

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5155 HTRA HB 173 (FILE 2) - HB 209

727

at a time, although snowstorms—including an 18-inch snowfall last March—are not uncommon. Twenty degrees below zero is about the coldest the temperature gets at Anchorage, with zero being the usual low temperature during the winter, according to Russo. Average low temperatures in the winter are 15 to 20 degrees.

With winter weather usually being milder than at Minneapolis, for example, Anchorage International does not experience abnormal snow removal problems. The airport authority has about 100 pieces of equipment that can be used for snow removal, including graders, grader-towed sweepers, blowers and trucks, plus front-end loaders for hauling snow to remote areas of the airport.

Even during heavy snowfalls, "we're able to keep at least one runway open at all times," Russo said. "It takes us 45 minutes to an hour to get a runway totally clean and back in operation."

Visitors: VIPs and moose

Actually, moose—not snowfalls—create the biggest runway operation problem at Anchorage International.

"A big concern is keeping moose off the runways in the fall and spring,"

"A big concern is keeping moose off the runways in the fall and spring; they're capable of going through the fence or they can jump over the fence."

Russo said. "They're capable of going through the fence or they can jump over the fence."

The airport perimeter has an eight-foot-high chain link fence topped with barbed wire, but each year eight to 10 moose—which Russo terms "very stubborn animals"—either are detected near the fence or have broken through or jumped over the fence.

"If we can't herd them out, we have permission from (state) Fish and Game to destroy the moose," Russo said. "We give the meat to a charitable organization."

Besides patrolling for moose, airport security personnel occasionally have extra work to do because of stopovers by international dignitaries, whose planes are being refueled. Japan's Prime Minister Nakasone is a frequent visitor.

Also a familiar personality is Great Britain's Margaret Thatcher.

The international terminal has a VIP lounge to accommodate those and certain other international visitors, but frequently international dignitaries desire a trip to and from downtown Anchorage—little more than four miles from the airport.

Russo noted that the U.S. Secret Service has personnel based at Anchorage and that Secret Service people from West Coast states are flown north when necessary to augment the Alaska contingent.

The eruption last Easter weekend of Mt. St. Augustine, a volcano about 150 miles from Anchorage, also has made life interesting lately for Russo.

"We never closed the airport, but some of the carriers chose not to come in," he said. "They were concerned about volcanic ash in the air and the effect it would have on jet engines."

So, for several days while the wind blew some ash into Anchorage, flight schedules were seriously disrupted. During that time, the airport lost about 75 percent of its overall traffic load. Ironically, that disruption was far greater than the airport has ever experienced from winter weather. ■

MEMORANDUM

100-110-1
State of Alaska

TO: Loren Leunsbury
Commissioner
Department of Commerce
& Economic Development

DATE: June 27, 1987 — 1986?

FILE NO:

TELEPHONE NO:

JUN 16 1987

FROM: Dan Dixon, Director
DCED/Office of
International Trade

SUBJECT: Overflight Issue
and the Int'l
Airport

For several years informed sources have been sending warnings with respect to the future health and economic vitality of Anchorage International Airport (AIA). Specifically, these warnings have set out a scenario of drastically reduced air traffic through AIA as a result of the major airlines adopting direct flights in the Europe/Asia sections of their world flight routes. Advancements in long range aircraft and the obvious economic advantages to traveling direct between, say, Tokyo and New York, or Tokyo and Paris, have brought us to the brink of the above referenced scenario.

Dramatic losses in AIA traffic will have an immediate multi-million dollar impact on the State's economy in lost revenues. However, the more devastating impact will be on our efforts to sustain and ultimately secure growth for our tourist industry, and our efforts to provide a foundation for expansion of international trade. Our goal in the tourist industry has been to expand business by promoting Alaska as a destination stop for potential visitors, rather than merely a stopover location. To accomplish this goal we will need to anchor various countries in the state via hotels, tour companies and equity participation in the economic development of the statewide community. In the area of general international trade development, if we were to lose our close connection as a bridge between Europe, the U.S. and the Pacific Rim, we lose much of our strategic advantage in future development efforts.

While many informed individuals have periodically sounded alarms, these have for the most part faded plaintively into the mist of other more "immediate" issues. What we have lacked to date is an organized, well thought out action campaign which addresses both the problem and various solutions. I am proposing the immediate formation and institution of such a campaign. This campaign should include representatives of appropriate state and municipal agencies, private sector business and community leaders and the media. The effort envisions an active, highly visible campaign, requiring a public/private partnership at all levels. Our goals include promoting AIA to our present and potential international economic partners, attracting investment, and encouraging new industries in the state.

I believe that the Governor should make this a visible priority by appointing representatives to perform the action campaign. Preferably the Governor would use the campaign in speeches as a method to bring the issue out in the public forum.

The Governor's action here and the formation of a centralized campaign is especially important in light of the fact that there are numerous groups and individuals working independently on this issue. The Anchorage Convention and Visitors Bureau, Department of Transportation, Department of Commerce, the Governor's Washington D.C. Office and the Anchorage Chamber of Commerce have all done studies. Moreover, presently there are at least two studies being conducted simultaneously by two different groups on the issue. An organized effort would focus our energies and increase the likelihood of a successful campaign.

POTENTIAL PARTNERS IN THE GATEWAY TO THE PACIFIC CENTURY CAMPAIGN:

Department of Commerce and Economic Development
Department of Transportation (including appropriate
representatives of the international airport section)
Municipality of Anchorage (particularly the Mayor and planning
department)
Anchorage Chamber of Commerce
District Export Council
Resource Development Council
Anchorage Assembly
Alaska State Legislators
Congressional Delegation
Anchorage Convention and Visitors Bureau
Major Airline representatives (both domestic and foreign)
Tour group representatives (particularly hotel interests both
Alaska and foreign)
Foreign Consulate Offices

Like all campaigns it is advantageous to have a good "hook" or catch phrase that the general public and media can make their own. The concept we propose here is to be known as "Anchorage International Airport: Gateway to the Pacific Century". The exposure and excitement within the community generated by this type of campaign may very well create a momentum and an atmosphere conducive to resolving this important issue. An excellent example of this approach is the action recently undertaken by the Anchorage Organizing Committee for the 1992 Winter Olympics. A carefully orchestrated marketing campaign, a community-wide education program and a partnership between the private and government sectors has generated an international

interest in Anchorage which will ultimately bring the Winter Olympics to Anchorage. Public recognition of the possibility of successfully obtaining the Winter Olympics was not very high just two short years ago.

I believe that there are three (3) central components to this campaign: EDUCATIONAL, POLITICAL, AND DEVELOPMENTAL.

EDUCATIONAL

This component should be the first priority of our efforts. It involves a careful presentation of the issues to the general public in a manner which first informs and then builds activities and target plans into an overall marketing strategy. This component will include appropriate speeches by government and private sector representatives on this issue; press releases and interviews; a careful publishing of applicable reports; and the development of a thorough working relationship based upon this education process with State and Municipal agencies and legislative bodies.

As part of this component an international marketing campaign should be instituted. The goals of the campaign will include promoting Anchorage and Alaska in the international arena as a good location to develop business and as an excellent place to invest for long-term positive returns. The effort should include film, brochures, target meetings/presentations, and other appropriate means of communication. I would recommend that this particular campaign would be an ideal project for the Honorary Trade Representative Program which has been sent to the Governor by our Department.

This marketing effort is critical in order to anchor new industries and services in the Anchorage area, all requiring the maintenance of Anchorage as a gateway to the Pacific Rim region. This is particularly imperative in the tourist industry which will require new hotels and other associated industries to anchor international flights at AIA.

The Department of Commerce, Department of Transportation, or some other entity may provide oversight for the marketing campaign, but a private firm with extensive experience should be charged with the execution of a marketing strategy and implementation. With the use of a professional marketing firm, an image plan consisting of the facts pertaining to the advantages of AIA should be organized.

A representative or organization should be charged with developing a reaction plan in conjunction with the marketing campaign to provide diligent and meaningful response to all

inquiries generated by the campaign. It is also imperative that in formulating both the marketing and reaction plans, emphasis should be directed toward identification of those industries and airlines, and firms, which would have the most interest in AIA.

POLITICAL

This component requires us to take this issue to the legislative level in order to obtain sufficient interest to secure funding, if necessary, and pertinent laws assisting the campaign, such as business incentives. This will involve work at both the State and Municipal level. Naturally, the same educational format for the general public could be used with the legislative bodies. However, the format will ultimately need to be put into a lobbying effort to succeed with the agenda. It will be helpful to our efforts if certain key legislators are brought in early to assist in our efforts and perhaps be made part of our campaign. I believe it is critical that this organization be nonpartisan in addition to crossing state and municipal boundaries of authority.

A final element of the political component involves our congressional delegation and the Federal Government. Our representatives should be involved in the early stages of our efforts since they can assist us in such difficult issues as stopover rights, short-term visas and the like. Moreover, each Senator and our Representative will have contacts throughout the world that we should take advantage of in our efforts. The Federal Government, of course, controls the above-referenced stopover and visa issues.

DEVELOPMENTAL

Due to the nature of this issue and our need to anchor AIA in the community, the objectives of our campaign should include attracting investment, new industries, stimulating an entrepreneurial climate, and improving access to international markets. The strategy of the campaign should focus on the quality of life of Anchorage, the vast potential of our resources and service industries and our proximity to the Pacific Rim nations and Europe. An integral part of the campaign should be a vigorous promotion of reverse investment in Alaska's (and Anchorage's) bright economic future.

Those projects of immediate concern to us include: the development of hotel projects and the various tour activities which spring from that hub, additional stopover by foreign carriers based upon Alaska as a tourist paradise, the institution of foreign trade zones in Anchorage with AIA serving as part of that zone, short term visas, and the general advocacy of our economic potential.

I would be happy to coordinate these efforts with you or do anything else necessary to make this campaign a success. Perhaps our first effort should be to let the referenced potential partners comment on our suggested approach so that we can launch a thorough and unified campaign.

cc: Mayor Knowles •
Greg Baker
Don Dickey
Paul Fletcher
Commissioner Knapp
Gina Lindsey
Larry Michou
Tom Middendorf
John Pearson
Pete Spivey
Bob Coe
Rolf King

Alaska's Economic High Flyer

By MARK HARRIS

Russia never would have sold Alaska to the United States had air transportation been a fact of life in 1867. A vast stretch of wilderness, Alaska has evolved into one of the world's key points in terms of commerce and military defense by air.

Alaska has the distinction of being the most important link in the Orient-North America-Europe air transport chain. It is the vital front line in the United States' northern hemisphere air defense system. Alaska also is the state most dependent on air service for supplying and distributing goods and moving people.

Alaska could not sustain a state capital in Juneau or oil industry operations on the North Slope without aviation services. Small rural communities could not prosper and grow without regular air cargo and passenger service. Mineral and forest development, tourism and even the state's vital fishing industry would be retarded without today's air services network.

Simply put, Alaska would be just another economic backwater — instead of an increasingly important player in national and world trade — without a well-developed domestic and international air-service system.

State and federal governments realize all this, as evidenced by the importance placed on airport construction, upgrades and maintenance funding in Alaska. The Department of Transportation and Public Facilities spent \$39 million on airport construction and improvements in fiscal 1986. Since the funding was mainly federal, fiscal 1986 here refers to the October-to-October federal fiscal year. The state spent another \$13.7 million on airport operations and maintenance in fiscal 1986 — the state's July-to-July fiscal year, that is.

The above figures pertain to rural airfields only. The state's two international airports, Anchorage and Fairbanks, are administered under a separate arrangement with improvements funded partially through revenues generated by airport operations.

AC&O estimates DOT/PF will spend \$30 million to \$35 million on airport-related construction and improvements in FY 1987.

The DOT/PF's ongoing six-year capital improvement program for airports is updated annually. Table 1 shows examples of airport construction projects currently planned through the third quarter of 1987. It should be noted that funding levels, priorities and project completion dates are in constant flux. For this reason, it is impossible to provide a full and accurate listing of upcoming projects.

A single airport construction or expansion project in rural Alaska can run between \$2 million and \$7 million, according to a 1984 DOT/PF study. (See Table 2, p. 11.) This assumes a gravel surface, 5,000-sq.-yd. apron and a 100-ft. by 50-ft. taxiway.

A lighting system could add another \$40 to \$50 per lin. ft. of runway, depending on lighting requirements and power source, according to the report.

A federal-state appropriation ratio of 96 percent to 4 percent makes the costly Bush airport construction program possible. However, this funding level is far from secure. Like federal highway funding, aviation fund money is apportioned to states on a formula constantly subjected to political attack by heavily populated states.

There are some 1,000 recognized airports and airstrips in Alaska, of which 162 are in the Cook Inlet basin population center. Most are little more than private gravel strips.

The Department of Transportation and Public Facilities controls and maintains 270 airports statewide and 23 in the busy Cook Inlet region. The state's airport air service classification system places airports in nine categories with four main classifications:

- **International airports** — These are major international and interstate access points to Alaska. Anchorage International and Fairbanks International are the state's only international airports.

- **Regional centers** — These are primary intrastate access points to regional centers with populations above 1,000. The Juneau and Ketchikan airports would be examples.

- **Regional** — These are secondary intrastate access points within a region. Homer and Kenai have such airports.

- **Transport** — These are primary access points to medium-sized communities and, like the first three, are bases for private aviation served by scheduled carriers, air taxi, mail and

TABLE 1
DOT/PF Preliminary Schedule for
1987 Airport Construction-Improvement

| Project Description | Estimated Value |
|------------------------------------------|------------------------|
| Petersburg Airport Runway & Apron Repair | \$ 250,000 to 500,000 |
| Angeon Seaplane Basin | 1,000,000 to 1,500,000 |
| Haines Airport Improvement | 250,000 to 500,000 |
| Ketchikan Seaplane Basin | 250,000 to 500,000 |
| Mountain Village Airport Relocation | 2,000,000 to 3,000,000 |
| Grayling Airport Improvements | 1,000,000 to 1,500,000 |
| Kodiak Airport Lighting | 500,000 to 750,000 |
| Anchorage International Airport Ramp | 500,000 to 750,000 |
| Bethel Airport South Apron Paving | 750,000 to 1,000,000 |
| Birchwood Airport Improvements | 750,000 to 1,000,000 |
| Cold Bay Airport Resurfacing | 2,000,000 to 3,000,000 |
| Goose Bay Airport Lighting | 500,000 to 750,000 |
| Unalaska Runway Extension | 1,000,000 to 1,500,000 |
| Kotzebue Airport Improvements | 2,000,000 to 3,000,000 |
| Allakaket Airport Lighting | 250,000 to 500,000 |
| Golovin Airport Relocation | 2,000,000 to 3,000,000 |
| Tok Airport Improvements | 750,000 to 1,000,000 |
| Council Airport Improvements | 1,500,000 to 2,000,000 |
| Nome Airport N/S Runway Repair | 3,000,000 to 4,000,000 |
| Chalkyitsik Airport Improvements | 500,000 to 750,000 |

Source: Alaska Department of Transportation and Public Facilities

aircraft to operate between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without the currently required refueling stop in Anchorage.

The city could lose more than 500,000 stopover passengers by 1990 plus the revenue gain from landing fees and refueling, according to a consultant's estimate. That is cause for alarm considering the millions of dollars in Airport System funding generated by international landing fees, fuel flowage fees and patronage of duty-free concessions by in-transit and Alaska destination passengers.

Concern about the potential loss of visitor revenue has led the Anchorage business community to call for greater airport marketing efforts by the state. The Legislature is under pressure to place \$3 million to \$5 million in the airport's FY 88 budget just for marketing promotion.

