

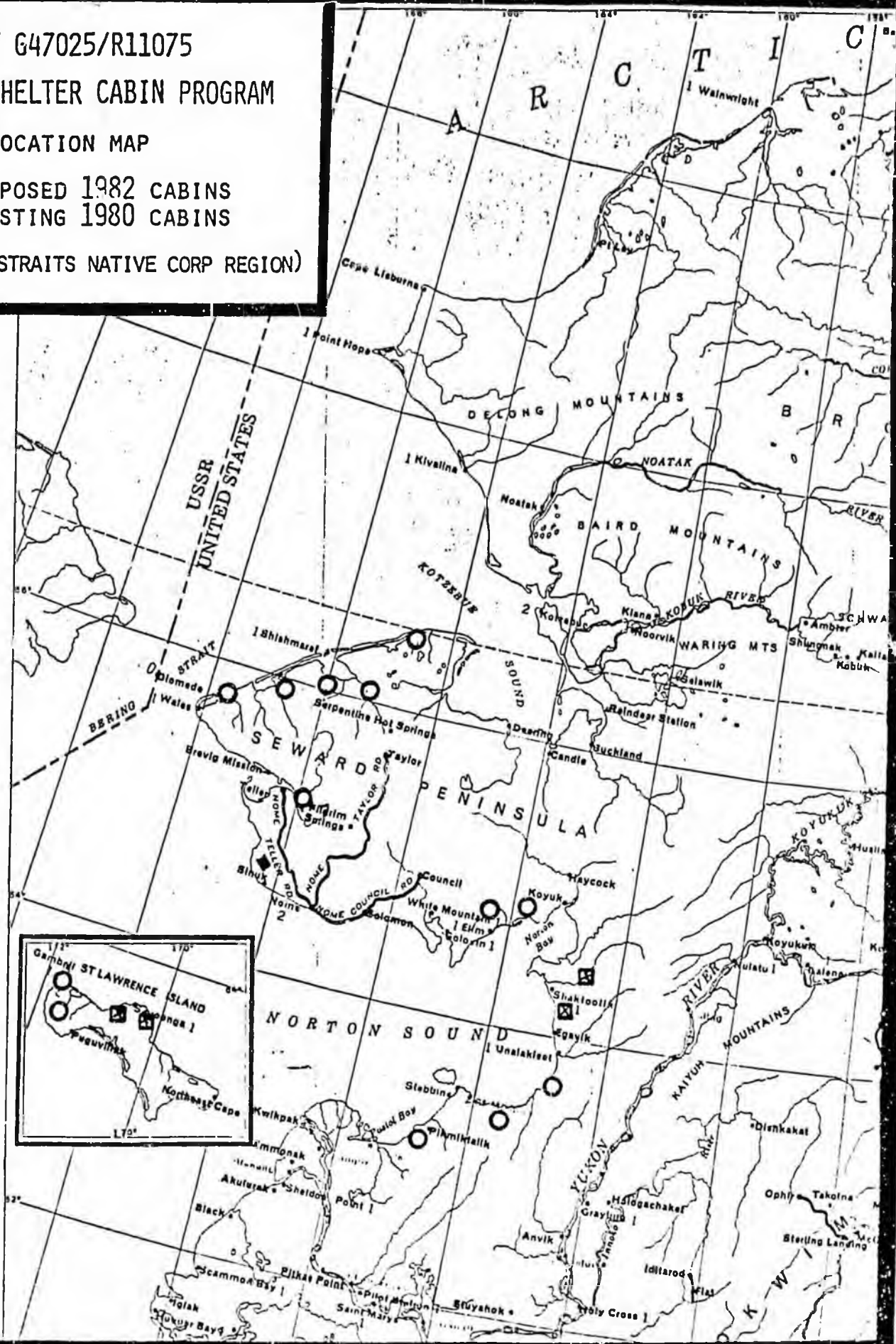
ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6172 HOUSE TRANSPORTATION

