6%) - sales surplus, rail & tie replacement, sold at auction.

Reimbursable (5.5%)

work on other railroads' cars, work for DOT at highway crossings

Real Estate (10.6%)

Passenger (10.0%)

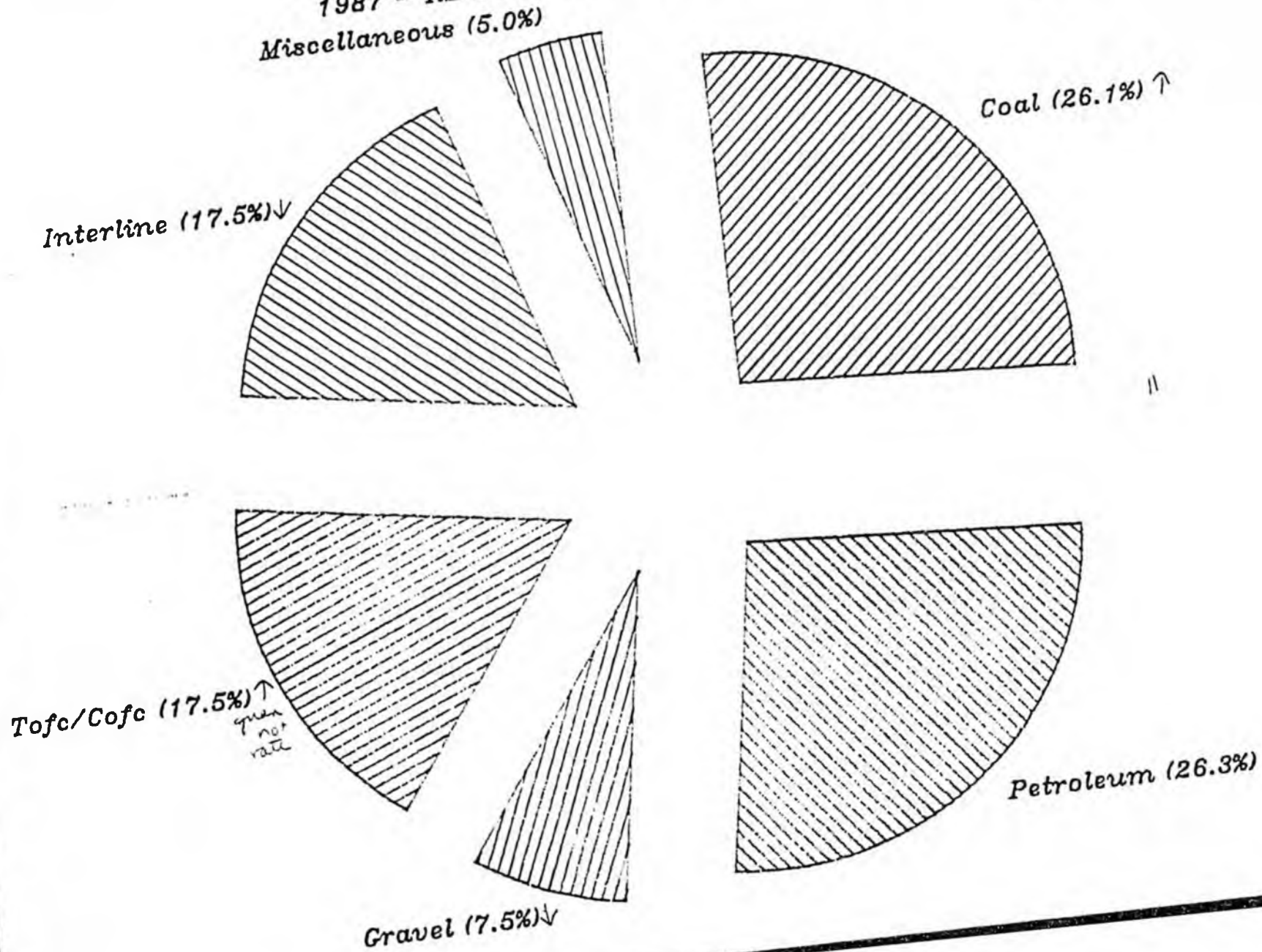


Freight (70.3%)