The idea of the Municipality of Anchorage or an independent authority taking over the airport also has gained new interest. Many feel the city could better administer and promote AIA to potential air carrier customers.

Building to Keep Up

The domestic and regional passenger sector is projected to grow as are the general aviation and air cargo sectors. (See Table 4.) This growth in activity calls for a corresponding growth in facilities. In 1986, AIA spent \$37.6 million on capital projects and will have spent another \$16.4 million by the end of FY 87.

Projects completed or in progress to date include construction and remodeling of a domestic terminal concourse, a 1,200-space parking garage, west apron reconstruction, remote refueling apron construction, installation of concrete hardstands (pads) for remote parking positions, installation of a ground radar system and demolition of the old airport post office building.

Anchorage airport officials have a \$28-million wish list for work to be done in FY 1988 en route to the Alaska Legislature. The full capital improvement spending plan for FY 88 through FY 93 calls for \$211.8 million in project, maintenance and equipment funding.

Key projects for 1988 include overlay and grove runway 6R/24L, \$2 million; structure for consolidating crash/fire/rescue operations, \$4 million; Phase III domestic terminal expansion, \$11 million; domestic and international terminal repair and rehabilitation, \$5 million; reconstruction of five taxiways,

\$1.4 million; concrete ramp surfacing, \$1 million; and general aviation paving, \$1 million.

Another \$11.6 million would be needed to move private aviation parking away from the congested international terminal area, relocate the gravel airstrip and enlarge Lake Hood to provide more floatplane slips. About 1,200 private aircraft operate out of AIA and Lake Spenard-Lake Hood.

Already under way is a \$13.2-million noise monitoring and abatement program. Coffman Associates Inc., an airport consulting firm with offices in Anchorage, is conducting the Airport Noise Compatibility Study in conjunction with an International Airport Master Plan update.

The master plan recommends building consolidated freight handling facilities on vacant land along the north-south runway. Air freight services and cargo handlers would lease airport-owned warehouse, office and apron space.

One 25,000-sq.-ft. apron, capable of accommodating a B-747 aircraft, has been constructed. An estimated 1.7 million sq. ft. of apron area will be needed during the next 20 years, according to Coffman.

A DOT/PF report states, "In 1983, 224,000 tons of enplaned revenue freight passed through the airport, ac-

ording to FAA statistics. That was fully one-half of the total tonnage of all the 36 medium-size hub airports in the United States combined, and only slightly less than the tonnage passing through the Los Angeles International and Kennedy International airports. By comparison, 72,200 tons of freight were enplaned at the Seattle-Tacoma International Airport that year."

The master plan further recommends moving the current airport maintenance storage area from behind the main post office to an area south of Runway 6R and west of South Air Park.

A new fuel tank farm also is suggested, possibly at the corner of West Northern Lights Boulevard and Post Mark Drive or on the west side of the airport. A Coffman report states, "Ultimately, the fuel system could be connected to the Nikiski Pipeline, thereby eliminating use of the Alaska Railroad for fuel transport from the Port of Anchorage to the airport." About 1.2 million gal. of fuel is pumped on an average day at AIA.

Fairbanks International Airport

The Fairbanks facility was designated an international airport in 1948. It has since played a key role in Interior growth and North Slope oil field development.

TABLE 3
Economic Impact of
Anchorage International Airport

| Impact Measure | Direct Impact | Indirect & Induced Impact | Total Impact |
|----------------|---------------|---------------------------|-----------------|
| Output (\$) | \$697,600,000 | \$453,500,000 | \$1,151,100,000 |
| Earnings (\$) | \$223,000,000 | \$151,600,000 | \$ 374,600,000 |
| Employees | 8,086 | 5,386 | 13,472 |

TABLE 4
AIA Operations Forecast

| Activity | 1985 | 1990 | 1995 | 2005 |
|-----------------------------------------------------|----------------|----------------|----------------|----------------|
| Annual Operations: | | | | |
| Domestic and Regional | 92,802 | 101,200 | 131,800 | 165,200 |
| International | 26,030 | 26,000 | 27,400 | 33,900 |
| General Aviation | 200,340 | 231,520 | 267,330 | 308,570 |
| Military | 2,289 | 3,000 | 3,000 | 3,000 |
| Total Operations | 321,461 | 361,720 | 429,530 | 510,670 |
| Annual Passengers: | | | | |
| Enplaned | 1,391,470 | 1,775,400 | 2,189,200 | 2,632,700 |
| Transit | 1,573,905 | 1,240,000 | 1,000,000 | 1,000,000 |
| Air Cargo*: | | | | |
| Outbound | 189 | 241 | 281 | 363 |
| Inbound | 139 | 165 | 194 | 253 |
| Total Air Cargo | 328 | 406 | 476 | 652 |
| Based Aircraft: | 1,167 | 1,447 | 1,692 | 1,870 |
| *In millions of lb. | | | | |
| Source: Coffman Associates for DOT/PF, January 1986 | | | | |

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Alaska's Economic High Flyer

By MARK HARRIS

Russia never would have sold Alaska to the United States had air transportation been a fact of life in 1867. A vast stretch of wilderness, Alaska has evolved into one of the world's key points in terms of commerce and military defense by air.

Alaska has the distinction of being the most important link in the Orient-North America-Europe air transport chain. It is the vital front line in the United States' northern hemisphere air defense system. Alaska also is the state most dependent on air service for supplying and distributing goods and moving people.

Alaska could not sustain a state capital in Juneau or oil industry operations on the North Slope without aviation services. Small rural communities could not prosper and grow without regular air cargo and passenger service. Mineral and forest development, tourism and even the state's vital fishing industry would be retarded without today's air services network.

Simply put, Alaska would be just another economic backwater — instead of an increasingly important player in national and world trade — without a well-developed domestic and international air-service system.

State and federal governments realize all this, as evidenced by the importance placed on airport construction, upgrades and maintenance funding in Alaska. The Department of Transportation and Public Facilities spent \$39 million on airport construction and improvements in fiscal 1986. Since the funding was mainly federal, fiscal 1986 here refers to the October-to-October federal fiscal year. The state spent another \$13.7 million on airport operations and maintenance in fiscal 1986 — the state's July-to-July fiscal year, that is.

The above figures pertain to rural airfields only. The state's two international airports, Anchorage and Fairbanks, are administered under a separate arrangement with improvements funded partially through revenues generated by airport operations.

AC&O estimates DOT/PF will spend \$30 million to \$35 million on airport-related construction and improvements in FY 1987.

The DOT/PF's ongoing six-year capital improvement program for airports is updated annually. Table 1 shows examples of airport construction projects currently planned through the third quarter of 1987. It should be noted that funding levels, priorities and project completion dates are in constant flux. For this reason, it is impossible to provide a full and accurate listing of upcoming projects.

A single airport construction or expansion project in rural Alaska can run between \$2 million and \$7 million, according to a 1984 DOT/PF study. (See Table 2, p. 11.) This assumes a gravel surface, 5,000-sq.-yd. apron and a 100-ft. by 50-ft. taxiway.

A lighting system could add another \$40 to \$50 per lin. ft. of runway, depending on lighting requirements and power source, according to the report.

A federal-state appropriation ratio of 96 percent to 4 percent makes the costly Bush airport construction program possible. However, this funding level is far from secure. Like federal highway funding, aviation fund money is apportioned to states on a formula constantly subjected to political attack by heavily populated states.

There are some 1,000 recognized airports and airstrips in Alaska, of which 162 are in the Cook Inlet basin population center. Most are little more than private gravel strips.

The Department of Transportation and Public Facilities controls and maintains 270 airports statewide and 23 in the busy Cook Inlet region. The state's airport/air service classification system places airports in nine categories with four main classifications:

- **International airports** — These are major international and interstate access points to Alaska. Anchorage International and Fairbanks International are the state's only international airports.

- **Regional centers** — These are primary intrastate access points to regional centers with populations above 1,000. The Juneau and Ketchikan airports would be examples.

- **Regional** — These are secondary intrastate access points within a region. Homer and Kenai have such airports.

- **Transport** — These are primary access points to medium-sized communities and, like the first three, are bases for private aviation served by scheduled carriers, air taxi, mail and

TABLE 1
DOT/PF Preliminary Schedule for
1987 Airport Construction-Improvement

| Project Description | Estimated Value |
|------------------------------------------|------------------------|
| Petersburg Airport Runway & Apron Repair | \$ 250,000 to 500,000 |
| Angeon Seaplane Basin | 1,000,000 to 1,500,000 |
| Haines Airport Improvement | 250,000 to 500,000 |
| Ketchikan Seaplane Basin | 250,000 to 500,000 |
| Mountain Village Airport Relocation | 2,000,000 to 3,000,000 |
| Grayling Airport Improvements | 1,000,000 to 1,500,000 |
| Kodiak Airport Lighting | 500,000 to 750,000 |
| Anchorage International Airport Ramp | 500,000 to 750,000 |
| Bethel Airport South Apron Paving | 750,000 to 1,000,000 |
| Birchwood Airport Improvements | 750,000 to 1,000,000 |
| Cold Bay Airport Resurfacing | 2,000,000 to 3,000,000 |
| Goose Bay Airport Lighting | 500,000 to 750,000 |
| Unalaska Runway Extension | 1,000,000 to 1,500,000 |
| Kotzebue Airport Improvements | 2,000,000 to 3,000,000 |
| Allakaket Airport Lighting | 250,000 to 500,000 |
| Golovin Airport Relocation | 2,000,000 to 3,000,000 |
| Tok Airport Improvements | 750,000 to 1,000,000 |
| Council Airport Improvements | 1,500,000 to 2,000,000 |
| Nome Airport N/S Runway Repair | 3,000,000 to 4,000,000 |
| Chalkyitsik Airport Improvements | 500,000 to 750,000 |

Source: Alaska Department of Transportation and Public Facilities

air cargo services. The Bethel airport is an example.

The vast majority of airports fall into the community and local categories. These are access points to small rural communities served by non-scheduled service and recreational or emergency airstrips, often privately owned.

Ironically, Merrill Field in Anchorage is classed as a community airport. The municipal airport has about 300,000 operations (take-offs and landings) a year, more than Anchorage International Airport.

A multi-year improvement program will wrap up at Merrill Field this summer. Wilder Construction Co. has nearly completed a \$4-million contract for work on aprons, perimeter roads, tiedowns, lighting, storm drains and landscaping. Rogers and Babler, an Anchorage company, will finish this summer a \$3.2-million project involving more apron work, tiedowns and storm drains. Both are Anchorage-based construction companies.

The Anchorage and Fairbanks airports are the key hubs for international, interstate and intrastate air travel and commerce. Together they open Alaska to the world and comprise the Alaska Airport System, a fiscal entity all its own.

Anchorage International

Anchorage International Airport is the heart of the state's air circulatory system. It also is of great economic importance to the Anchorage economy.

A 1984 Department of Transportation and Public Facilities study showed that AIA had a direct and indirect economic impact of \$1.151 billion on the municipality in 1983. (See Table 3, p. 12.)

The study showed that transportation, visitor-related activities, freight forwarding and travel arrangements were of key importance to the growth of Anchorage. Within these four categories, 13,472 people were employed. Those people, about 12.8 percent of the total Anchorage area workforce, earned \$375 million in a year. That comes to more than \$1 million per day in payroll and \$4.1 million per day in economic benefit to the Anchorage bowl area.

While more current figures are not available, a look at fiscal 1986 airport operations statistics leads us to believe the overall economic impact of AIA has continued to grow.

In fiscal 1986 (ended June 30, 1986) AIA had 4,633,845 passenger boardings, deboardings and transfers. That's equivalent to moving the entire population of Washington state through the airport.

About 150,174 tons of freight entered or left the airport, and 72,034 landings also generated revenue. More than 37,500 commercial jet aircraft made use of the facility.

The airport also supports an Air National Guard base from which C-130 aircraft make about 2,600 takeoffs and landings a year.

The Jet Set

International travel is a mainstay of both the Anchorage and Fairbanks airports, even though Fairbanks serves no international flights. Revenue for both airports is channeled through the International Airports Revenue Fund, created by the Alaska Legislature in 1961. Of the fund's \$47.9 million in revenues during fiscal 1986, all but \$3.5 million was generated by Anchorage International Airport. About 57 percent of the revenue for both airports is generated by international traffic at AIA. Another 38 percent comes from domestic (interstate and intrastate) traffic at both airports, with the remainder generated by general aviation and other activities.

AIA is served by 36 airlines: 19 international carriers (cargo and passenger), nine interstate and eight intrastate airlines. It is strategically located to serve as a refueling stop for nine international cargo and passenger airlines and for 10 airlines that take on (enplane) and let off (deplane) passengers and freight. All these flights use the polar route between the Far East and Europe or routes linking the Lower 48 states with the Orient.

A flight from Paris to Tokyo, for example, must avoid Soviet airspace. So a dogleg route is used over Greenland to Anchorage then over the Pacific to Japan. Also, Anchorage is in a direct flight pattern for a flight from Tokyo to Chicago.

More than 1.5 million international passengers used AIA in fiscal 1986, and they spent more than \$15 million in the duty-free shops and other concessions. Another 27,700 people began their international trips from Anchorage, while 1.5 million more boarded domestic and instate flights.

By June 30 of this year, AIA will have served another 3.2 million domestic and international passengers. That number will grow by some 350,000 by the end of fiscal 1990, according to one consultant's estimate. The same forecast calls for 74,866 domestic, international and all-cargo aircraft departures from the airport by mid 1987 and 82,270 such departures by FY 1990. These figures may be optimistic and certainly don't reflect growth in every sector through the end of the century.

There is increasing concern that new aircraft now being ordered by international carriers will fly over Anchorage. The Boeing 747-400, for example, can carry up to 600 passengers and fly some 8,000 mi. non-stop. This will allow the

TABLE 2
Airport Construction Costs
by Runway Dimensions

| Runway Length X Width | Aircraft Capacity | Cost Estimate |
|-------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------|
| 2,100-2,500 x 50-60 ft. | Single & light twin-engine, some STOL turbo-prop (twin Otter, Skyvan), VFR operations. | \$1,900,000 to 2,850,000 |
| 2,600-3,400 x 75 ft. | Single and multi-engine, some larger STOL (DASH-7), VFR or non-precision IFR operations. | \$2,750,000 to 3,540,000 |
| 3,500-4,600 x 100 ft. | Small and medium turbo-prop, VFR or non-precision IFR operations. | \$3,353,000 to 4,400,000 |
| 4,700-7,500 x 100 ft. | Medium, large turbo-prop (C-130 Hercules, L188 Electra); precision or non-precision IFR and VFR operations. | \$4,000,000 to 6,830,000 |

IFR = Instrument Flight Rules

VFR = Visual Flight Rules

STOL = Short Takeoff and Landing Aircraft

Note: Construction costs include 10-percent design engineering and 15-percent administration and inspection costs.

Source: Cook Inlet Transportation and Resource Development Plan, 1984

aircraft to operate between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without the currently required refueling stop in Anchorage.

The city could lose more than 500,000 stopover passengers by 1990 plus the revenue gain from landing fees and refueling, according to a consultant's estimate. That is cause for alarm considering the millions of dollars in Airport System funding generated by international landing fees, fuel flowage fees and patronage of duty-free concessions by in-transit and Alaska destination passengers.

Concern about the potential loss of visitor revenue has led the Anchorage business community to call for greater airport marketing efforts by the state. The Legislature is under pressure to place \$3 million to \$5 million in the airport's FY 88 budget just for marketing promotion.