576

PROJECT G47025/R11075
 LSR&T SHELTER CABIN PROGRAM

LOCATION MAP

- PROPOSED 1982 CABINS
 - ☒ EXISTING 1980 CABINS
- (BERING STRAITS NATIVE CORP REGION)



PROGRAM INCEPTION THROUGH JANUARY 1, 1981

SOUTHEASTERN REGION

Unorganized Borough IIICompleted Projects

Kasaan Bridges	\$ 2,237
Pelican Landfill Access	59,960
Craig Beach Road	14,960
Metlakatla Tamgass Trail	9,998
Angoon to Killisnoo	17,682
Tenakee Streets	3,754
Yakutat Bayview Drive	5,393
Hoonah Front Street	23,981
Yakutat Housing Access	9,719
Kake Totem Park	6,028
Skagway Dock Street	45,412
Hyder Bridge	4,230
Hydaburg Landfill Road	5,000
Klawock Union Street	8,507
Kasaan Bridges	4,406
Craig School Bypass	20,000
Hydaburg Housing Access	7,059
Klawock Housing	20,854
Tenakee Dock Street	30,493
Kake Drainage	20,235
Yakutat Housing Access	16,711
Port Alexander	44,729
Hydaburg Townsite Road	19,971

Elfin Cove Boardwalk	\$ 45,604
Metlakatla Paving	26,640
Kasaan Boardwalk	28,705
Yakutat Street Surfacing	16,200
Pelican Boardwalk	50,511
Hoonah Trail	17,348
Tenakee Bridge	16,568
Klawock Anchorage Street	12,835
Craig 4th and Main	18,481
Craig Main and Beach	21,501
Hydaburg Quarry Access	18,636
Hoonah Lumbago Road	16,081
Skagway Dewey Lake Trail	2,668
Port Alexander B.W.	14,252
Lagoon Cribwall	53,000
Tenakee Trail	15,275
Klawock Surfacing	26,600
Kasaan Totem Park	18,057
Skagway Trails	5,522
Yakutat Streets	19,230
Tenakee "D" Street	34,823
Elfin Cove BW	12,619
Hydaburg BW	7,850
Klawock Surfacing	16,354
Craig Hamilton Drive	19,431
Hoonah Parking	11,117
Kake Drainage	19,621
Klawock BW	<u>27,190</u>
TOTAL	\$993,338

City & Borough of Juneau

Completed Projects

1. Trinity Drive	\$ 53,657
2. Memorial Drive I	48,876
3. Evergreen Bowl	73,800
4. Davis Avenue	111,000
5. Riverside Drive	73,245
6. Memorial Drive II	144,000
7. North Riverside Drive	<u>208,235</u>
TOTAL	\$712,813

Haines Borough

Completed Projects

1. Mt. Ripinski Trail	\$ 46,598
2. Learning Center Drainage	1,280
3. Tlingit Park Access	<u>8,340</u>
TOTAL	\$ 56,218

City & Borough of Sitka

Completed Projects

1. Cascade Creek	\$ 10,450
2. Wachusetts Street	25,000
3. Monastary Street	5,400
4. Spruce Street	13,927
5. Nakwasina Street	7,400
6. Thimbleberry Bay Road	29,000
7. Sirstad Street	16,500
8. Shuler Drive	22,084
9. Verstovia Street	<u>151,161</u>
TOTAL	\$280,922

No projects under construction.

City of Wrangell

Completed Projects

1. Outer Drive	\$ 43,703
2. Second Avenue	37,001
3. St. Michael Street	<u>50,000</u>
TOTAL	\$130,704

No projects under construction.