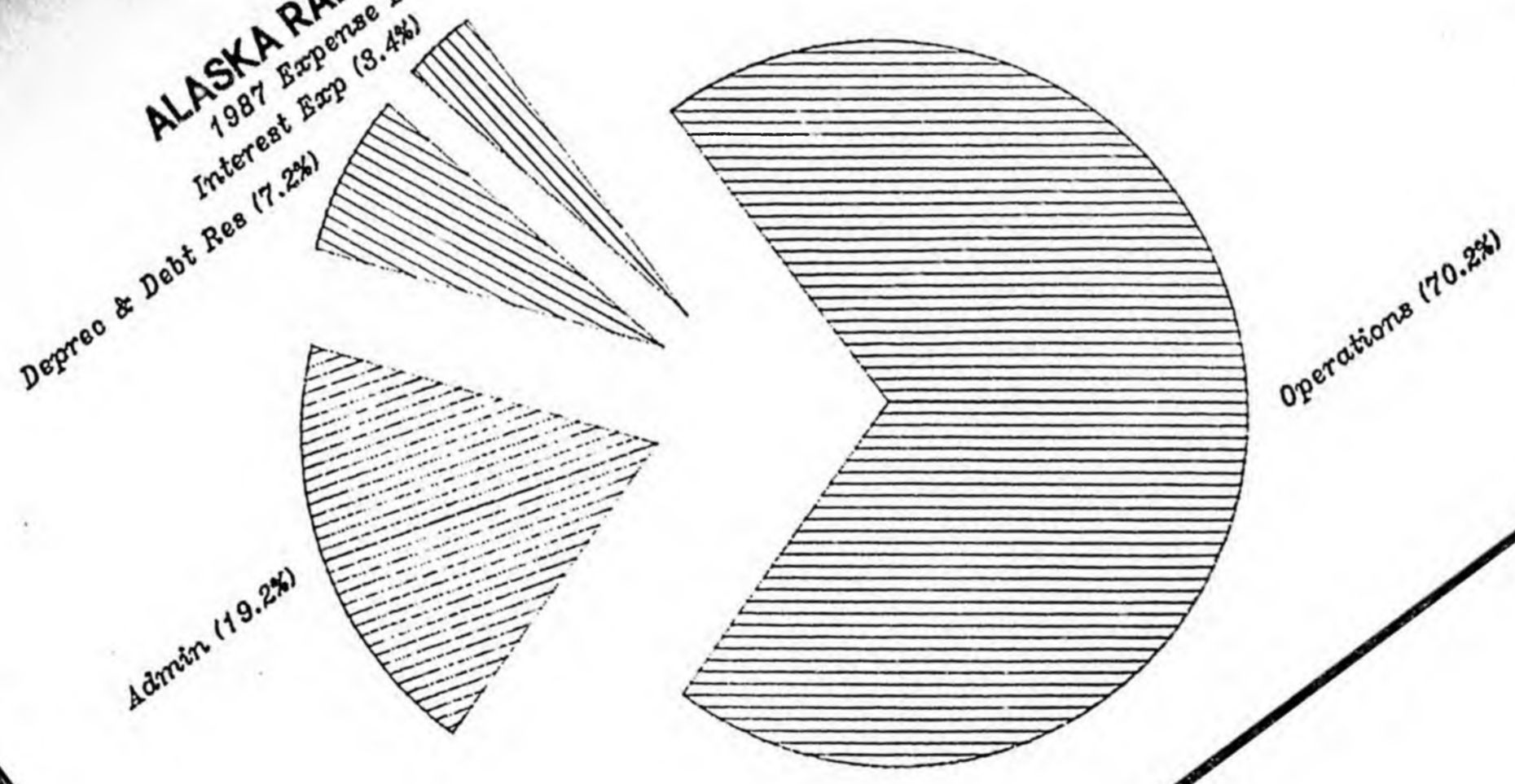
ALASKA RAILROAD CORPORATION

1987 - REVENUE BUDGET BY COMMODITY

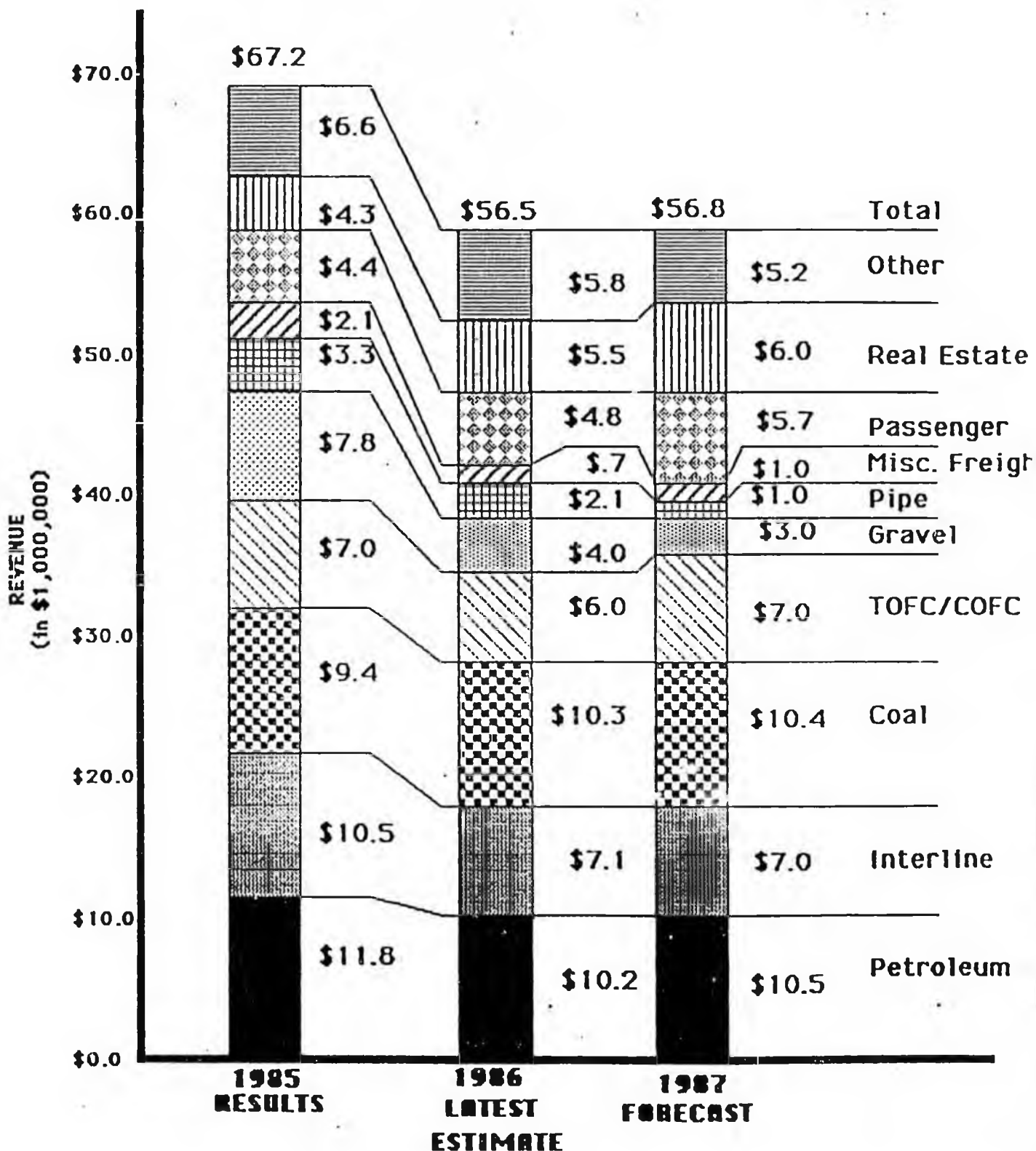
Freight Revenue