The idea of the Municipality of Anchorage or an independent authority taking over the airport also has gained new interest. Many feel the city could better administer and promote AIA to potential air carrier customers.

Building to Keep Up

The domestic and regional passenger sector is projected to grow as are the general aviation and air cargo sectors. (See Table 4.) This growth in activity calls for a corresponding growth in facilities. In 1986, AIA spent \$37.6 million on capital projects and will have spent another \$16.4 million by the end of FY 87.

Projects completed or in progress to date include construction and remodeling of a domestic terminal concourse, a 1,200-space parking garage, west apron reconstruction, remote refueling apron construction, installation of concrete hardstands (pads) for remote parking positions, installation of a ground radar system and demolition of the old airport post office building.

Anchorage airport officials have a \$28-million wish list for work to be done in FY 1988 en route to the Alaska Legislature. The full capital improvement spending plan for FY 88 through FY 93 calls for \$211.8 million in project, maintenance and equipment funding.

Key projects for 1988 include overlay and grove runway 6R/24L, \$2 million; structure for consolidating crash/fire/rescue operations, \$4 million; Phase III domestic terminal expansion, \$11 million; domestic and international terminal repair and rehabilitation, \$5 million; reconstruction of five taxiways,

\$1.4 million; concrete ramp surfacing, \$1 million; and general aviation paving, \$1 million.

Another \$11.6 million would be needed to move private aviation parking away from the congested international terminal area, relocate the gravel airstrip and enlarge Lake Hood to provide more floatplane slips. About 1,200 private aircraft operate out of AIA and Lake Spenard-Lake Hood.

Already under way is a \$13.2-million noise monitoring and abatement program. Coffman Associates Inc., an airport consulting firm with offices in Anchorage, is conducting the Airport Noise Compatibility Study in conjunction with an International Airport Master Plan update.

The master plan recommends building consolidated freight handling facilities on vacant land along the north-south runway. Air freight services and cargo handlers would lease airport-owned warehouse, office and apron space.

One 25,000-sq.-ft. apron, capable of accommodating a B-747 aircraft, has been constructed. An estimated 1.7 million sq. ft. of apron area will be needed during the next 20 years, according to Coffman.

A DOT/PF report states, "In 1983, 224,000 tons of enplaned revenue freight passed through the airport, ac-

ording to FAA statistics. That was fully one-half of the total tonnage of all the 36 medium-size hub airports in the United States combined, and only slightly less than the tonnage passing through the Los Angeles International and Kennedy International airports. By comparison, 72,200 tons of freight were enplaned at the Seattle-Tacoma International Airport that year."

The master plan further recommends moving the current airport maintenance storage area from behind the main post office to an area south of Runway 6R and west of South Air Park.

A new fuel tank farm also is suggested, possibly at the corner of West Northern Lights Boulevard and Post Mark Drive or on the west side of the airport. A Coffman report states, "Ultimately, the fuel system could be connected to the Nikiski Pipeline, thereby eliminating use of the Alaska Railroad for fuel transport from the Port of Anchorage to the airport." About 1.2 million gal. of fuel is pumped on an average day at AIA.

Fairbanks International Airport

The Fairbanks facility was designated an international airport in 1948. It has since played a key role in Interior growth and North Slope oil field development.

TABLE 3
Economic Impact of
Anchorage International Airport

| Impact Measure | Direct Impact | Indirect & Induced Impact | Total Impact |
|----------------|---------------|---------------------------|-----------------|
| Output (\$) | \$697,600,000 | \$453,500,000 | \$1,151,100,000 |
| Earnings (\$) | \$223,000,000 | \$151,600,000 | \$ 374,600,000 |
| Employees | 8,086 | 5,386 | 13,472 |

TABLE 4
AIA Operations Forecast

| Activity | 1985 | 1990 | 1995 | 2005 |
|---------------------------|----------------|----------------|----------------|----------------|
| Annual Operations: | | | | |
| Domestic and Regional | 92,802 | 101,200 | 131,800 | 165,200 |
| International | 26,030 | 26,000 | 27,400 | 33,900 |
| General Aviation | 200,340 | 231,520 | 267,330 | 308,570 |
| Military | 2,289 | 3,000 | 3,000 | 3,000 |
| Total Operations | 321,461 | 361,720 | 429,530 | 510,670 |
| Annual Passengers: | | | | |
| Enplaned | 1,391,470 | 1,775,400 | 2,189,200 | 2,632,700 |
| Transit | 1,573,905 | 1,240,000 | 1,000,000 | 1,000,000 |
| Air Cargo*: | | | | |
| Outbound | 189 | 241 | 281 | 363 |
| Inbound | 139 | 165 | 194 | 253 |
| Total Air Cargo | 328 | 406 | 476 | 652 |
| Based Aircraft: | 1,167 | 1,447 | 1,692 | 1,870 |

*In millions of lb.
Source: Coffman Associates for DOT/PF, January 1986

Classified as a small hub airport, FIA serves as a weather diversion airport for polar route traffic. It can accommodate 747-type aircraft, refuel them with 30,000 gal. and get them back in the air in less than an hour.

FIA handled about 600,000 passengers in fiscal 1985. About 260,500 of them boarded commercial flights at the airport. This was down from the peak of 301,288 in 1983. The number of people boarding flights in Fairbanks increased by about 10 percent a year between 1980 and 1983, but passenger traffic has been declining since.

About 25,000 tons of freight, of which 19,400 tons was enplaned freight, moved through the airport last year. This compares to 50,580 tons of enplaned freight in fiscal 1980.

With 80,000 takeoffs and landings annually, FIA is the second busiest domestic flight destination in Alaska, according to airport director Doyle C. Ruff. In 1986, there were 14,600 cargo and passenger airline revenue landings. This indicates the vast majority of flight operations are related to private aviation.

FIA operations are largely funded through the International Airports Revenue Fund. After deducting operating expenses, AIA showed \$19.8 million in operations income while FIA had a \$6.6-million loss. Consequently, Anchorage's larger traffic base was able to subsidize the smaller Fairbanks operation and show an IARF balance of \$13.2 million.

Capital projects at FIA, as at AIA, are funded largely through federal appropriations. In fiscal 1986, FIA had \$9.4 million in capital projects, \$5.1 million funded with federal dollars. About \$4.3 million in work is programmed for FY 87. Another \$5.1 million of work is on the drawing boards for FY 88.

Construction work over recent years has added a hydrant fuel system capable of handling aircraft serving international as well as domestic routes. Also, a terminal expansion and renovation project doubled the building's capacity to serve the traveling public.

Other work has included a 13-percent increase in apron area, a 41-percent increase in lane miles of road and a 35-percent increase in auto parking spaces. A 1984-85 project upgraded general aviation parking, aprons, runways and taxiways and added new taxiway and aircraft parking facilities.

A float plane pond was expanded to 6,300 ft. and the number of tiedown berths was doubled to 184.

In 1986, the airport's 10,300-ft. main runway was reconditioned and grooved, a parallel taxiway resurfaced and the runway lighting system upgraded.

Fairbanks International is in the enviable position of not needing major capital project financing as it enters a new five-year planning period. However, an airport is never "finished."

New projects on the books include an extension of the main aircraft parking apron, perimeter vehicle road construction and crash/fire/rescue building upgrades.

As noted, DOT/PF operates the two

international airports separately from the network of smaller airfields and landing strips around the state. Yet all the state's air travel and commerce facilities are interdependent.

Alaska is the flyingest state in the union and the one most dependent on air service for daily living and economic growth. Continued long-term planning and timely facility repairs and upgrades, coupled with a sustained capital projects program, translate into a healthy air transport industry — something Alaska will need long after all the oil is gone. □

THE SOLUTION

THE TASK


Deliver crews and supplies to offshore drilling platforms

THE CHALLENGE

- Provide 24-hour on-call availability for delivery of supplies and crew changes
- Handle medical emergencies

THE SOLUTION

Alaska Helicopter's experienced pilots and the Bell Jet Ranger. Fast, versatile, Medevac equipped, room for up to six with enclosed cargo space.



**FAST.
DEPENDABLE.
COST EFFECTIVE.**

Alaska

HELICOPTERS, INC.
CONQUERING ALASKA'S CHALLENGES.

P.O. Box 190283 5400 South Air Park Drive Anchorage, AK 99519 0283 (907) 243 3404
A subsidiary of Columbia Helicopters, Portland, Oregon

Anchorage as international finance center is yet to come

Let's be down to earth about Pacific rim exports. Can we export more commodities — timber, coal, oil and fish — to the Far East? You bet, if the price is right.

But Anchorage as a center for international finance? I'm willing to be convinced, but I suspect this is an idea whose time has yet to come.

Politically, the Pacific Rim is back in vogue. In Juneau,

both the House and Senate have new special committees on international trade, and Gov. Steve Cowper devoted a substantial part of his State of the State address to the subject.

No harm in brainstorming ideas to help Alaska's battered economy. But in the search for new ideas, let's not overlook some old ones that might be good.

Some specifics: Far East timber markets are looking better than they have in years, but most of these benefits will go to our competitors in the Pacific Northwest, Canada, the Soviet Union and Southeast Asia. A forest products loan program, which could help small Alaska timber operators modernize and compete, has been kicked around the legislature for

years, with no success. Can we re-examine this?

Just as important: Can we resolve tough land-use and environmental conflicts that prevent putting together large blocks of timber, which are necessary to get Southcentral and Interior Alaska timber into export markets?

Another example: Southeast Alaska's two pulp mills are seeing better markets af-

ter years of losses. But good times may be short-lived. There is tough competition from newer plants selling in the Pacific that don't have the high costs and tough environmental problems our Alaska plants face.

Alaska Pulp Co. in Sitka has developed an innovation in water treatment technolo-

See Page E-2, BRADNER



tim bradner

BRADNER COLUMN: Anchorage as an international finance center may be a ways off

Continued from Page E-1

gy that could lower its costs. The Federal Environmental Protection Agency is interested. But Alaska Pulp needs help. Is there a role here for the Alaska Industrial Development Authority?

In coal, we have an insecure toehold in Pacific markets, and that is thanks to international politics, not economics. But we can better our long-range competitive position:

Usibelli Coal Co. is investigating a promising new coal-drying technology that could remove moisture and sharply upgrade the quality of Alaska sub-bituminous coal. With about 25 percent moisture in our coal, essentially every fourth cargo we ship now is water. If that were reduced, and the heat value of the coal

increased an estimated one-third, our ability to compete economically with Canadian, Australian and South African coal would be enhanced greatly.

Can we help Usibelli or other coal producers introducing this new technology? Almost every other coal-producing state helps its coal industry with research and development. Why not Alaska?

Another possibility: Coal-fired power plants are a good bet to meet incremental power demand in the Railbelt, even with the Bradley Lake hydro project. If one or more of these plants were built, the mine supplying the coal would have enough base demand to produce coal for export at very competitive marginal unit costs.

Coal producers say they

won't need a subsidy with any of these plants, but here is another example where state encouragement, by including coal in our long-range energy planning, would greatly enhance Alaska's coal export capabilities.

Here's something that merits more attention: International air cargo is big business for Anchorage International Airport; about 60 percent of international flights are cargo and the volume is expected to double in the next 20 years, as U.S.-Pacific trade grows.

What many don't realize is that the new generation of long-range jumbo jets isn't the threat to Anchorage's role in air cargo that it is to the passenger jets. That's because of air cargo's economics: It's more profitable to carry more payload and less fuel, and

stop here to refuel, than it would be to sacrifice payload for a non-stop trans-Pacific or polar flight.

A major state-sponsored study is underway to assess Pacific air cargo trends and ways Alaska can take advantage of them. Can we be a Pacific cargo "hub," where freight from the Far East is shifted to planes headed for different regions of the United States or Europe?

Or, can we break into the huge Japanese market for fresh fish, shipped by air? Norway ships fresh salmon to Japan right over Alaska. Fresh fish from the U.S. East Coast flies to Japan? Why not from Alaska?

These aren't new ideas. Flying Tigers and Northwest Airlines do a limited amount of cargo-switching here now; Japan Air Lines and MarkAir

Inc. are now exporting fresh seafood.

I'm all for looking at new ideas in international trade. A lot of good can come from it. But the danger we face is that if our approach is too scattered, we risk diverting scarce resources away from things we can do to help companies already exporting

and already employing Alaskans. These should be prominent on the agenda of any discussion of international trade.

□ Tim Bradner writes for an Alaska economic reporting service.

Looking for a
high return alternative
to your present
income investment?

Outcom

Marketing plan urged for airport

By SUE CROSS
The Associated Press

JUNEAU — Alaska officials have been trumpeting stopover business at the Anchorage and Fairbanks international airports as a big plus for the state economy, but they're worried about losing that advantage because of new aviation technology and competition.

Several travel promotion groups and nearly all of the Alaska Senate want to offset the changes with an aggressive marketing plan for the airports.

"If we don't do that, we're going to have an international airport system that, instead of making money as it does today, will lose money. When it starts losing money, the landing fees and

fueling fees for domestic flights will go up and all of us will be hurt," says Dale Fox, director of the Alaska Visitors Association. Fox was in Juneau Thursday to ask state officials to boost their airport marketing efforts.

A resolution (SCR5) asking the Cowper administration to come up with a promotional plan for the airports was introduced Wednesday in the Alaska Senate. It was drafted by Sen. Arliss Sturgulewski, R-Anchorage, and co-sponsored



Dale Fox

by 18 other senators.

A major angle of state tourism efforts has been to get international passengers from flights refueling in Alaska off their planes to visit the state enroute to their final destinations.

In addition, cargo flights make up 60 percent of the airports' business, and they must not be lost to other states, Fox said.

But according to the proposed resolution, Alaska airports' success in winning stopover business is being jeopardized by development of new aircraft capable of flying nonstop between Europe and the Orient.

Other airports around the Pacific Rim also are promoting themselves to get a greater share of markets for trans-Pacific flights,

international tourism and air cargo, Sturgulewski said.

Fox said such promotions have long been run by the Seattle, New York, Los Angeles and other major airports, but now such smaller cities as Portland, Oregon, are cutting into the Alaska flights.

"Anchorage has geographic advantages, but Portland, because of its marketing, is getting more than its share of the planes," Fox said.

Sturgulewski said Alaska stands to lose \$14 million net profit generated last year by the Anchorage and Fairbanks airports. That income came from \$45 million in revenues.

"Good business for those airports is good business for the state," she said.

QUALITY SERVICES

Date NOV 30 1986

Anchorage Times

Client No. 576

Alaska's international airports offer economic opportunity

At a time when the state is struggling with the wrong end of OPEC politics, attempting to be the cornerstone of the international fisheries and hopeful of receiving the nod from the International Olympic Committee, we need to remember the economic opportunities at home. In this writer's view, an important part of the state's economy involves some buildings and some asphalt. That's the Anchorage and Fairbanks airports.

The problem is that technology may doom our airports. If we don't come up with a viable plan, a new generation of aircraft may result in stops at Anchorage and Fairbanks being a vestige of the past. In my estimation, the commercial future of our airports is as important to our economic future as our high profile items.

1985 study indicated that Anchorage International Airport contributed \$1.5 billion to the Anchorage economy. Indica-



Courtroom
to
boardroom
by
Tony
Smith

tions were that the airport alone generated employment of 13,472 people. The cost for this is only approximately \$20 million.

There's nothing that says international flights will continue to call at either the Anchorage or Fairbanks airport. Right now, we are the air crossroads of the world, but new long-range Boeing planes may change that. Already some interna-

tional passenger carriers are beginning to fly direct.