City of Petersburg

Completed Projects

1. Birch Street	Not Available (Est. 71,000)
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Ketchikan Gateway Borough

Completed Projects

1. Carlanna Road Exit	\$242,357
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GRAND Total

\$ 2,487,352

ISRT PROJECTS CONSTRUCTED
1981 - 1989
SOUTHEAST REGION

<u>LOCATION</u>	<u>PROJECT NO.</u>	<u>DESCRIPTION</u>	<u>COST</u>
Kasaan	G37063	Trails	\$ 10,000
Pelican	G32801	Boardwalk	1,792
Haines	G31309	Walkway	5,053
Tenakee	G37064	Road	58,000
Thorne Bay	G37065	Road Improvements	33,000
Port Protection	G37066	Boardwalk	30,000
Ketchikan	G31408	Secondary Bypass	67,417
Hyder	G37067	Streets	27,000
Sitka	G31206	Lincoln Ave.	13,000
Sitka	G31207	Katlina	42,129
Wrangell	G32304	Grant	24,262
Hoonah	G32401	Grant	7,375
Hydaburg	G32501	Grant	3,240
Kake	G32602	Grant	2,357
Klawock	G32701	Grant	3,457
Pelican	G32802	Grant	171
Skagway	G32902	Grant	1,230
Craig	G33002	Grant	5,849
Yakutat	G33102	Grant	433
Juneau	69820	Gastineau Ave.	42,336
Sitka	69822	Verstovia Trail	24,643
Haines	69824	Beach Road	9,260
Ktn Gateway Boro	69826	Sidewalk/Trail	15,829

LSRT PROJECTS CONSTRUCTED
1981 - 1989
SOUTHEAST REGION

<u>LOCATION</u>	<u>PROJECT NO.</u>	<u>DESCRIPTION</u>	<u>COST</u>
Ketchikan	G31402	Drainage & Lighting	\$ 43,946
Petersburg	G32201	8th & Gauffin	165,600
Haines	G31302	Chilkoot Trail	35,750
Pelican	G37033	Musael Street	57,500
Hoonah	G37035	Drainage/Parking	41,000
Angoon	G37036	Surfacing	33,000
Tenakee	G37038	Bridge	14,000
Skagway	G37041	Sidewalks	27,000
Angoon	G37042	Stairway	4,700
Tenakee	G37403	Culverts	11,000
Metlakatla	G37044	Road	52,000
Hoonah	G37045	Stairway	48,700
Yakutat	G37047	Bulkhead	8,500
Tenakee	G37048	"J" Street	3,000
Klawock	G37049	Drainage	5,000
Kupreanof	G37050	Trail	55,000
Kake	G37051	Access Road	92,500
Pelican	G37053	Clam Street	43,000
Ketchikan	G31403	Parking Lot	10,000
Ketchikan	G31404	Firehall Access	35,000
Ketchikan	G31405	Seaman Parking	50,000
Ketchikan	G31406	Harriet Hunt Rd.	20,000
Juneau	G31105	Bituminous Overlay	205,126

LSRT PROJECTS CONSTRUCTED
1981 - 1989
SOUTHEAST REGION

<u>LOCATION</u>	<u>PROJECT NO.</u>	<u>DESCRIPTION</u>	<u>COST</u>
Wrangell	G32303	Street Imp.	\$ 80,159
Sitka	G31204	Davidoff St.	75,000
Hydaburg	G37052	Surfacing	52,140
Craig	G37054	Port Bagail Blvd.	34,000
Haines	G31304	Third Ave.	10,073
Haines	G31305	Dalton St.	74,600
Haines	G31306	Bike Path	17,823
Sitka	G31205	Katlian Ave.	105,228
Haines	G31307	Chilkat Road	36,000
Elfin Cove	G37055	Trails	38,500
Thorne Bay	G37056	Access Road	85,000
Angoon	G37057	Access Road	30,000
Juneau	G31106	Riverside Dr.	156,000
Haines	G31308	6 Year Program	10,195
Pelican	G31058	Pelican Creek	6,000
Tenakee	G37059	Columbia Cove	25,000
Ketchikan	G31407	Schoenbar Lighting	15,000
Edna Bay	G37060	Boardwalk	36,000
Harris River	G37061	Harris River Road	15,000
Gustavus (PE)	G37062	Good River Bridge	5,000
Yakutat	G33101	2nd Street	3,029
Skagway	G32901	Skagway Alleys	8,959
Kake	G32601	Guardrail	5,498