39.9 m



ALASKA RAILROAD CORPORATION
1987 Expense Budget - \$56.4 Million

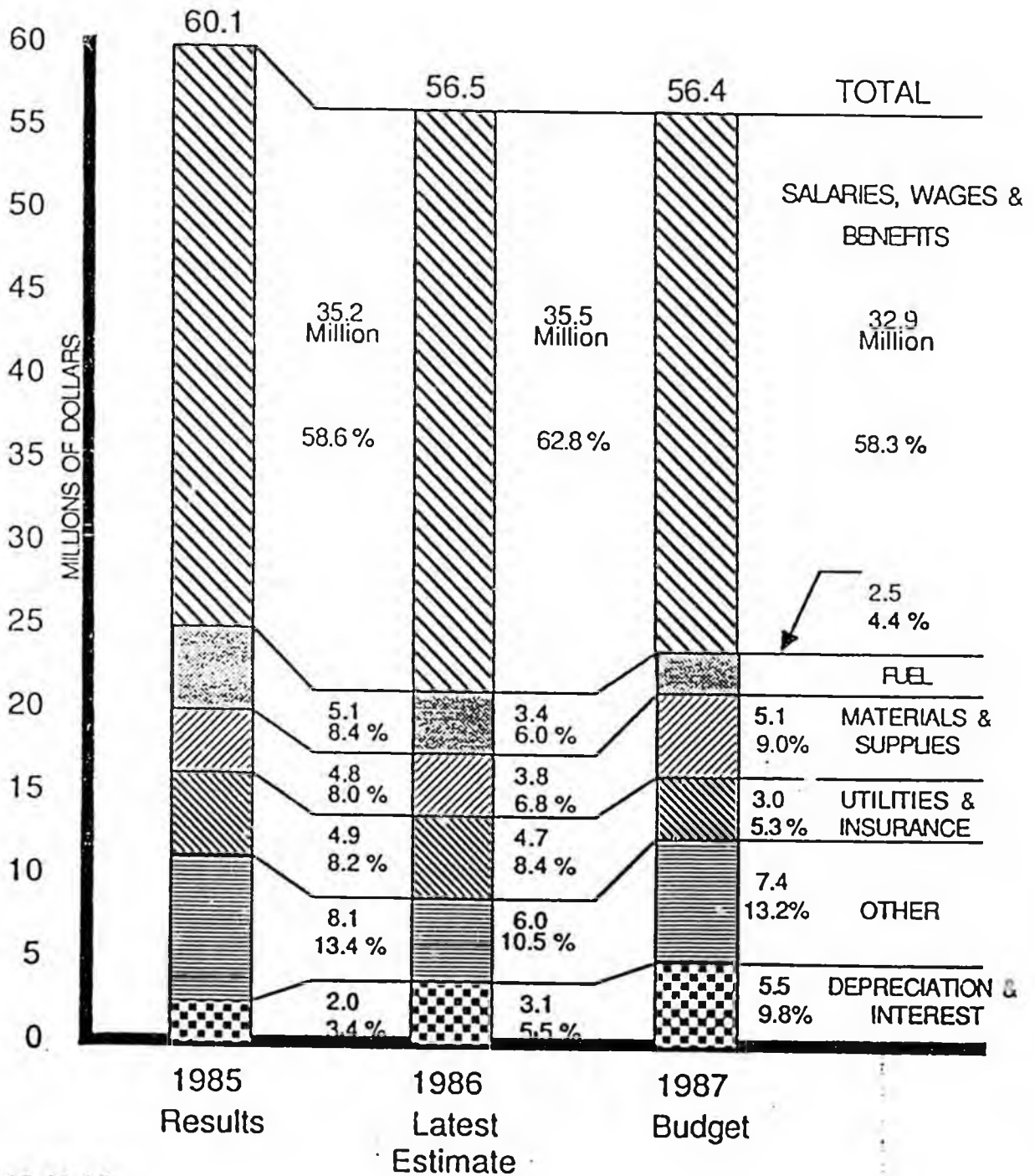


ALASKA RAILROAD CORPORATION REVENUE SOURCES



DECEMBER 16, 1986

ALASKA RAILROAD CORPORATION EXPENSE CATEGORIES



ALASKA RAILROAD CORPORATION
1987 Expense Budget Performance Analysis
(\$ 000's)