The state, the municipality, and those involved with the airport, must concentrate on this issue. The airport may not be the sexiest issue, but it is one area where we haven't experienced a downturn.

For example, there are international carriers, like Korea Airlines, who are unable to pick up or discharge passengers because they do not have landing rights. The reason for this seems to stem from events at the Seoul airport, which have nothing to do with Alaska. We can not accept that.

Visas have been a problem in the past, but the Alaska Congressional delegation has started a program which may solve that. From Alaska's vantage, we need to

have our international friends have the ability to pass a few days in Alaska. We

must market Anchorage and Fairbanks as destination points.

We need Free Trade Zones in order to maximize the opportunities for local businesses to take advantage of our strategic location. Our airports have to provide services competitive with Portland, Seattle, Los Angeles and other gateway locations. We've gone a long way on the services, but we can always do more.

A task force is working on the problem, and that's a start. The downside, however, is such that an all-out effort is called for. It's easy to get people excited about AWR and the Olympics. We need the same excitement about the continued development and marketing of the Fairbanks and Anchorage airports.

An Alaskan since 1971, Tony Smith is an attorney in private practice in Anchorage.

1/26/87
Anchorage
Today

metro

Trade, tourism linked

at Port
Airport
Anchorage

By DEAN FOSDICK
The Associated Press

Alaska's chances of selling its resources to Pacific Rim nations would be greatly enhanced if it could step up tourist trade with that region, a spokesman for Japan Airlines says.

Mitsuo Kitamoto, a JAL vice president and head of the company's Anchorage office, said trade follows tourism, and Alaska is missing out on a good thing by not promoting vacation opportunities to people passing through the airport's international terminal.

"After vacations, businessmen often go back to their offices and are more receptive to (trade) offers — especially if those offers are competitive," Kitamoto said.

"Australia and Alaska have many of the same things to offer — coal, ore — and they both have good locations for the (Pacific Rim) market. But Australia changed its tourism policy about two years ago and there's been a rapid increase in the number of (Japanese) tourists there.

"After tourism comes business," Kitamoto said.

Anchorage International Airport is the Alaska gateway for people crossing between Asia and Europe, he said.

But technology and international politics may reduce the number of people passing through the airport, Kitamoto said in an interview.

"Long-range jets are coming that can fly non-stop between Tokyo and Europe ... Paris," he said. "And already last year we started flying a polar route over Siberia."

"Businessmen are asking for more non-stops, for additional flights. And we're looking at it."

"What that means for Anchorage is unclear, but it could cut into the transient traffic from Japan, which for JAL means about 4,500 passengers a year, Kitamoto said.

"There's been almost no change in the number of Anchorage-destined passengers in the last two years," he said. "A lack of promotion here has been one problem."

Kitamoto said JAL has agreed to help promote Alaska to its Japanese passengers this year. Alaska should do the same for overseas visitors, he said, an idea he has been pushing over the past several weeks during speeches before civic groups.

"The state needs some selling. We get the same questions (from Japanese) about Alaska we do about Africa. What kinds of shoes and gear are required? Is there any kind of shopping here?"

"Why should they buy in Europe when they can buy in Alaska? Why not open a corner of the (airport) duty free shop to Alaska crafts?"

"Having resources isn't enough," he said.

Time to



Editorials

Crisis at the airport

WE'RE STILL uncertain whether anybody in the state or city governments is listening to our repeatedly stated concerns about the future of Anchorage International Airport. But somebody should be.

We're convinced there's an urgent need to start aggressively developing a new and innovative marketing and servicing program that will keep the airport a vital part of the operating plans of the big commercial carriers, domestic and foreign.

Unfortunately, we don't see that happening.

We need to sell Anchorage International as a place the airlines want on their route schedules — whether it be for passengers, for cargo or simply for refueling.

And we need to make sure that Anchorage International provides its customers — the airlines, the passengers and the commercial shippers — with the absolute best facilities, best services and best rates that be found.

IF WE can't do those things, the advance of new aircraft technology — which makes possible globe-girdling non-stop flights — is going to leave our airport an empty shell.

We don't want to be doom and gloom about this.

It isn't going to happen overnight.

We've got some lead time — but not much.

But the fact is that the airlines — and our competitor airports — already are making their plans for the 21st Century.

Some of them are well along into operational changes relating to the 1990s.

And that decade of the '90s, we need to emphasize, is just a little more than three years away.

Already, the long-range aircraft are in service — and even longer range jets are on the drawing boards down at Boeing and in the engineering departments of the world's other great aircraft manufacturing companies.

IN THE process of discussing this, we also need to restate another continuing recommendation.

And that is that the city take over ownership and control of Anchorage International Airport.

The state can't do the job that needs to be done here.

The bureaucracy is too big, the chain of command goes through too many departments and the ultimate decisions have to be made in Juneau, which is too far away to understand the problem.

Not only that, so long as the airport remains under state control, its top brass in the state government must look at it from a political perspective in which all kinds of tugs and pulls are at work, not all necessarily beneficial to the task at hand — which is to run the best airport in the world, serving the airlines which use it.

If you think Anchorage felt an economic pinch when the oil companies cut back, you'd be shocked even more so if the Anchorage aviation industry suffered a similar reduction.

This is a priority item — but one which isn't at the top of anybody's list. It should be. And fast.

Robert B. Atwood
President and Publisher

Elaine Atwood
Assistant Publisher

William J. Tobin
Vice President, Editor-in-Chief

Change in the cockpit

A CHANGE in managers at Anchorage International Airport is one of those things that usually happens when a new governor takes over. It's a choice assignment and one of the major political prizes that is at the disposal of the man in charge when the time comes to assemble the new team.

Thus the departure of Guy Russo from the post comes as no surprise. On the other hand, at the age of 65, he's earned some time off after a fine career as an airline executive (going back to the old days before Pacific Northern Airlines became part of Western), as an elected public servant (mayor of Douglas), and as a public official on the firing line as airport manager for the last several years.

His successor still remains to be announced. But whoever gets the job had better be aware that he faces a major challenge — no less than the future of the facility as a major international airport.

WE'VE DISCUSSED this problem on many occasions in these columns over the past couple of years. Now, we're pleased to note, a number of civic and political leaders have begun to address the issue.

The problem is that new aircraft technology, which permits intercontinental flights without refueling stops, and the opening of a trans-Siberian route by the Soviet Union, provide the means for airlines flying the polar route to bypass Anchorage.

It isn't all happening at once. But it's happening — little by little.

That means there's time to fight back. But not much time.

And the new airport man-

ager must be a key player that fight, one that also require the best talents: ideas from the state, the city and the business community.

To emphasize the magnitude of the challenge, Alaska vice president Japan Air Lines indicated a meeting here a few days ago that Anchorage's window of opportunity may open only for another three or four years, at best.

By then, said Mitsuo Kimota, JAL will be in the area with Boeing 747-400 long range aircraft — and flight using that equipment simply won't have the need to stop down here. Moreover, JAL already is using the trans-Siberian route on at least one flight between Tokyo and Europe.

WHAT'S THE answer?

Several things. We need to get serious about promoting Anchorage as a stopover point — as a destination, in other words, rather than just a place for passengers to stretch their legs.

We need to get busy developing the airport as a center for trade and commerce. The foreign trade zone has been a topic of idle conversation and chit-chat for more years than we like to remember. Now is the time.

Private enterprise need to be fully cranked into the operation, working with the state and the city to do things that have to be done at the government level.

And, as a final admonition, if the state can't do the job — under a new governor and a new commissioner of Transportation and a new airport manager — then it should get out of the way, turn the airport over to the city, and let the work to preserve and enhance Anchorage International Airport proceed with diligence and vigor.



Opinions ... Other views, other insights

Protecting the future of Anchorage's international airport

Editor's note: this column is excerpted from remarks made by Sheffield Enterprises president Al Parrish to the Dec. 18 membership luncheon of the Anchorage Convention and Visitor's Bureau. Mr. Parrish is chairman of the Anchorage Business Council's airport subcommittee.

ANCHORAGE International Airport, as a state-owned facility, began in the early 60's as a principal transfer point for travelers making connections to points within and outside Alaska. In addition, the airport was a refueling and an entry and exit point for international flights, principally on routes between Europe and the Far East.

Today, 26 years later, Anchorage International still serves those primary functions. The plant, however, has grown to include two passenger terminals encompassing 226,000 square feet of total floor area, three runways, extending up to 10,000 feet, 30 aircraft gates, and six baggage claim areas. All of this is contained within a approximately 2,000 acres. The airport is serviced by 16 major carriers, 10 of which are international, five commuters and approximately 25 non-scheduled airlines.

According to a Department of Transportation study conducted in 1983, the airport contributes more than \$1.5 billion to the Anchorage economy. Over 13,000 residents counted on the airport's operation for their jobs, earning a total of \$373 million dollars.

HOW WOULD you like your business to have a financial statement like this: In FY '86, the airport took in \$43 million dollars, showing a profit of \$21 million. Let's take it one step further: imagine having a business that made a profit of \$21 million a year, and that it achieved this profit without any advertising, any public relations, or any marketing studies whatsoever!

Anchorage's strategic location could easily enable it to serve as a platform for business between Europe and Asia. The possibilities are limitless. For example, if Anchorage were to become a foreign trade zone, goods from around the world could be stored here, processed, used in manufacturing other items, exhibited, repackaged, sold or handled in numerous ways. Imports could be used with domestic parts to manufacture new items within the zones — all without paying any customs duties or excise taxes. It would be a tremendous catalyst for development within our business community.

In addition, by expanding the duty free zone at the airport to allow foreign shoppers a much wider range of retail exposure than just gifts and liquors, we could create, in essence, regional shopping centers for stop-over travelers. They could tour duty free trade complexes and showrooms without the necessity of having to go through customs.

More and more, we're seeing international airports taking an active role in marketing their facilities and services. For example, Seattle-Tacoma Airport, together with the Port of Seattle, which owns the airport, has developed an aggressive campaign to attract the expanding transpacific market, the international tourist market and the air cargo industry.

Comments by Al Parrish



They've produced numerous brochures and an audio-visual presentation. They have a staff of marketing representatives which actively calls on transpacific clients, touting Sea-Tac's excellent international services on the airport premises, such as banks, customs brokers, freight forwarders, warehouses, foreign consulates, plentiful terminal space, excellent ground access, ample runway capacity and minimum environmental concerns.

Sea-Tac's programs and policies have helped to establish it as one of the top 20 airports in the United States for passenger-traffic volume. In 1982, over 9.2 million passengers and 143,000 metric tons of air freight were handled by Sea-Tac. By 1985, the number of passengers at Sea-Tac increased to 11.5 million passengers, up 25 percent. Freight went up to 210,000 metric tons, up 42 percent.

THE NEED, then, to make our presence known is going to become increasingly important in the years ahead. And not just because others are doing it. At this time, Anchorage International faces a very critical challenge, that being the advancement of aviation technology.

I'm sure most of you have heard about the new Boeing 747-400 series aircraft. This aircraft is an advanced version of the B-747's which have served Anchorage International Airport for the past 15 years. However, the new 400 series requires only a two-person flight crew, compared with the three crew members required on all other 747's. It will be able to carry between 300 and 400 passengers, and will be able to fly approximately 8,000 miles non-stop. This will allow the aircraft to fly between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without refueling in Anchorage.

OUR WINDOW of opportunity is slowly closing, and we can't afford to wait. We need to sell Anchorage International as a place the airlines will want on their route schedules — whether it be for passengers, cargo or simply refueling. And the most direct way to go about this task is to mount a marketing campaign, promoting our plant and its services to the world.

Funds for marketing the airport are already available. Revenues from the airport's operation go into a trust's account. The money is there.

Once a line item dedicated to marketing the airport is budgeted by the state, a cooperative effort can be developed, whereby funds from private and public sources would be combined, to develop a generic campaign. We believe it will take approximately \$3-\$5 million to develop and implement a comprehensive marketing plan for the airport. This seems like a reasonable amount to launch a program to reach the world's markets.

Which revenue streams need to be protected and developed?

Obvious ones are, of course, those passengers who are stopping over in Anchorage, on their way to or from a primary destination. Our research shows that 84 percent of those on flights stopping over in Anchorage would be interested in a stay of four to seven days. One-half of those would have stopped on the trip they were on if they would have known they could.

One good example of a stopover program was developed by the Port Authority of New York and New Jersey for passengers transiting through the three major airports: Kennedy International, Newark International and LaGuardia. They call it, "On Your Way Over, Stopover." The package includes one-night hotel at a choice of hotels, sightseeing, VIP shopping service at Macy's or Bloomingdales with language assistance, a choice of Broadway theatre tickets, a welcome kit, etc., all at a low

package price. They've advertised this program in periodicals all over Europe.

Other international passengers of great interest to us are those on either end of the transpolar route who could be persuaded to use Alaska as a visitor destination. New research by the state of Alaska shows that the potential for Japanese and German visitors selecting Anchorage as a visitor destination nearly equals the potential for visitors coming from the U.S. If we do our job right in selling our destination, it is possible that we could attract an additional 200,000 visitors a year from Germany and Japan, or a 50 percent increase in vacation or pleasure travel.

WHILE PASSENGERS are important, air freight offers even greater potential for growth. By increasing freight handling at AIA, we would see an increase in landing revenues (which are based on the gross takeoff weight of the aircraft) and fuel revenues for the airport.

International air freight is a rapidly growing market. In recent years, international air cargo shipments have increased at twice the rate of passenger travel.

The most cost-effective freight for air transportation is low-volume, high-value, and relatively low-weight products, such as electronic components, mini-computers, and precision instruments. Other less obvious air freight products are those with time-sensitivity, such as high-fashion apparel, pharmaceuticals, animals, produce, seeds and flowers. These markets need to be actively developed.

I mentioned fuel fees, and I'd like to stress that fuel is an important revenue stream. The airport operates a fuel storage farm and many operators have underground storage tanks. On an average day, approximately 1.2 million gallons are pumped. This means approximately \$24,000 a day, or \$3 million annually in fuel flowage fees.

Who is backing the plan to market the International Airport? This idea was further advanced by the Anchorage Business Council's Airport Committee, which I happen to co-chair, and others. The council, by the way, was formed by Mayor Tony Knowles with the mission of spurring economic development in Anchorage. Both the municipality and the Anchorage Business Council have endorsed our committee's recommendation. The Greater Anchorage Chamber of Commerce has since given the idea its full support, along with the Anchorage Convention and Visitors Bureau.

We'd like to invite your support as well, because as residents of Alaska and users of the airport, you have a stake in its future operation. We presently have the lead time to plan for the decade ahead. But we can't afford to wait. We need to plan for the 21st Century now.

AT

Short cut to Europe

OK, HERE'S an immediate target of opportunity for those committees that are stirring around these days trying to enhance the future of Anchorage International Airport.

Shippers in Japan, if you can believe it, reportedly are moving cargo via ocean freighter to the Port of Seattle, trucking it to Seattle-Tacoma International Airport, and forwarding it to Europe by air.

That's the word, anyway, in the January-February issue of Tradelines, an official publication of the Port of Seattle.

But that's the long way to

go, for heaven's sake.

IF CARGO is bound from Japan to Europe on a ship-air combination, the port of entry should be Anchorage — not Seattle. Anchorage is hundreds of miles closer and many hours quicker from Tokyo.

And it would be just as easy — if not easier — to off-load here, truck the cargo to Anchorage International Airport in minutes, and have it on its way to Europe — again a much quicker flight than the route out of Seattle.