LSRT PROJECTS CONSTRUCTED
1981 - 1989
SOUTHEAST REGION

<u>LOCATION</u>	<u>PROJECT NO.</u>	<u>DESCRIPTION</u>	<u>COST</u>
City Ketchikan	69828	Sidewalk	\$ 7,409
Petersburg	69830	Boardwalk	22,000
Skagway	69832	Streets	14,000
Thorne Bay	69834	Trail	14,000
Hoonah	69836	Road	14,046
Port Protection	69838	Boardwalk	10,000
Kasaan	69840	Boardwalk	7,000
Klawock	69842	Stairways	12,000

Region	Central
Allocation District	One
Project No.	LSR&T Grant
Project Name	Mat-Su 88-1
Local Government	Mat-Su Borough
Mailing Address	P.O. Box 1608
Business Address	Palmer, Alaska, 99645
Telephone	(907) 745-4801

GRANT AGREEMENT
LOCAL SERVICE ROADS AND TRAILS
LOCAL GOVERNMENT

PROJECT:

Under the provisions of AS 19.30.111 et. seq. this grant agreement is entered into on this 13 day of May, 1988, by and between the State of Alaska, Department of Transportation and Public Facilities (hereinafter the Department), and the Matanuska-Susitna Borough, (hereinafter the Local Government) in the amount of \$305,618.00 for the purpose of constructing the following described projects:

Various roads within the Matanuska-Susitna Borough identified as Priority #1 in Matanuska-Susitna Borough Resolution Serial Number 88-059 (Attachment No. 1 to this agreement).

A. OBLIGATIONS OF THE LOCAL GOVERNMENT

To further accomplish the construction of the projects, it is agreed that the Local Government shall:

1. Assume all responsibility relating to the planning, construction and maintenance of the projects as described;
2. Construct the above described projects, which are more fully described Appendixes "A1" through "A16" attached hereto and made a part hereof.
3. Acquire and certify that all necessary right-of-way, easements permits and utility agreements have been obtained prior to commencement of construction;
4. Award a contract for construction to the lowest responsible bidder through the competitive bidding process;
5. Submit reports as required under Section 19-30.233(a);
6. Maintain accurate, daily written records for all costs, which records shall be made available for inspection by the Department upon written notice. Preserve such records for a period of three years following final acceptance of the projects by the Local Government or until all claims are satisfied.

LSR&T Form 30

Project No. _____
 Project Name Mat-su LSR&T Grant 88-1

7. Promptly pay in full all legitimate claims for services or materials provided for construction of the projects and hold the Department harmless from any claims or costs arising from the Local Government's failure or refusal to pay claims.
8. Indemnify, defend and hold harmless the Department from all liability, claims and demands arising from the work undertaken by the Local Government, its employees, agents or representatives.
9. The Local Government should be aware of and comply with State Administration Code 02 AAC 45.010 which requires a single audit covering all grant monies received in excess of \$100,000 in any two year period.

B. OBLIGATIONS OF THE DEPARTMENT

The Department shall:

1. Transfer funds to the Local Government on a reimbursement basis per billings and supporting documentation submitted by the Local Government. Advance payments may be requested with the prior approval of the Department;
2. Not authorize funds which exceed the unallocated balance of the Local Government's LSR&T funds.

C. FURTHER CONDITIONS

1. The Local Government will coordinate all regulatory agency reviews and obtain all necessary written approvals from all regulatory agencies;
2. The parties to this agreement shall obey all federal, state, and local laws and regulations;
3. The Local Government shall notify the Department one week in advance of holding final project inspections;
4. This agreement may not be modified except by written agreement between the Regional Director for Design and Construction of the Department and an authorized agent of the Local Government;
5. This supersedes any and all other agreements expressed or implied between the Department and the Local Government with respect to this project, and this agreement contains the entire agreement between said parties.