<u>DEPARTMENT</u>	<u>1987 BUDGET</u>	<u>1986 Latest Estimate</u>	<u>Dollar Variance</u>	<u>Percentage</u>
<u>Railroad</u>				
Transportation	13,990	15,200	(1,210)	(8.0)
Motive Power & Equipment	10,890	12,500	(1,610)	(12.9)
Engineering	11,999	12,050	(51)	(0.4)
Operations Staff	2,701	2,774	(73)	(2.6)
TOTAL RAILROAD	<u>39,580</u>	<u>42,524</u>	<u>(2,944)</u>	<u>(6.5)</u>
<u>General & Administrative</u>				
Corporate Office	525	625	(100)	(16.0)
Finance	4,599	5,120	(521)	(10.2)
Marketing	2,704	3,000	(296)	(10.0)
Administration	625	586	(61)	(8.9)
Human Resources	1,203	1,500	(297)	(19.8)
General Counsel	855	919	(64)	(7.0)
TOTAL G & A	<u>10,511</u>	<u>11,850</u>	<u>(1,339)</u>	<u>(11.3)</u>
<u>Corporate Overhead</u>				
Bad Debt Reserve	480	600	(120)	(20.0)
Interest Expense	1,920	726	1,194	164.5
Depreciation	3,600	2,400	1,200	50.0
Miscellaneous	315	(1,600)	1,915	N/A
TOTAL OVERHEAD	<u>6,315</u>	<u>2,126</u>	<u>4,189</u>	<u>197.0</u>
<u>TOTAL</u>	<u>56,406</u>	<u>56,500</u>	<u>(94)</u>	<u>(0.1)</u>

December 18, 1986

ALASKA RAILROAD CORPORATION
MANNING VARIANCE ANALYSIS
1984 - 1987

<u>Division</u>	<u>1984 Average Manning</u>	<u>1985 Average Manning</u>	<u>1986 Average Manning</u>	<u>1987 Average Manning</u>
President & CEO	9	6	4	2
Chief Counsel	4	3	7	6
Operations	586	606	564	483
Administration	7	8	8	8
Human Resources	11	12	19	15
Finance	69	67	64	62
Marketing	14	18	30	34
	—	—	—	—
TOTAL	<u>700</u>	<u>720</u>	<u>696</u>	<u>610</u>