The ball's in your court, Anchorage airport committees.

Some realistic advice

If anyone should know how Alaska can promote trade with Japan, it's Mitsuo Kitamoto. He's vice-president for Japan Airlines and head of the company's Anchorage office. So when Mr. Kitamoto says Alaska can help its trade prospects by luring more Japanese visitors, Alaskans should take note.

Unlike much of today's Pacific Rim rhetoric, his advice sounds realistic. Often it seems that the state's political and business leaders invoke "Pacific Rim trade" as a magic mantra, the mere chanting of which will help lead Alaska out of the economic doldrums. But most of our trade promotion efforts will take years to pay off — if they ever do.

Mr. Kitamoto's strategy would do something here and now. The tourist industry would get a short-term boost while the state builds its long term prospects for Pacific Rim business by showing the Japanese the state.

Some changes already in the works may help do what Mr. Kitamoto suggests. The new immigration law will make it easier for foreign travelers to get off in Alaska without visas. But Alaska shouldn't stop there. As longer range aircraft enter service, there may come a day when the state cannot rely on refueling stops to bring foreigners to our doors.

In the old days, doing more to draw visitors would have meant spending more state money. But in these times, state funding is scarce. State tourism officials will have to find ways to do more with less — or convince Alaska's tourist businesses to come up with the money themselves.

HB

195

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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:

4-8-87

Alaska State Legislature



House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 10, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 195 THAT INCLUDES:

- * a copy of HB 195
- * a fiscal note from the Dept. of Labor
- * a copy of the statutes impacted by HB 195
- * a letter of support
- * a position paper from the Dept. of Labor

Original sponsor: Transportation Committee

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE BILL NO. 195 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act excluding services provided by certain taxi-
7 cab operators from the definition of employment for
8 unemployment compensation coverage; and providing for
9 an effective date."

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

11 * Section 1. AS 23.20.526(a) is amended by adding a new paragraph to
12 read:

13 (23) service performed under contract as a taxicab operator.

14 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

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

Bill Version: HB 195
Publish Date: _____

REQUEST: _____

Revision Date: _____
Title: "An Act excluding services provided
by certain taxicab operators..."
Sponsor: House Transportation Committee
Requestor: House Transportation Committee

Agency Affected: Labor
BRU: Employment Security
Components: Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

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

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Joe Sitton, Director Phone: 465-2712
Division: Employment Security Date: 4/3/87

Approved by Commissioner: Jim Sandson Date: 4/3/87
Agency: Labor

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

Bill No. House Bill 195

Date April 3, 1987

Title "An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage, etc."

Contact: Joe Sitton
465-2712

Eileen Plate
465-2700

House Bill 195 seeks to categorically exclude certain taxicab operators from the definition of employment for the purposes of unemployment insurance coverage.

The Department is puzzled as to the reason for the proposed exclusion since persons, including taxicab operators, who actually are performing as independent contractors, are presently excluded from unemployment insurance coverage under AS 23.20.525(a)(10). Under this current law, a person's status as an independent contractor is shown to exist if:

(A) the individual has been and will continue to be free from control and direction in connection with the performance of the service, both under the individual's contract for the performance of service and in fact;

(B) the service is performed either outside the usual course of the business for which the service is performed or is performed outside of all the places of business of the enterprise for which the service is performed; and

(C) the individual is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the service performed;

Examination of the employee/employer relationship in this regard is appropriate, and the Department supports the application of these criteria in making such determinations.

The exemption of taxicab operators from the independent contractor test, as appears to be proposed in this bill, is not in the interest of Alaska's workers, and the Department opposes it.

APPROVED:



Jim Sampson, Commissioner
Department of Labor

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/20/87

FURTHER REFERRALS: Labor & Commerce

DATE: April 8, 1987

The Transportation Committee has considered HB 195

"An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage; and providing for an effective date."

RECOMMENDS:

- replace with CSHB 195(Trsp) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis.

SIGNING DO PASS:

E. J. B. Boush
Mr. W. Miller
Bill Hudson
Butte Oats

SIGNING OTHER RECOMMENDATIONS:

Butte Oats
 Chairman's signature



Official Business

COMMITTEE:

House Transportation Committee

DATE: April 3, 1987

SIGN-IN

Subject of meeting:

*HB 195 "An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage; and providing for an effective date."

NAME Please include title **ADDRESS** Please use full address. Please include zip. **PHONE** **REPRESENTING** **DO YOU WANT TO TESTIFY?**

| NAME Please include title | ADDRESS Please use full address. Please include zip. | PHONE | REPRESENTING | DO YOU WANT TO TESTIFY? |
|----------------------------------------|------------------------------------------------------------|-------------------|--------------------------|-------------------------|
| Jim DATE ASST DIR, UT | Box 3-7000 Juneau AK 99802 | 465-2712 | Dept LABOR. | YES |
| Stanley Burrows Program Coordinator | Box 3-7000 Juneau AK 99802 | 465-4531 | Dept of Labor | NO |
| Jane Hodges | 1718 Edgcomb Dr. Sitka, AK 99835 | (907) 747-6717 | Blatchley Middle School | NO |
| Lary Cuarema | P.O. Box 2061 Sitka, AK 99835 | (907) 747-6758 | Blatchley Middle School | NO |
| Cyndi Swanson | P.O. Box 2982 Sitka, AK 99835 | 747-8699 | Blatchley Middle School | NO |
| Arne Blomgren | 236 Observatory Sitka, AK 99835 | 747-8353 | Blatchley MS | NO |
| Kathy Bachman | 620 Merrill St Sitka AK 99835 | 747-5163 | Blatchley MS | NO |
| Andy Smirich | 200 Park St Sitka, AK 99835 7-8782 | 7-8782 | BMS | NO |
| Don Kubly | Box 210207 Adak Bay | 784-5451 | Yellow, dig insul cxb | YES |
| | | | | |

* indicates first public hearing

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**



Official Business

COMMITTEE:

House Transportation Committee

DATE: April 3, 1987

SIGN-IN

Subject of meeting

*HB 195 "An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage; and providing for an effective date."

| NAME <small>Please include title</small> | ADDRESS <small>Please use full address. Please include zip.</small> | PHONE | REPRESENTING | DO YOU WANT TO TESTIFY? |
|---------------------------------------------|------------------------------------------------------------------------|-------------------|-------------------------|-------------------------|
| Jim DATE ASST DIR, UI | Box 3-7000 Juneau AK 99802 | 465-2712 | Dept LABOR | YES |
| Stanley Burrows Program Coordinator | Box 3-7000 Juneau AK 99802 | 465-4531 | Dept of Labor | NO |
| Marianne Hodges | 1718 Edgewood Dr. Sitka, AK 99835 | (907) 747-6717 | Blatchley Middle School | NO |
| Larry Cuaresma | P.O. Box 2061 Sitka, AK 99835 | (907) 747-6758 | Blatchley Middle School | NO |
| Cyndi Swanson | P.O. Box 2982 Sitka, AK 99835 | 747-8699 | Blatchley Middle School | NO |
| Ann Hellingren | 236 Observatory Sitka, AK 99835 | 747-8353 | Blatchley MS | NO |
| Kathy Bachman | 620 Merrill St Sitka AK 99835 | 747-5163 | Blatchley MS | NO |
| Andy Smirich | 200 Park St Sitka, AK, 99835 7-8782 | 7-8782 | BMS | NO |
| Don Kubly | Box 210207 Auke Bay | 784-5451 | Yellow Pigeons | YES |

* indicates first public hearing

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**



Official Business

COMMITTEE:

House Transportation Committee

DATE: April 3, 1987

SIGN-IN

Subject of meeting:

*HB 195 "An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage; and providing for an effective date."

| NAME <small>Please include title</small> | ADDRESS <small>Please use full address. Please include zip.</small> | PHONE | REPRESENTING | DO YOU WANT TO TESTIFY? |
|------------------------------------------|---------------------------------------------------------------------|-------------------|-------------------------|-------------------------|
| Jim COATE ASST DIR, UT | Box 3-7000 Juneau AK 99802 | 465 2712 | Dept LABOR | YES |
| Stanley Burrows Program Coordinator | Box 3-7000 Juneau AK 99802 | 465-4531 | Dept of Labor | NO |
| Nancy Hodges | 1718 Edgcomb Dr. Sitka, AK 99835 | (907) 747-6717 | Blatchley Middle School | NO |
| Nancy Chaves | P.O. Box 2061 Sitka, AK 99835 | (907) 747-6758 | Blatchley Middle School | NO |
| Cyndi Swanson | P.O. Box 2982 Sitka, AK 99835 | 747-8699 | Blatchley Middle School | NO |
| Gene Hingren | 236 Observatory Sitka, AK 99835 | 747-8353 | Blatchley MS | NO |
| Kathy Bachman | 620 Merrill St Sitka AK 99835 | 747-5163 | Blatchley MS | NO |
| Andy Smirich | 200 Park St Sitka, AK 99835 7-8782 | 7-8782 | BMS | NO |
| Don Kubly | Box 210207 Auke Bay | 784-5451 | Yellow dog bus | YES |

* indicates first public hearing

HB

196

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

POUCH V - 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:

3-30-87

4-01-87

Alaska State Legislature



House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 1, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 196 THAT INCLUDES:

- * a copy of HB 196
- * an amendment offered by the Dept. of Commerce & Economic Development
- * a fiscal note from the Dept. of Commerce
- * a copy of the statutes impacted by HB 196
- * a sectional analysis

A FOLDER ON HB 101 THAT INCLUDES:

- * a copy of HB 101
- * a sectional analysis
- * a fiscal note and position paper from DOT/PF
- * a copy of the statutes impacted by HB 101
- * a letter of support from the City of Whittier
- * a resolution from the Alaska Municipal League
- * a newspaper article

* a map of the proposed toll road

A status report on the DOT/PF capital project cleanup

Original sponsor: Transportation Committee

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE BILL NO. 196 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to enplanements, enforcement of
7 compliance with financial responsibility and certi-
8 ficate of compliance requirements for air carriers,
9 penalties, issuance and display of certificates of
10 compliance, and the definition of aircraft; and
11 providing for an effective date."

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

13 * Section 1. AS 02.15.050 is amended by adding a new subsection to
14 read:

15 (g) The department may acquire data on passenger enplanements
16 from air carriers; however, the department may not obtain passenger
17 manifests.

18 * Sec. 2. AS 42.30.200(c) is amended to read:

19 (c) The department may authorize department personnel to enforce
20 this section and may adopt procedural regulations necessary to imple-
21 ment this section. Upon finding a violation the department may issue
22 a stop use order.

23 * Sec. 3. AS 42.30.200(e) is amended to read:

24 (e) A person who violates [(a) OF] this section is guilty of a
25 class A [B] misdemeanor and is punishable by a fine of not less than
26 \$1,000 [\$500] or more than \$5,000 for each day of violation but not to
27 exceed \$10,000 for each violation [\$1,000].

28 * Sec. 4. AS 42.30.225(a) is amended to read:

1 obtaining an annual certificate of compliance for that aircraft from
2 the department. The department may issue a certificate of compliance
3 for one aircraft or a fleet of two or more aircraft. The department
4 shall issue or renew a certificate of compliance upon application and
5 presentation of

6 (1) proof of financial responsibility required under AS
7 42.30.200;

8 (2) proof of compliance with Federal Aviation Adminis-
9 tration requirements, and, where applicable, federal certification for
10 scheduled airline service.

11 * Sec. 5. AS 42.30.225(b) is amended to read:

12 (b) The annual fee for a certificate of compliance is \$50 per
13 calendar year for one aircraft and \$100 per calendar year for a fleet
14 of two or more aircraft. The department shall prorate the fee for a
15 certificate of compliance issued after the beginning of the calendar
16 year [. THE CERTIFICATE IS VALID FOR A PERIOD OF 12 MONTHS FOLLOWING
17 THE DATE OF CERTIFICATION]. The certificate shall be [DISPLAYED ON
18 THE AIRCRAFT SO THAT IT IS] visible to boarding passengers.

19 * Sec. 6. AS 42.30.225(b) is repealed and reenacted to read:

20 (b) The annual fee for a certificate of compliance for one
21 aircraft and for a fleet of two or more aircraft shall be set by the
22 department by regulation. The certificate is valid for a calendar
23 year. The certificate shall be visible to boarding passengers.

24 * Sec. 7. AS 42.30.225(e) is amended to read:

25 (e) The department may authorize department personnel to enforce
26 this section and may adopt procedural regulations necessary to imple-
27 ment thi section. Upon finding a violation the department may issue
28 a stop use order.

29 * Sec. 8. AS 42.30.225 is amended by adding a new subsection:

1 (g) A person who violates this section is guilty of a class B
2 misdemeanor and is punishable by a fine of not less than \$500 or more
3 than \$1,000.

4 * Sec. 9. AS 42.30.380(3) is amended to read:

5 (3) "aircraft" means a propeller, rotor, or jet-powered
6 device used or designed for flight in the air;

7 * Sec. 10. Notwithstanding AS 42.30.225(b), as amended by sec. 5 of
8 this Act, a certificate of compliance issued by the Department of Commerce
9 and Economic Development and in effect on the day before the effective date
10 of sec. 5 of this Act is valid for the period issued.

11 * Sec. 11. AS 42.30.225(c) and 42.30.225(d) are repealed.

12 * Sec. 12. Section 6 of this Act takes effect January 1, 1989.
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

A M E N D M E N T

Offered in the HOUSE

By Cato

TO: HB 196

Page 1, line 10, following "aircraft":

Insert "; and providing for an effective date"

Page 2, lines 11 - 15:

Delete all material and insert:

"(b) The annual fee for a certificate of compliance is \$50 per calendar year for one aircraft and \$100 per calendar year for a fleet of two or more aircraft. The department shall prorate the fee for a certificate of compliance issued after the beginning of the calendar year [. THE CERTIFICATE IS VALID FOR A PERIOD OF 12 MONTHS FOLLOWING THE DATE OF CERTIFICATION]. The certificate shall be [DISPLAYED ON THE AIRCRAFT SO THAT IT IS] visible to boarding passengers."

Page 2, following line 15:

Insert a new bill section to read:

"* Sec. 6. AS 42.30.225(b) is repealed and reenacted to read:

(b) The annual fee for a certificate of compliance for one aircraft and for a fleet of two or more aircraft shall be set by the department by regulation. The certificate is valid for a calendar year. The certificate shall be visible to boarding passengers."

Renumber following bill sections accordingly.

Page 2, following line 27:

Insert a new bill section to read:

"* Sec. 10. Notwithstanding AS 42.30.225(b), as amended by sec. 5 of this Act, a certificate of compliance issued by the Department of Commerce and Economic Development and in effect on the day before the effective date of sec. 5 of this Act is valid for the period issued."

Renumber following bill section accordingly.

Page 2, following line 28:

Insert a new bill section to read:

"* Sec. 12. Section 6 of this Act takes effect January 1, 1989."