Project No. _____
Project Name Mat-Su LSR&T Grant 88-1


- 6. The allocation of funds to the Priority #1 project shall be as shown in Attachment No. 1. There shall be no changes to the project allocations without the prior approval of the Department.

To witness this agreement, the Department and the Local Government have affixed hereto the signatures of the Regional Director Design and Construction of the Department and the Borough Manager, the duly authorized signatory for said Local Government.

DATED this 13 day of May, 1988.

Matanuska-Susitna Borough
(Name of Local Government)

LOCAL GOVERNMENT

BY 
(Attach the completed resolution approved by the Local Government)

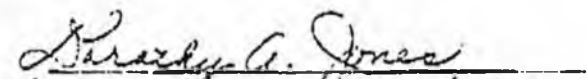
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

RECOMMEND FOR APPROVAL:



Chief Construction Engineer

5.13.88
Date

ATTEST:


Mayor, Matanuska-Susitna Borough

APPROVED AND EXECUTED BY:


Director
Design and Construction

5.13.88
Date

THIS IS TO CERTIFY that this is an exact duplicate of the record on file in the Borough Clerk's Office.

Introduced by: Borough Manager
Prepared by: Public Works Dept

By: H. L. Van Orden

MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 88- 059

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH AUTHORIZING THE CONSTRUCTION OF VARIOUS ROAD PROJECTS TO BE PAID FOR BY THE LOCAL SERVICE ROADS AND TRAILS FUNDS.

WHEREAS, the Matanuska-Susitna Borough Assembly desires to construct the following designated projects:

<u>Project Name</u>	<u>RSA #</u>	<u>Estimated Amount</u>	<u>Assembly District</u>
<u>Priority #1:</u>			
Corky Blvd	RSA#21	3,500	5
Pioneer Drive	RSA#9	10,176	3
Garden Terrace Subdivision	RSA#14	5,500	3
Leroy Davis Road	RSA#15	16,500	7
Sunset Road	RSA#17	4,456	5
Thor Road	RSA#19	41,910	1
Florence Drive	RSA#20	28,600	7
Marion Lakes Access	RSA#21	3,850	5
Burlwood Lane	RSA#25	13,200	3
Butte Airman Road	RSA#26	34,100	1
Beverly Lakes Road	RSA#27	9,240	7
Tex Al Drive	RSA#28	54,208	6
Kustaka/Malaspina Loop Roads	RSA#29	25,300	7
Chulitna Drive/Two Block Rd	RSA#30	13,750	7
Freitag St/Myers Ave	RSA#31	11,000	1
Mulchatna Drive	RSA#28	30,328	6
	SUB TOTAL	\$305,618	
<u>Priority #2:</u>			
Hay Street	RSA#9	16,500	3
Suburban Country Estates	RSA#14	9,680	5
Sockeye Avenue	RSA#15	58,850	7
Guernsey Road	RSA#17	16,280	5
First Avenue/Willow Drive	RSA#20	28,600	7
South Big Lake Road	RSA#21	17,710	5
Lake View Drive	RSA#27	6,634	6
Moose Meadow Road	RSA#28	35,332	6
Powers Road	RSA#29	17,050	7
Danielson Avenue	RSA#31	22,308	1
	SUB TOTAL	\$228,944	
<u>Priority #3:</u>			
Brush Clearing	RSA#14	17,081	5
Settlers Bay/Victoria Est	RSA#17	16,500	5
	SUB TOTAL	\$33,581	

TOTAL PROPOSED LSR&T PROJECTS AMOUNT: \$568,143

WHEREAS, pursuant to AS Ch. 84, Sec. 19.30.111 through Sec 19.30.241, the State of Alaska has a fund for construction of local service roads and trails.

WHEREAS, the Matanuska-Susitna Borough agrees to secure all royalties for road building materials from private or public land necessary for the construction of this project, at no cost to the Department of Transportation and Public Facilities if a method other than the competitive bidding process is approved by the Commissioner of the Department.