12-2-86

*Winn, Finance Div
1987 = 600 - 100 = 500
1988 = 1100*

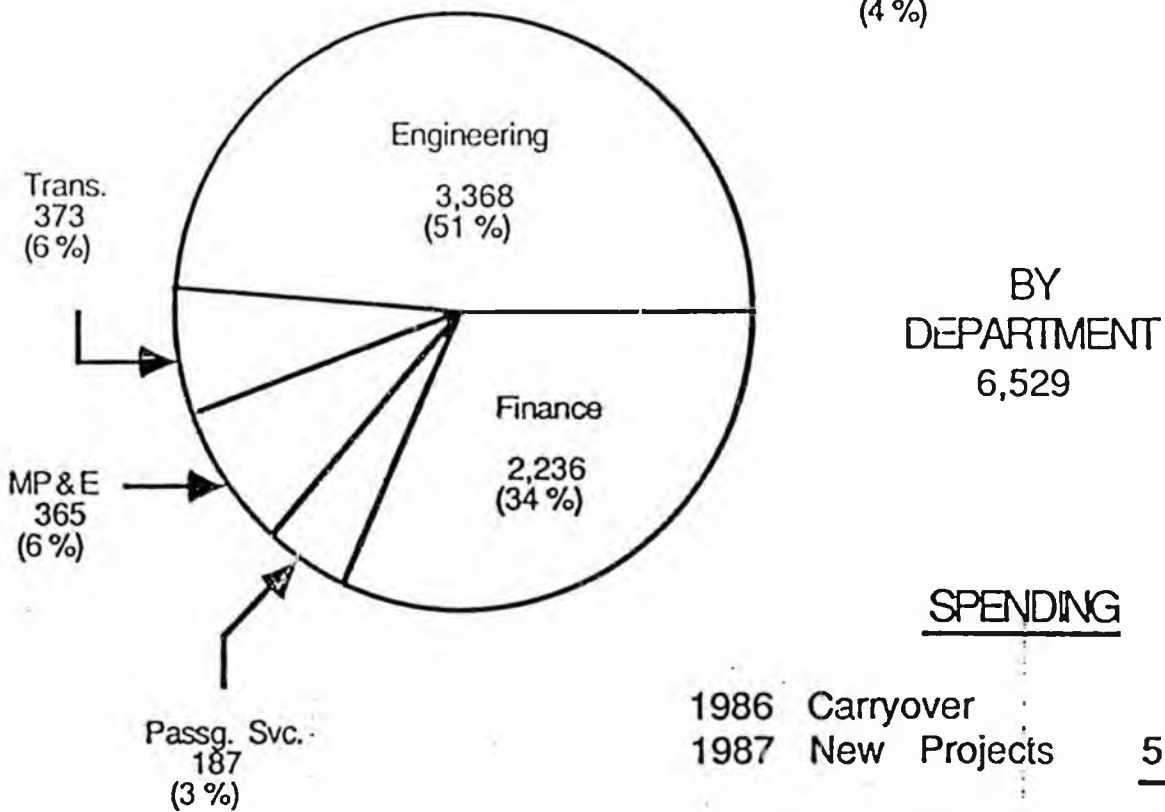
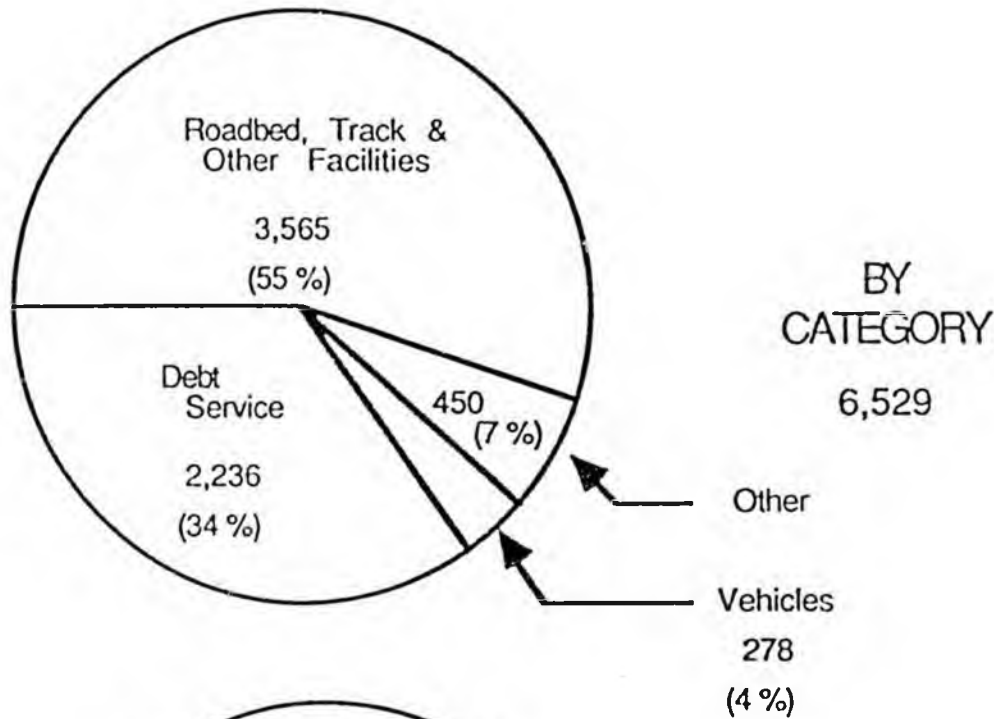
ALASKA RAILROAD CORPORATION
CAPITAL BUDGET SUMMARY
1987

DEBT SERVICE	\$2,236
OPERATIONS PROJECTS	4,106
PASSENGER SERVICES UPGRADE	187
	<hr/>
TOTAL	6,529
LESS NON-CASH/REIMBURSEABLE AMOUNT	<u>(1,909)</u>
<u>TOTAL CASH FLOW IMPACT</u>	<u>4,620</u>

December 18, 1986

ALASKA RAILROAD CORPORATION 1987 CAPITAL PROGRAM

Thousands of Dollars



SPENDING

1986 Carryover	548
1987 New Projects	<u>5,981</u>
Total 1987 Spending	<u>6,529</u>

ALASKA RAILROAD CORPORATION
 1987 OPERATING AND CAPITAL CASH REQUIREMENTS SUMMARY
 (\$ 000's)

	<u>LE</u>	<u>BUDGET</u>
REVENUE	\$ 50,000	\$ 56,760
EXPENSE	<u>56,406</u>	<u>56,406</u>
NET INCOME (LOSS) FROM OPERATIONS	(6,406)	354
ADD BACK NON-CASH ITEMS	<u>4,620</u>	<u>4,620</u>
CASH GENERATED FROM OPERATIONS	(1,786)	4,974
CAPITAL BUDGET CASH REQUIREMENTS	<u>4,620</u>	<u>4,620</u>
CASH SURPLUS (DEFICIT)	<u><u>(6,406)</u></u>	<u><u>354</u></u>