STATE OF ALASKA 1987 LEGISLATIVE SESSION FISCAL NOTE

REQUEST: _____ Bill Version: HB 196
 _____ Publish Date: _____
 Revision Date: _____ Agency Affected: DCED
 Title: Act relating to air carriers BRU: Consumer Protection
 Sponsor: House Transportation Components: Measurement Standards
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|------------------------|-------|---------|--------|---------|---------|---------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| CAPITAL | -0- | -0- | -0- | -0- | -0- | -0- |
| REVENUE | -0- | -19,000 | 19,000 | -19,000 | -19,000 | -19,000 |

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Joe Swanson, Director Phone: 345-7750
 Division: Measurement Standards Date: March 31, 1987
 Approved by Commissioner: J. Anthony Smith Date: March 31, 1987
 Agency: Commerce and Economic Development

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

Sectional Analysis - House Bill 196

Section 1 This specifically authorizes DOT/PF to collect the data necessary for the State to receive federal aid to airports. The provision was suggested last year by Commissioner Knapp, and is still deemed desirable by DOT/PF this year. Passenger enplanement statistics mean the number of passengers arriving or departing at a given airport, but does not include a list of passenger names.

Section 2: This section clarifies existing law by specifically authorizing the department (Commerce) to prevent a commercial carrier from flying passengers for hire on a plane which has not been insured for liability at the State minimum level.

Section 3: This section increases the penalties for flying passengers for hire without obtaining the minimum required level of liability insurance.

Section 4: This allows the department (Commerce) to issue a single certificate of insurance for a fleet of aircraft instead of for each individual aircraft. Many air carriers obtain a fleet insurance policy rather than individual plane policies. This would simplify the existing administrative procedure.

Section 5: Maintains the existing fee for a single certificate of insurance and establishes the fee for a fleet certificate. It also allows carriers to display certificates of insurance at the counter, gate, or other location rather than on the aircraft itself.

Section 6: This specifically authorizes the department (Commerce) to issue a stop use order for plane carrying passengers for hire when the carrier has not obtained a certificate of insurance from the State.

Section 7: This section establishes a penalty for the violation described in Section 6. It is a lesser penalty than for violations under Section 3, as flying without a State certificate of insurance is not as serious a violation as flying without liability insurance at the established minimum level.

Section 8: Adds helicopters to the aircraft covered under this bill. This was an oversight in 1985 when this statute was passed.

Section 9: Repeals existing 42.30.225(c) which is superseded by Sections 2 and 6 in this bill

Repeals existing 42.30.225(d) which was a transitional provision of the 1985 statute, and is no longer meaningful.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March ~~MAR~~, 1 1987

SUBJECT: Certificate of compliance requirements for
air carriers (Work Order 5-0472)

TO: Representative Bette Cato

FROM: George Utermohle *GU*
Legislative Counsel

Enclosed is a draft bill incorporating SCS CSHB 611(Fin)
(Fourteenth Legislature) and additional proposed changes to
AS 42.30.200 and 42.30.225.

The draft bill deletes the amendments to 42.30.200(c) and
42.30.225(e) contained in SCS CSHB 611(Fin) allowing the
department to authorize its employees to investigate com-
pliance with each of these sections. These amendments are
not necessary because the authority to enforce these
sections includes the authority to conduct investigations
necessary for enforcement purposes.

Similarly the draft bill does not contain language authoriz-
ing department employees to seek the aid of state troopers
in enforcing AS 42.30.220 and AS 42.30.225. The department
already has the authority to request assistance from the
state troopers in enforcing these statutes by virtue of the
department's responsibility for enforcement and the authority
of the state troopers to investigate violations of criminal
laws under AS 18.65.080.

If I have overlooked a compelling reason for these pro-
visions please contact me, so that I can address those
issues.

GU:mkr
m9/124

Enclosure

*
* DELIVER TO: LTCCGTG
*
* ORIGINAL
* SENT: 03/30/87 TIME: 15:14
* FROM: LIOCBET
* SUBJECT: FINAL STATS
* PRINT DATE: 03/30/87 TIME: 15:15
*

MAR 31 1987

EMAIL #2

FINAL STATS

124 HOUSE TRANSPORTATION
SUBJECT:
LEG.WORK SESSION HB-196 -HB 173 AIR CARRIER REGS.
DATE: 3/30/87
SITE:
BETHEL
TIME IN/OUT:
MODERATOR:
HELEN EDGE

OBSERVER: 1. CINDY ANDRECHECK, ALASKA AIR CARRIER ASSOC. BOX
976 BETHEL, ALASKA 543-3280

```

*
* DELIVER TO: LTCCGTG
*
* ORIGINAL
* SENT: 03/30/87 TIME: 15:25
* FROM: LTCCFBX
* SUBJECT: 3/30 H.TRANS. T/C
* PRINT DATE: 03/30/87 TIME: 15:25
*
*****

```

FINAL STATS

```

DATE: MARCH 30, 1987
SITE: FAIRBANKS
SPONSOR: HOUSE TRANSPORTATION
SUBJECT: LEG.WORK SESS.:HB196 AIR CARRIER REGS;HB173 AIRPORT AUTH.
MODERATOR: MELBA J. OESTER

```

```

*****
TESTIFY:
NAME\REPRESENTING ADDRESS PHONE:#
( ) - 0 -

```

```

*****
OBSERVE:
NAME\REPRESENTING ADDRESS PHONE #
( ) - 0 -

```

```

*****
TESTIFIED: 0 TIME START: 1:30 P.M.
OBSERVED: 0 TIME END: 3:00 P.M.
TOTAL: 0

```

```

*****
*
* DELIVER TO: LTCCGTG
*
* ORIGINAL
* SENT: 03/30/87 TIME: 15:27
* FROM: LIOCANC
* SUBJECT: S TRNSPRTN T-C: ANCH STATS
* PRINT DATE: 03/30/87 TIME: 15:27
*
*****

```

*** FINAL TELECONFERENCE STATISTICS ***

```

DATE: _____ MARCH 30, 1987 _____
SITE: _____ ANCHORAGE _____
SPONSOR: _____ SENATE TRANSPORTATION _____
SUBJECT: _____ HB 196; HB 173 -- AIRPORTS _____
LOCAL MODERATOR: _____ DAVID _____

```

```

TESTIFIED:
NAME\REPRESENTING . ADDRESS PHONE #

```

LISTEN ONLY

```

OBSERVED:
NAME\REPRESENTING ADDRESS PHONE #

```

| | | | |
|-----------------|-------------------------|------|----------|
| DAVE JENSEN | REEVE ALEUTIAN AIRLINES | ANCH | 243-4112 |
| JACK BIRMINGHAM | ERA HELICOPTERS | ANCH | 248-4422 |
| NORM ISRAELSON | AV-TECH ALASKA | ANCH | 345-4317 |

```

TESTIFIED: ___L\O___ START TIME: ___1:30___
OBSERVED: ___03___ END TIME: ___3:10PM___
TOTAL: ___03___

```

HOUSE COMMITTEE REPORT

(7) -

Date referred: 3/20/87

FURTHER REFERRALS: Judiciary

DATE: April 1, 1987

The Transportation Committee has considered HB 196

"An Act relating to enplanements, enforcement of compliance with financial responsibility and certificate of compliance requirements for air carriers, penalties, issuance and display of certificates of compliance, and the definition of aircraft."

RECOMMENDS:

- replace with CS for HB 196 CS 11/19/86 (Tvsp) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis.

SIGNING DO PASS:

[Handwritten signatures]

SIGNING OTHER RECOMMENDATIONS:

[Handwritten signature: Bette Cato]

Chairman's signature



Official Business

COMMITTEE:

House Transportation Committee

DATE: March 30, 1987

SIGN-IN

Subject of meeting:

HB 173: International Airport Authority

HB 196: Regulation of Air Carriers

NAME Please include **ADDRESS** Please use full address. **PHONE** **REPRESENTING** **DO YOU WANT TO TESTIFY?**
 title Please include zip.

| NAME title | ADDRESS Please include zip. | PHONE | REPRESENTING | DO YOU WANT TO TESTIFY? | |
|---------------------------------------------------|---------------------------------------|----------------------|----------------------------------|-------------------------|-----|
| ✓ Wed Stoops Lobbyist | Box 1211 Juneau 99802 | 266-3380 | AA ^{AK} Carriers Assoc. | Yes | 196 |
| Robert P. Mark Huber Doyle Ruff Lynn Michon | | 465-3700 | DOT/PE | Yes | 173 |
| Fran Palmist Personnel Analyst | Box 0001 Juneau 99811 | 465-4430 | DOT Div. of Personnel | Yes | 173 |
| ✓ AL J. BAFFONE Bus Man of Exec Treas | 2510 ARIC BLVD 99503 | 276-7211 | Public Employees Local 11 AF-CIO | Yes | 173 |
| ✓ Cherie Shelley | 3401 Franklin, Juneau | 586-2334 | APCA | Yes | 173 |
| ✓ Sue Pearce EXECUTIVE DIRECTOR Doyle Ruff | P.O. Box 60369 FAIRBANKS, AK 99706 | 474-2500 266-1400 | DOT/PE | Yes | 173 |
| | | | | | |
| | | | | | |
| | | | | | |



Official Business

COMMITTEE:

House Transportation Committee

DATE: April 1, 1987

Subject of meeting:

HB 196: Air Carriers Regulations

*HB 101: "An Act relating to state toll facilities."

SIGN-IN

NAME Please include title ADDRESS Please use full address Please include zip. PHONE REPRESENTING DO YOU WANT TO TESTIFY?

| NAME <small>Please include title</small> | ADDRESS <small>Please use full address Please include zip.</small> | PHONE | REPRESENTING | DO YOU WANT TO TESTIFY? |
|------------------------------------------|--------------------------------------------------------------------|----------|--------------|-------------------------|
| LoBBIST Paul Stoups | Box 1211 Juneau, AK | 586-3340 | AACTA | Yes |
| Beck Bear | Box 11 Juneau | 468-2504 | DCEIO | Yes |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

* indicates first public hearing

HB

209

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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 Community & Reg. Affs:

4-24-87

5-04-87

TABLE OF CONTENTS

- (1) House Bill No. 209
- (2) Bill Analysis
- (3) Senate C&RA Committee Memo on SB 168 (Senate Version of Bill)
- (4) Senator Jim Duncan's Testimony on SB 168
- (5) Senate Advisory Council Memo on Port Authorities
- (6) Press Releases on SB 168



Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 9981

BILL ANALYSIS OF HOUSE BILL NO. 209

"An Act relating to establishment of a port authority by a municipality."

The legislation would be added to Title 29, Chapter 35 of the Alaska Statutes.

Under Section 29.35.600, the Port Authority Commission may be established with the adoption of an ordinance by the governing body. Also include in this section are the procedures for the nomination and ensuing election of commissioners.

Under Section 29.35.610, the Port Authority is supervised and controlled by the Port Commission. This section explains the term of a Port Commissioner and allows for the adoption of meeting rules.

Under Section 29.35.620, the Port Commission may employ a director, retain legal counsel, and employ other personnel deemed necessary.

Under Section 29.35.630, the powers of the Port Commission are described including economic analysis, acquisition of property, development of plans; entering into contracts, raise revenues, lease property, and accept grants and donations.

Under Section 29.35.650, the financing of the Port Authority is explained. Finances may be obtained through donations, borrowed money, revenues from any property, building, or facility under its control, and the issuance of revenue bonds (these revenue bonds are not a debt of the municipality or state).

Under Section 29.35.660, when the Port Commission proposes a project using revenue bonds, a Development Plan is to be prepared and submitted to the governing body. This section explains what a Development Plan must contain.

Under Section 29.35.670, the procedure for the approval of a Development Plan from the Port Commission is covered.

Page two

Under Section 29.35.680, the budget shall be prepared by the Director of the Port Authority with approval by the governing body. The budget may not include money of the municipality except if authoized by the governing body.

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
TIM KELLY, Vice Chairman
RICK HALFORD
KE SZYMANSKI
ED ZHAROFF



P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4989

Senate Community and Regional Affairs Committee

TO: Senate C&RA Members

March 24, 1987

FROM: Senate C&RA Staff

MCE

RE: SB 168 - "An Act relating to establishment of a port authority by a municipality."

SB 168 is designed to enable municipalities to establish their own port authority commissions. The bill's goal is to create a mechanism that municipalities can use to focus on water related economic development.

Alaska currently has a port facilities and development act, however, it stipulates that funding must be appropriated by the state. SB 168 would allow funds to be raised by any legal means approved by the appropriate city council or borough assembly.

The bill provides that a municipality's port authority commission would be established by ordinance and three commissioner's elected. The commission would do its own budget and long range planning. The bill is based on legislation from the State of Washington.

This packet contains a memo from the sponsor and his sectional analysis, a memo from the Senate Advisory Council, and the existing state law on ports.

March 24, 1986

Senate Committee on
Community and Regional Affairs

Senator Arliss Sturgulewski, Chairman

Presentation by
Senator Jim Duncan
Sponsor of SB 168

MADAME CHAIRMAN, ALASKA IS NOT UTILIZING, ONE OF IT GREATEST ECONOMICAL POTENTIALS, WATERFRONT DEVELOPMENT. THE PURPOSE FOR CREATING THIS LEGISLATION IS TO PROVIDE AN IMPETUS TO THOSE COMMUNITIES THAT STAND TO GAIN, ECONOMICALLY, THROUGH THE USE OF THEIR WATERFRONTS. THIS BILL IS THE FRAMEWORK TO ESTABLISH PORT AUTHORITIES THAT ARE, IN A SENSE, SEMI-INDEPENDENT.

CURRENTLY, THERE IS A STATUTE WHICH ALLOWS THE STATE OF ALASKA TO FUNNEL MONEY THROUGH TO COMMUNITIES FOR PORT FACILITIES AND DEVELOPMENT (AS 30.15). HOWEVER, IT IS THE INTENTION OF THIS BILL NOT TO HAVE THE STATE INVOLVED, FISCALLY. RATHER, IT IS THE INTENTION OF THIS BILL TO SET UP THESE PORT AUTHORITIES WITHIN THE LOCAL GOVERNING BODY BUT THAT THEY OPERATE IN A SEMI-INDEPENDENT NATURE.

UNDER THIS LEGISLATION, THE PORT AUTHORITY IS SUPERVISED AND CONTROLLED BY THE PORT COMMISSION. THE PORT COMMISSION MAY HAVE A DIRECTOR, RETAIN LEGAL COUNSEL, AND EMPLOY OTHER PERSONNEL AS IT SEES FIT TO DO SO. THE PORT COMMISSION CREATES ITS OWN BUDGET AND OBTAINS FUNDS FOR THE BUDGET THROUGH VARIOUS METHODS INCLUDING, BUT NOT LIMITED TO, RECURRING REVENUES, ISSUANCE OF REVENUE BONDS, DONATIIONS, AND BORROWED MONEY.

ALASKA FACES TREMENDOUS ECONOMIC POTENTIAL THROUGH ITS PORT DEVELOPMENT. WITH THIS LEGISLATION, THE GROUNDWORK CAN BE LAID IN THE EFFORT TO GREATLY ENHANCE PORT DEVELOPMENT AROUND THE STATE. THE GOVERNOR HAS ALREADY STATED THAT INTERNATIONAL TRADE IS A HIGH PRIORITY IN HIS ECONOMICAL DEVELOPMENT PLAN. WITH AN AGGRESSIVE PORT DEVELOPMENT PLAN, BY THE VARIOUS PORT AUTHORITIES, THROUGH THE BACKING OF THIS LEGISLATION, ALASKA CAN BEGIN TO REALIZE THE ECONOMIC POTENTIAL OF ITS WATERFRONTS.

WE HAVE RECEIVED FAVORABLE COMMENTS FROM SEVERAL COMMUNITIES ALREADY. THE COMMENTS HAVE BEEN PRIMARILY SEEKING ASSURANCE THAT THOSE COMMUNITIES ARE INCLUDED IN THE BILL BECAUSE THEY SEE POSITIVE THINGS WITH IT.