NOW, THEREFORE, BE IT RESOLVED that application be made to the State of Alaska for funds from the Local Service Roads and Trails Fund to be used in construction of the projects.

PASSED AND APPROVED by the Assembly of the Matanuska-Susitna Borough this 3rd day of May, 1988.

Dorothy A. Jones
Dorothy A. Jones, Borough Mayor

ATTEST:

Linda Dahl
Linda Dahl, Borough Clerk

(SEAL)



THE SECRETARY OF THE INTERIOR
WASHINGTON

Memorandum

To: Secretary.

From: ~~Acting~~ Assistant Secretary for Fish and Wildlife and Parks
Assistant Secretary for Land and Minerals Management

(S33) Susan Recce
DET

Subject: Departmental Policy on Section 8 of the Act of
July 26, 1866, Revised Statute 2477 (Repealed),
Grant of Right-of-Way for Public Highways (RS 2477)

Although RS 2477 was repealed nearly 12 years ago, controversies periodically arise regarding whether a public highway was established pursuant to the congressional grant under RS 2477 and the extent of rights obtained under that grant. Under RS 2477, the United States had (has) no duty or authority to adjudicate an assertion or application. However, it is necessary in the proper management of Federal lands to be able to recognize with some certainty the existence, or lack thereof, of public highway grants obtained under RS 2477.

With the passage of the Federal Land Policy and Management Act, the Bureau of Land Management (BLM) developed procedures, policy, and criteria for recognition, in cooperation with local governments, of the existence of such public highways and notation to the BLM's land records. This has allowed the BLM to develop land use plans and to make appropriate management decisions that consider the existence of these highway rights.

Issues have recently been raised by the State of Alaska and others which question not only the BLM policy but also the management actions by other bureaus within the Department. We have had the BLM review and report on the various issues and concerns (Attachment 2) and consulted with the State of Alaska, the BLM, the Fish and Wildlife Service, and the National Park Service.

We believe that the land management objectives of the Department will be improved with adoption of a Departmental policy and recommend that the attached policy (Attachment 1) be adopted for Departmentwide use.

Approve: Donald Paul Hodel

Disapprove: _____

Date: DEC 07 1988

Date: _____

Attachments: 1-RS 2477 Policy
2-BLM Report

cc: Secretary's Reading File (2)

ES (8): MIB Rm. 6221

LW (2)

FW (2)

330 Official

330 Reading File, MIB 3660

LLM-330:Bingham:3/4/88, IB Rm. 3660:343-5441:0434B09

Revised: FW-Wyman:10/4/88:343-9211:RS2477.1

RS 2477

Section 8 of the Act of July 26, 1866
Revised Statute 2477 (43 U.S.C. 932)
Repealed October 21, 1976

Section 8 of the Act of July 26, 1866, provided:

"The right of way for the construction of highways over public lands, not reserved for public uses, is hereby granted."

Although this statute, 43 U.S.C. 932 (RS 2477), was repealed by Title VII of the Federal Land Policy and Management Act of October 21, 1976, 90 Stat. 2793, many rights-of-way (R/W) for public highways obtained under the statute exist or may exist on lands administered by the Department and other Federal agencies. The existence or lack of existence of such highway R/Ws has material bearing on the development and implementation of management plans for conservation system units and other areas of Federal lands. Land managing Bureaus of the Department should develop, as appropriate, internal procedures for administratively recognizing those highways meeting the following criteria and recording such recognized highways on the land status records for the area managed by that Bureau.

Acceptance:

To constitute acceptance, all three conditions must have been met:

1. The lands involved must have been public lands, not reserved for public uses, at the time of acceptance.
2. Some form of construction of the highway must have occurred.
3. The highway so constructed must be considered a public highway.

Public lands, not reserved for public uses:

Public lands were those lands of the United States that were open to the operation of the various public land laws enacted by Congress.

Public lands, not reserved for public uses, do not include public lands reserved or dedicated by Act of Congress, Executive Order, Secretarial Order, or, in some cases, classification actions authorized by statute, during the existence of that reservation or dedication.