FUNDING OF CASH SHORTAGE

● REDUCE AVERAGE MANNING BY 60 POSITIONS	\$ 3,600
● REDUCTION OF CAPITAL OUTLAYS	1,000
● 10% "ACROSS THE BOARD" PAY CUT (5/1/87)	1,500
● OTHER MISCELLANEOUS EXPENSE CUTS	<u>500</u>
TOTAL CASH GENERATED	<u><u>\$ 6,600</u></u>

ALASKA RAILROAD CORPORATION

SALE/TRANSFER OF RAILROAD

Points to Consider

- If sold within five years of transfer (January 5, 1990), proceeds in excess of State's investment will go to the Federal Government.
- If sold within ten years of transfer (January 5, 1995) and any Railroad property is converted to a use preventing railroad operations, that property and improvements revert back to the Federal Government.
- If use of Railroad right-of-way is discontinued, ownership of land will revert to the Federal Government and then to adjoining land owners.
- Sale of ARRC is a very complex and complicated project which will entail a great deal of planning and major expense for such things as:
 - Sale alternatives
 - Asset valuation
 - Identifying buyers/qualifications
 - Profitability
 - Financing decisions
 - Review of prior line sales
 - Evaluation of labor agreements
 - Row and title issues
 - Risk management issues
 - Develop prospectus
- Consultants and investment bankers must be employed to assist in the above issues to lend credibility.

PASSENGER SERVICES

NORTHWINTER LOCAL

- Monthly, September 29, 1986 - May 17, 1987
- 1st and 3rd Saturdays - Anchorage to Fairbanks
- 1st & 3rd Sundays - Fairbanks to Anchorage
- 2nd, 4th and 5th Saturday and Sunday
Round-trip Anchorage to Hurricane
- RDC Equipment to be utilized on all runs

SUMMER EXPRESS - ANCHORAGE VIA DENALI TO FAIRBANKS

- Daily Service, May 23, 1987 - September 13, 1987
- 180 seats available in each direction daily with the steam equipment used during peak season only.
- Tour Alaska will probably attach two railcars and Westours will attach three railcars in each direction or 300 seats.

WHITTIER SHUTTLEWINTER

- September 19, 1986 - May 13, 1987
- Service on Wednesday, Friday, Saturday and Sunday Weekly
- On Saturday a RDC will run from November 1, 1986 to March 28, 1987
 - This is an additional service on the Whittier Shuttle
- Buses have replaced passenger coaches on the Shuttle

SUMMER

- May 15, 1987 - September 16, 1987 Daily Service
- Exploring the use of buses or leased rail passenger coaches for equipment this summer
 - Daily RDC Service between Anchorage and Whittier is under review to replace bus service between Anchorage and Portage
 - A substantial increase cruise ship traffic movement must also be considered. 33 Dockings 1986, 57 in 1987

SEWARDWINTER

- Exploring the financial feasibility of a round-trip RDC service to Seward from Anchorage on Saturdays during the Winter of 1986/87

SUMMER

- Round-trip RDC service from Anchorage to Seward
- Service on Fridays, Saturdays and Sundays from June 5, 1987 - August 23, 1987
- Expansion of the successful once a week service in 1986

ALASKA RAILROAD CORPORATION
MOOSE-TRAIN CONTACTS 1986/87

	<u>KILLED</u>	<u>SALVAGED</u>	<u>MIA</u>
NOVEMBER	4	3	0
DECEMBER	22	14	1
JANUARY	51	31	8
FEB. (2-16)	19	15	2
	<u>96</u>	<u>63</u>	<u>11</u>
PERCENT SALVAGED		65%	

ALASKA RAILROAD CORPORATION

Equipment Purchases

	-----Millions of Dollars-----				
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Major Maintenance Equipment	1.15	.33	.59	2.52	2.00
Major Rolling Stock	<u>5.35</u>	<u>.06</u>	<u>9.41</u>	<u>4.09</u>	<u>1.03</u>
TOTAL	6.50	.39	10.00	6.61	3.03

2 BUDD CARS (pointing to 9.41)

 2 BUDD CARS (pointing to 1.03)