MANY CITIES CAN NOW ESTABLISH SOME FORM OF PORT SYSTEM BUT THEY ARE ONLY IN AN ADVISORY CAPACITY AND ITS MEMBERS ARE APPOINTED BY THE LOCAL GOVERNING BODY. SB 168 DIFFERS IN THAT THE COMMISSIONERS ARE ELECTED DURING MUNICIPAL ELECTIONS. THIS ALLOWS THE COMMISSION TO BE SET UP AS A SUBDIVISION OF THE MUNICIPALITY, SIMILAR TO A SCHOOL DISTRICT. THE COMMISSION WILL BE ESTABLISHED BY ORDINANCE AND THREE COMMISSIONERS WILL BE ELECTED BY THE PEOPLE THEREBY GIVING THE PEOPLE THE STRONGEST VOICE IN A PORT'S DEVELOPMENT.

THIS LEGISLATION HAS BEEN MODELLED AFTER THE STATE OF WASHINGTON. THE BILL IS IN ITS SIMPLEST FORM AT THIS TIME, HOWEVER WE MUST WORK TO STRENGTHEN OUR WATERFRONT DEVELOPMENT AND CREATE A BILL THAT'S IN THE BEST INTEREST OF ALASKA. THIS BILL IS MERELY A STARTING POINT WITH THE INTENTION THAT A STRONG PIECE OF LEGISLATION WILL BE DEVELOPED THROUGH OUR LEGISLATIVE PROCESS. THANK YOU.

Alaska State Legislature

Senate Advisory Council



P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Duncan
Alaska State Senate

ATTN: Ron Whitcraft

FROM: Lee Ann Lucas *ml*
Senate Advisory Council

DATE: February 18, 1987

RE: Port Authorities

Referencing your request for information on the organization, administration and authorities of various port authorities, I offer the following.

Today, there are 105 state, local, county or independent public seaports in the United States and its territories, 76 of them Corporate members of the American Association of Port Authorities (AAPA). Historically, port development and operation in the United States has been a local or state function. There is considerable variety in the structure, powers and the purpose of port authorities in the United States.

I contacted Mr. Rexford Sherman, Director for Research and Information Services with the AAPA. Mr. Sherman provided a copy of a report entitled "Public Port Agencies In The United States and Canada" (copy attached) which gives an overview of port authorities.

Also attached is a listing of the AAPA Corporate Member Ports. As you can see, the complexity becomes evident in looking at just the port authorities that comprise the U.S. corporate membership of the APPA. Some are administrative divisions of state government. Others are in effect public corporations set up under state law and directed to develop specific port areas in the public interest. Some are state port authorities with responsibility for the several ports that may lie in a given state. In other instances, states have created port administrations that are basically political subdivisions of the state, frequently called navigation districts, which like other such subdivisions (e.g., school districts or

Senator Duncan
2/18/87
Page 2

townships) have the power to tax and float bonds. In addition there are county and municipal port departments and, to further complicate the picture, bi-state port authorities with jurisdictions covering two states.

In the North Atlantic, the preference appears to have been for public corporations, state port administrations and bi-state ports. State port authorities are most common in the South Atlantic. Independent navigation districts are particularly popular in the Gulf and Pacific Northwest, while municipal port departments are favored in California.

The variety of port structure types and their distribution among the various U.S. port ranges is indicated in the attached chart. For example, the Massachusetts Port Authority is a autonomous public corporation set up through an act of the legislature which has a seven-member Board of Directors appointed by the Governor. The Port of Bellingham is defined as an independent navigation district which has three elected Commissioners. Attached are the enabling acts for the State of Washington and the State of Massachusetts.

Most U.S. port authorities (though there are exceptions) are governed by a board of commissioners (or directors) which oversee port policy and operations as custodians of the public interest. But among the 80 U.S. member port authorities, most boards (48) are appointed, usually by a governor (sometimes with the advice and consent of the state legislature), mayor, city council or county commissioners. Twenty-two boards, however, are elected by local voters. Nine have no board whatsoever. Elected boards are most common among independent navigation districts. On the other hand, state port authorities and other state-chartered port corporations are generally appointive. Typically, state port departments do not have a board of any sort.

After you have had a chance to review the attached materials, please call me and I will collect the enabling acts, charters and information you feel may be useful in formulating similar legislation.

LAL:lal
Attachments

Attached materials available from
Senator Duncan's office.



Official Business

Alaska State Legislature

Senate

3/6/87
PRINT/TV

P.O. BOX V
State Capitol
Juneau, Alaska 99811

NEWS RELEASE

CONTACT:
Ron Whitcraft
465-4766

JUNEAU --- LEGISLATION WAS INTRODUCED TODAY (FRIDAY), IN THE ALASKA SENATE, THAT WOULD GIVE AN ECONOMIC BOOST TO MANY COMMUNITIES IN THE STATE. THE MEASURE WOULD ENABLE LOCAL GOVERNING BODIES TO ESTABLISH THEIR OWN PORT AUTHORITY COMMISSIONS AND THEREBY GIVE THEM THE ABILITY TO FOCUS SOME ATTENTION ON WATERFRONT DEVELOPMENT.

THE BILL'S AUTHOR, SENATOR JIM DUNCAN OF JUNEAU, STATED THAT ALASKA HAS A GREAT POTENTIAL FOR WATERFRONT DEVELOPMENT. ALTHOUGH ALASKA HAS A PORT FACILITIES AND DEVELOPMENT ACT IN PLACE NOW, IT STIPULATES THAT FUNDS ARE APPROPRIATED BY THE STATE. SENATE BILL ONE SIXTY-EIGHT ALLOWS PORT DEVELOPMENT DOLLARS TO BE RAISED HOWEVER THE COMMISSION SEES FIT WHETHER BY REVENUE BONDS, WORKING WITH THE PRIVATE SECTOR, OR WHATEVER MECHANISM IS SUITABLE FOR A COMMUNITY.

SENATOR DUNCAN SAID, "THE BILL IS AN ATTEMPT TO STRENGTHEN OUR ABILITY IN THIS STATE TO DEVELOP OUR WATERFRONT AREAS AND TO BRING MORE ECONOMIC ACTIVITY INTO THE COMMUNITIES OF ALASKA."

S-B ONE SIXTY-EIGHT PROVIDES THAT A COMMUNITY'S PORT AUTHORITY COMMISSION WOULD BE ESTABLISHED BY ORDINANCE AND THAT THREE COMMISSIONERS ARE ELECTED TO SERVE THE BODY. THE COMMISSION

PAGE TWO

WOULD ALSO CREATE ITS BUDGET AND DO ITS OWN LONG RANGE PLANNING,
ALL DESIGNED TO PROMOTE THE ECONOMIC GROWTH OF A COMMUNITY.

"IT IS NOT AN ATTEMPT TO BUILD ANOTHER BUREAUCRACY AND WE'RE NOT
ASKING FOR ANY STATE MONEY," DUNCAN ADDED. "IT'S PURELY UP TO
LOCAL COMMUNITIES TO MAKE THE DECISION AS TO WHETHER THEY WANT TO
FOCUS IN ON THAT TYPE OF DEVELOPMENT."

3/6/87
Radio



Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

Official Business

NEWS RELEASE

March 6, 1987

CONTACT:
Ron Whitcraft
465-4766

JUNEAU --- LEGISLATION WAS INTRODUCED TODAY (FRIDAY), IN THE ALASKA SENATE, THAT WOULD GIVE AN ECONOMIC BOOST TO MANY COMMUNITIES IN THE STATE. THE MEASURE WOULD ENABLE LOCAL GOVERNING BODIES TO ESTABLISH THEIR OWN PORT AUTHORITY COMMISSIONS AND THEREBY GIVE THEM THE ABILITY TO FOCUS SOME ATTENTION ON WATERFRONT DEVELOPMENT.

THE BILL'S AUTHOR, SENATOR JIM DUNCAN OF JUNEAU, STATED THAT ALASKA HAS A GREAT POTENTIAL FOR WATERFRONT DEVELOPMENT. ALTHOUGH ALASKA HAS A PORT FACILITIES AND DEVELOPMENT ACT IN PLACE NOW, IT STIPULATES THAT FUNDS ARE APPROPRIATED BY THE STATE. SENATE BILL ONE SIXTY-EIGHT ALLOWS PORT DEVELOPMENT DOLLARS TO BE RAISED HOWEVER THE COMMISSION SEES FIT WHETHER BY REVENUE BONDS, WORKING WITH THE PRIVATE SECTOR, OR WHATEVER MECHANISM IS SUITABLE FOR A COMMUNITY.

[Insert: @ :30

In: "It's an attempt to strengthen..."

Out: "...as outlined in this legislation."

PAGE TWO

S-B ONE SIXTY-EIGHT PROVIDES THAT A COMMUNITY'S PORT AUTHORITY COMMISSION WOULD BE ESTABLISHED BY ORDINANCE AND THAT THREE COMMISSIONERS ARE ELECTED TO SERVE ON THE BODY. THE COMMISSION WOULD ALSO CREATE ITS BUDGET AND DO ITS OWN LONG RANGE PLANNING, ALL DESIGNED TO PROMOTE THE ECONOMIC GROWTH OF A COMMUNITY.

A M E N D M E N T

Offered in the HOUSE

TO: CSHB 209(C&RA)

By the Community and
Regional Affairs Committee

Page 1, line 11:

Delete "A"

Insert "Notwithstanding other provisions of law, a"

Page 1, line 13, after "port authority":

Insert "in accordance with AS 29.35.600 - 29.35.690. An authority established by a borough under AS 29.35.600 - 29.35.690 may exercise its power in a second class city located within the borough but may not exercise its power in a home rule or first class city unless the exercise of the power is approved by the assembly of the home rule or first class city by resolution"



Official Business

COMMITTEE: *HB 209*

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: May 4, 1987

SIGN-IN

Subject of meeting:

HB 176 - Land from federal townsite trustee

HB 209 - Establish port authority

| NAME (PLS PRINT) | YOUR TITLE & ADDRESS | PHONE | REPRESENTING | DO YOU WANT TO TESTIFY? |
|-------------------------------------|-------------------------|-------|--------------|----------------------------|
| <i>Rep Menard</i> | | | | |
| <i>Larry Bussone for Rep Larson</i> | | | | |
| <i>Doug Griffin</i> | <i>DCRA</i> | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Alaska State Legislature

⑧ HB 209

Rep. Larson
prepared stmt.

Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 465-3727



Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 378-8828 - Wasilla

Representative Ronald L. Larson
District 16B

April 23, 1987

House Committee on
Community and Regional Affairs

Representative Henry Springer, Chairman

Testimony on House Bill No. 209

Mr. Chairman, Alaska is not developing one of its greatest resources to near the level it might. I am speaking of Alaska's waterfront. In this time of economic crisis, in this time when economic development is being encouraged, we must find ways to develop that great potential. I believe HB 209 will do that very thing. The legislation would allow local governing bodies to establish, by ordinance, their own port authority.

Currently, there is a Port Facilities and Development Act in statute (at AS 30.15); however, that Act calls for development through state appropriated funds. HB 209 would take the state out of waterfront development and would provide an impetus to communities to develop their waterfronts independent of state monies.

Each port authority would be set up as a subdivision of the local governing body, similar to a school district. An authority would be allowed to employ an executive director and staff and to retain legal counsel. It could sue or be sued in state court, and it would be empowered to complete economic analysis, acquire and develop land and facilities, develop and implement long range plans, enter into contracts, raise revenues, and accept grants and donations. A port authority would also have the power of eminent domain. Finally, an authority could enter into agreements with other port authorities for sharing development or management of land and facilities within the jurisdiction of the commissions.

Let me clarify the relationship between a port authority and the local governing body. First of all, for an authority to be formed, the governing body would hold public hearing on a proposed ordinance establishing the authority and its powers. After public hearing, if the governing body intended to proceed with the establishment of the authority, it would hold a vote on the proposed ordinance and at the same time the election of port commissioners. After an authority was established, and after it decided to finance a project in whole or in part with revenue bonds, it would submit a development plan to the governing body. Upon receipt of the development plan, the governing body would hold public hearing on the plan and subsequently by ordinance approve or reject the plan. In short, the port authority would be a semi-independent entity of the local governing body.

It is my belief that HB 209 will lay the groundwork for a greatly enhanced effort to develop waterfronts around the state and to bring more economic activity into several communities of the state.

Let me conclude by encouraging the committee to adopt the amendments proposed by Representative Hudson. His proposed amendments do three primary things: First, they clean up some drafting errors. Secondly, and more importantly, they would allow city and towns such as Homer, Seward, and Kodiak to develop port authorities independent of the borough or municipality to which they belong. Third, they would amend Sec. 29.35.660 to require an economic analysis and justification for the project as well as a description of the expected benefits and other effects of the project to be included in the development plan.

For the sake of economic development in the state, I urge this committee to examine this legislation closely, make the changes it deems necessary, and pass it on to the House Committee on Transportation. I would add that the bill is supported by several communities around the state, and, as you will notice in your packet, by the Department of Community and Regional Affairs and Department of Commerce and Economic Development.

Thank you, and I will answer whatever questions you may have.



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: April 24, 1987

SIGN-IN

Subject of meeting: (B) HB 209

*HB 209 Establish port authority

1 of 2

NAME (PLS PRINT)

YOUR TITLE & ADDRESS

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY?

| | | | | |
|-----------------|-----------------------------------|------|-----------------|-----|
| HARRY BUSSONE | SO2 CAPITAL Planner Box BH | 3727 | REP. RON LARSON | Yes |
| Clovis Bowles | Legislative Liaison DCED Box D | 4750 | DC&RA | NO |
| Becky Bear | | 2504 | DCED | Yes |
| Rep. Tom Menard | | | Co-Sponsor | ✓ |



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: April 24, 1987

SIGN-IN

Subject of meeting: (B) HB 209

*HB 209 Establish port authority

2 of 2

NAME (PLS PRINT)

YOUR TITLE & ADDRESS

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY?

| | | | | |
|--------------|-----------|----------|----------------|-----|
| Lee Sharp | P.O. 2977 | 745 9678 | Mat-su Borough | Yes |
| Doug Griffin | | 4750 | C&RA | Yes |



Dept. of Transportation & Public Facilities

⑦ HB 209

Position Paper

BILL NO: HB 209

APPROVED:

LSA
MARK S. HICKEY
COMMISSIONER

TITLE:

An Act Relating to Establishment of a
Port Authority by a Municipality.

DATE:

April 22, 1987

The Department of Transportation and Public Facilities feels that authorization of port authorities under HB 209 is mainly a local government issue. It basically allows a local government to operate its port through an authority instead of directly by the municipal government. Therefore, we do not have a position on this bill.

There are cases of cities within boroughs which presently operate ports. As written the bill would preclude allowing them to create port authorities. This discrimination among municipalities appears to be unjustified.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 22, 1987

(5) HB 209
STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

POSITION PAPER

RE: House Bill 209 - "An Act relating to establishment of a port authority by a municipality."

SPONSOR: Representative Larson

Program Effects of Bill

House Bill 209 proposes to amend AS 29.35 as follows:

Section 29.35.600 would allow the governing body of a borough, unified municipality or city in the unorganized borough to establish a port authority by ordinance, upon approval of the voters of the municipality.

Section 29.35.610 would establish an elected three member port commission and Section 29.35.620 would allow for staffing of the commission.

Section 29.35.630 would establish the powers of the port commission. These powers would include planning and implementation of plans for development in waterways or in waterfront areas, appropriate contracting, property management, and the acceptance of grants.

Section 29.35.640 would allow the municipality to exercise the powers of eminent domain for the purpose of transferring property to the port authority.

Section 29.35.650 sets out how the port authority would be financed.

Section 29.35.660 would require the port commission to prepare a development plan, to be submitted to the governing body, when a project is to be financed by revenue bonds. The plan must be approved or rejected by ordinance.

Section 29.35.670 would instruct the governing body to hold a public hearing on the proposed development plan and adopt, modify, or reject the plan by ordinance.

Section 29.35.680 would require the port authority director to prepare and submit the budget to the governing body for approval before it is adopted by the port commission.

Section 29.35.690 would allow the port authority to be dissolved by an ordinance approved by the voters. Remaining property and assets after obligations have been fulfilled would belong to the municipality.


Comments

The Department supports this bill in concept because it provides additional flexibility to municipalities for port operations without limiting the ultimate control of those municipalities. The bill would allow a municipality to establish a local port authority following approval by voters within the municipality. The port authority could have a greater degree of management autonomy than currently allowed. The authority would have the ability to plan for and manage its own operations and to finance these operations through user fees and revenue funds. However, unlike the case in other states such as Washington, the municipality would continue to have ultimate control over any port authority established.

The Department suggests several minor modifications to the bill as follows: Section 29.35.600(a), page 1, lines 15 and 16 should be amended to read: "The authority possesses all powers specified in AS 29.35.600-29.35.690 unless these powers are restricted in the ordinance under which it is formed. The authority may be granted additional powers in the enabling ordinance." This revision will provide a greater amount of flexibility to municipalities.

In Section 29.35.600(b), page 1, line 22, the Department suggests inserting: "Amendments to the ordinance are also subject to voter approval." as the last sentence of that paragraph.

In Section 29.35.630, page 3, lines 17 through 20, the authority to acquire and convey, or otherwise dispose of land and other property should be subject to approval by the local governing body either through approval of the port plan or by specific action.



David G. Hoffman, Commissioner

§ 30.13.900

edit or shall
n authority.
tent of the
ese records

ority owns,
tes in the
um extent
facility by
terms and
n does not
imitations
are neces-
nd for use
ishment of
and condi-
g without
ers of the
nce of the
signed by
he three
visions of
npliance.

mission
n of the

first or
an area
uthority
within
me rule
ts, and
author-
me rule
ne rule
vy any

ontext

.010;

chap-

§ 30.15.010 NAVIGATION, HARBORS AND SHIPPING § 30.15.010

(3) "cost" includes the cost of acquisition or construction of all or any part of transportation facilities and of all or any property, rights, easements and franchises considered by an authority to be necessary, useful, or convenient, including without limitation reimbursements to the authority or any other person of money expended for the purposes of the authority and interest or discount on bonds to finance those expenses, engineering and inspection costs and legal expenses, the cost of financial, professional and other advice, and the cost of issuance of bonds;

(4) "district" means the area within the boundaries of an authority;

(5) "person" includes a corporation, company, partnership, firm, association, organization, business trust, society, state or agency or subdivision of the state, municipality of the state, or an authority, as well as a natural person;

(6) "transportation facilities", or "facilities", or "projects" means harbor, port, shipping and transportation facilities of all kinds, including harbors, channels, turning basins, anchorage areas, jetties, breakwaters, waterways, canals, locks, tidal basins, wharves, docks, piers, slips, bulkheads, public landings, warehouses, terminals, refrigerating and cold storage plants, rolling stock, car ferries, tugs, boats, conveyors, tunnels, bridges, highways, roads and railroads, and appliances of all kinds for the handling, storage, inspection and transportation of freight and natural resource products; it also includes all property, rights, easements and franchises relative to a facility and necessary or convenient for the acquisition, construction or operation of the facility, but does not include airport facilities. (§ 2 ch 98 SLA 1983)

Chapter 15. State Participation in Port Facilities and Development.

| Section | Section |
|------------------------------------------------------------------------|-------------------------------------------------|
| 10. State grants for port facilities construction | 50. Combined port and ferry terminal facilities |
| 20. Criteria for establishing eligibility | 60. Regulations |
| 30. Limitation on grants | 70. Definitions |
| 40. Disposition of state land for port facilities development projects | 80. Short title |

Sec. 30.15.010. State grants for port facilities construction. To the extent funds are appropriated by the legislature, or from the proceeds from the sale of bonds, the state may make grants to municipalities to finance a portion of the cost of constructing local, regional or state port facilities. The state shall participate only in those projects approved by the governor on recommendation of the commissioner. (§ 1 ch 85 SLA 1974; am E.O. No. 39, § 11 (1977))

Sec. 30.15.020. Criteria for establishing eligibility. (a) Before a grant may be awarded under this chapter, the commissioner shall determine that

- (1) the grant is for a feasible project;
- (2) the project is endorsed by resolution of the governing body of the sponsoring municipality on its own behalf, or on behalf of a service area in an organized borough if a service area is established to finance and construct port facilities and operate and maintain them once constructed; and
- (3) the municipality can clearly demonstrate its ability to finance the local share of project costs.

(b) A grant may not be awarded under this chapter for a port facility development project until a study of its feasibility is conducted and submitted with the application for the grant. The project also must be justifiable on the basis of public convenience and necessity. The study shall be conducted by consultants, engineers or other technical experts, who may be officers or employees of the municipality in making application for a grant. (§ 1 ch 85 SLA 1974; am E.O. No. 39, § 11 (1977))

Sec. 30.15.030. Limitation on grants. Grants for the development of port facilities may not exceed

- (1) 90 per cent of project costs for municipalities under 5,000 population;
- (2) 80 per cent of project costs for municipalities 5,000 population and over. (§ 1 ch 85 SLA 1974)

Sec. 30.15.040. Disposition of state land for port facilities development projects. The division of lands in the Department of Natural Resources, subject to the applicable provisions of AS 38.05 and 38.10, may convey title or other interests in state land, provide for the exchange of state land, or make other arrangements with respect to state land that may be necessary to complete a project for which a state grant is approved under this chapter. (§ 1 ch 85 SLA 1974)

Sec. 30.15.050. Combined port and ferry terminal facilities. A grant may be awarded under this chapter for a port facilities development project that includes, or combines, state ferry terminal facilities as a part of the project. However, the state shall pay the proportionate project costs attributable to the ferry terminal including but not limited to vehicle staging areas, transfer spans and aprons, passenger terminal facilities and offices, docks and other docking facilities for ferry vessels. (§ 1 ch 85 SLA 1974)

Sec. 30.15.060. Regulations. The commissioner shall adopt regulations under the Administrative Procedure Act (AS 44.62) that the commissioner considers necessary to carry out the provisions of this chapter. (§ 1 ch 85 SLA 1974; am E.O. No. 39, § 11 (1977)).

15.060

efore a
r shall

of the
e area
ce and
e con-

nance

icity
d and
st be
study
perts,
appli-
977))

ment

popu-

ation

ities
it of
and
the
t to
tate

s. A
ties
nal
the
ing
ns,
ing

qu-
he
is

Sec. 30.15.070. Definitions. In this chapter

(1) "comissioner" means commissioner of transportation and public facilities;

(2) "department" means Department of Transportation and Public Facilities;

(3) "municipality" means a home rule or general law borough or city including but not limited to a unified municipality organized under AS 29.68;

(4) "port facilities" means docks, wharves, bulkheads, seawalls, landfills, warehouses, staging areas, transfer spans and aprons, lifting equipment and similar structures together with the necessary equipment and facilities required to accommodate waterborne commerce and shipping, including but not limited to combined port and ferry terminal facilities;

(5) "project costs" means the cost of financing or borrowing, site acquisition and rights-of-way, planning, engineering and designing, construction, equipment acquisition and installation, but does not include the cost of operation or maintenance of the port facilities once constructed or the cost of feasibility studies required in making application for a grant under this chapter. (§ 1 ch 85 SLA 1974; am E.O. No. 39, § 11 (1977))

Sec. 30.15.080. Short title. This chapter may be cited as the Port Facilities Development Act. (§ 1 ch 85 SLA 1974)

Chapter 20. Regulation of Tank Vessel Traffic.

[Repealed, § 11 ch 116 SLA 1980.]

Chapter 25. Oil Terminal Facilities: Transfer of Crude Oil, Refined Petroleum Products or Their By-Products.

[Repealed, § 11 ch 116 SLA 1980.]

Chapter 30. Abandoned and Derelict Vessels.

Article

1. Abandoned Vessels (§§ 30.30.010 — 30.30.080)
2. Derelict Vessels (§§ 30.30.090 — 30.30.100)
3. Vessels Abandoned on Business Premises of Persons Engaged in Repair Business (§§ 30.30.110 — 30.30.150)
4. Miscellaneous (§§ 30.30.160 — 30.30.180)

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB 209

Publish Date: _____

Revision Date: _____

Title: "An Act establish port authority
by a municipality"

Agency Affected: Community & Regional Affairs

BRU: Local Government Assistance

Sponsor: Larson, Menard, Hudson, Ulmer

Components: _____

Requestor: House C&RA

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Doug Griffin, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750

Date: 4/22/87

Approved by Commissioner: David G. Hoff
Agency: Community & Regional Affairs

Date: 4.22.87

Distribution (by preparer):

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



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: May 8, 1987

SIGN-IN

Subject of meeting: (F) HB 209

HB 209 Establish Port Authority

| NAME (PLS PRINT) | YOUR TITLE & ADDRESS | PHONE | REPRESENTING | DO YOU WANT TO TESTIFY? |
|------------------|-------------------------|-------|--------------|----------------------------|
| Tom Cook | | | Legal Serv. | |
| Rep. Carl Mearns | | | Sponsor | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

(12) HB 209



Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-9687⁷⁸

BOROUGH ATTORNEY'S OFFICE

April 30, 1987

Representative Heinrich Springer
Chairman, House Community and Regional
Affairs Committee
P. O. Box V
Juneau, AK 99811

Attention: Terry

Subject: House Bill 209 (port authorities)

Dear Chairman Springer:

Enclosed is language which could be added to the statute in lieu of what is proposed in House Bill 209. This is the "two liner" bill I suggested during your hearing on House Bill 209 would be more appropriate. I would have gotten this to you sooner but felt it was essential to have the comments of our bond attorney before submitting it to you. Unfortunately, he was out of town until this morning.

You will note that the first section sets out the purpose as being to confirm the authority of municipalities to do what I believe they already have the power to do; that is, to form commissions, boards, authorities and public corporations to carry out any of the functions or duties they may have under a power the municipalities have assumed. I believe this section is necessary so that doubt is not cast on the validity of any port authority, hospital board or other entity that has already been created by a municipality. That doubt arises when the legislature adopts a bill which purports to give municipalities authority to do something. Courts can, and sometimes do, interpret such legislative action as an indication by the legislature that the legislature did not believe that the municipalities had such a power and that it was necessary to grant that power to them by statute. Such an interpretation can cast doubts on the validity of actions taken by municipalities prior to the grant. The first section of the bill would eliminate the basis for that doubt.

You will note in section 2 that the language is no longer restricted to port authorities. This broadening also arises out of concern for another rule of statutory interpretation used by the courts. There is a lovely latin litany that lawyers use to state this rule but freely translated it means that where the

legislature has addressed one subject, it is presumed that the legislature has excluded all other subjects that might logically have been addressed at the same time. The problem this rule creates for House Bill 209 is that if the legislature authorizes municipalities to create port authorities for the specific purpose of owning and operating facilities related to waterborne commerce, the legislature would be deemed to have denied the power of municipalities to operate airports or other transportation facilities through the mechanism of an authority. Further, a court could also interpret such legislative action as denying to municipalities the ability to create authorities for other reasons; for example, a hospital authority (or anything that looks like a hospital authority), a housing authority, a sanitation authority for the purpose of providing sewage collection and treatment, etc. Because municipalities already have the power to create such entities, it would be a most unfortunate situation if, in an effort to assist those who wanted clarification of their ability to establish a port authority the legislature inadvertently created grave doubts about the authority of municipalities to create authorities or similar entities for the operation of other municipal enterprises. It is for this reason that the language has been broadened to make it clear that municipalities can use any of a variety of public entities to exercise any of its powers. As noted above, the language I am proposing has been reviewed by our bond attorney and I have incorporated in it the suggestions he gave me. He agrees that this approach is the best approach to clarifying the ability of municipalities to establish port authorities without at the same time creating other legal problems or questions.

May I reemphasize that the municipal attorneys with whom I have discussed the question agree that Alaskan municipalities clearly (or at least probably) currently have the power to use any one of the entities or mechanisms set out in the substitute language to perform municipal functions. I think a quick inquiry of your Legislative Affairs Legal Services office would confirm this interpretation. Even so, I would have to agree that there could be a question in the minds of some persons over whether Alaskan municipalities have this authority. Because authorities and similar entities are often formed for the purpose of financing municipal ventures, we should remove any question as to the authority of municipalities to form such entities. The adoption of the substitute language should remove all questions about this authority and should facilitate the ability of such entities to obtain needed financing. For that reason I would urge the committee to adopt and pass out with a "do pass" recommendation the substitute language enclosed.

If the committee does not adopt the substitute language, there are areas of House Bill 209 that should receive very careful consideration. The major area is the areawide/nonareawide/assumption of powers question to which I alluded in my testimony before the committee. Under Title 29, first and second class boroughs must adopt an ordinance to assume

a power. In addition, a second class borough (with some exceptions) may not exercise a new power until it has been approved by the voters. If the power is to be exercised in a second class borough in the area outside cities, the voters in that area must vote on the power assumption question. If the power is to be exercised in a service area in a second class borough, the persons within the proposed service area vote on the question. A simple majority vote in these two cases is all that is required. On the other hand, if a new power is to be exercised on an areawide basis in either a first or second class borough, the power assumption question must be voted on by everyone within the borough. However, under A.S. 29.35.330(c) the votes must be tabulated in two separate classifications. One is all the votes cast in all cities within the borough and the other consists of all votes cast in the borough area outside the cities. There must be a majority favoring the areawide assumption of the power in both classifications. Once a borough has assumed an areawide power, that power may not be exercised by a city and all assets of the city that may previously have been devoted to the areawide function are transferred to the borough.

With this procedure for assuming areawide and nonareawide powers in mind, please examine the voting procedure proposed in House Bill 209. Note that while a city within a borough may not form a port authority, there is nothing that clearly states that a favorable vote creates an areawide power in the borough. Also, if it was intended to create an areawide power, note that there is no requirement for a dual majority. There is nothing illegal about not requiring a dual majority in this particular case, but it is a policy question to which the legislature should give some conscious consideration. If the legislature intends that the borough assume the port authority power on an areawide basis, what happens to the port-type property of a city that was exercising port-type powers prior to the power becoming areawide? Does this mean that the cities of Kenai and Homer must turn over to the borough all or a portion of their small boat harbors? Another matter that could be clarified is whether a borough may even form an authority under HB 209 if it has not already assumed the necessary port powers; that is, does this bill merely authorize a municipality to use the port authority mechanism to exercise powers it already has, or does the voter approval not only authorize the creation of a port authority but also convey to the municipality the new port powers? These are all questions that need not be answered if the substitute language is used. Under the substitute language, a city or borough could assume port powers in the same manner as is already provided under Title 29 and could exercise those powers in the way the council or assembly determines is most appropriate for their own particular municipality. Why, for instance, must the authority have a commission rather than a board of directors? Why must the commissioners be elected as opposed to appointed? In fact, it may be far more appropriate to have an appointed commission if the legislative body wants to have a little more control over those who are supposed to be implementing the policies of the