Public lands, not reserved for public uses, do not include public lands pre-empted or entered by settlers under the public land laws or located under the mining laws which ceased to be public lands during the pendency of the entry, claim, or other.

Construction:

Construction must have occurred while the lands were public lands, not reserved for public uses.

CORRECTION

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

RS 2477

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Revised Statute 2477 (43 U.S.C. 932)
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Construction:

Construction must have occurred while the lands were public lands, not reserved for public uses.

Construction is a physical act of readying the highway for use by the public according to the available or intended mode of transportation - foot, horse, vehicle, etc. Removing high vegetation, moving large rocks out of the way, or filling low spots, etc., may be sufficient as construction for a particular case.

Survey, planning, or pronouncement by public authorities may initiate construction but does not, by itself, constitute construction. Construction must have been initiated prior to the repeal of RS 2477 and actual construction must have followed within a reasonable time.

Road maintenance over several years may equal actual construction.

The passage of vehicles by users over time may equal actual construction.

Public Highway:

A public highway is a definitive route or way that is freely open for all to use. It need not necessarily be open to vehicular traffic for a pedestrian or pack animal trail may qualify. A toll road or trail is still a public highway if the only limitation is the payment of the toll by all users. Multiple ways through a general area may not qualify as a definite route, however, evidence may show that one or another of the ways may qualify.

The inclusion of a highway in a State, county, or municipal road system constitutes being a public highway.

Expenditure of construction or maintenance money by an appropriate public body is evidence of the highway being a public highway.

Absent evidence to the contrary, a statement by an appropriate public body that the highway was and still is considered a public highway will be accepted.

Ancillary uses or facilities usual to public highways:

Facilities such as road drainage ditches, back and front slopes, turnouts, rest areas, and the like, that facilitate use of the highway by the public are considered part of the public highway R/W grant.

Other facilities such as telephone lines, electric lines, etc., that were often placed along highways do not facilitate use of the highway and are not considered part of the public highway R/W grant. An exception is the placement of such facilities along such R/W grants on lands administered by the Bureau of Land Management prior to November 7, 1974. Prior to this date, the requirement of filing an application for such facilities was waived. Any new facility, addition, modification of route, etc., after that date requires the filing of an application/permit for such facility. Facilities that were constructed, with permission of the R/W holder, between November 7, 1974, and the effective date of this policy, should, except in rare and unusual circumstances, be accommodated by issuance of a R/W or permit authorizing the continuance of such facility.

Width:

For those highway R/Ws in the State, county, or municipal road system, i.e., the R/W is held and maintained by the appropriate government body, the width of the R/W is as specified for the type of highway under State law, if any, in force at the time the grant could be accepted.

In some cases, the specific R/W may have been given a lesser or greater width at the time of creation of the public highway than that provided in State law.

Where State law does not exist or is not applicable to the specific highway R/W, the width will be determined in the same manner as non-governmentally controlled highways.

Where the highway R/W is not held by a local government or State law does not apply, the width is determined from the area, including appropriate back slopes, drainage ditches, etc., actually in use for the highway at the later of (1) acceptance of the grant or (2) loss of grant authority under RS 2477, e.g., repeal of RS 2477 on October 21, 1976, or an earlier removal of the land from the status of public lands not reserved for public uses.

Abandonment:

Abandonment, including relinquishment by proper authority, occurs in accordance with State, local or common law or Judicial precedence.

Responsibilities of Agency and Right-of-Way Holder:

This policy addresses the creation and abandonment of property interests under RS 2477 and the respective property rights of the holder of a R/W and the owner of the servient estate.

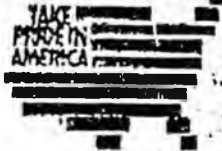
Under the grant offered by RS 2477 and validly accepted, the interests of the Department are that of owner of the servient estate and adjacent lands/resources. In this context, the Department has no management control under RS 2477 over proper uses of the highway and highway R/W unless we can demonstrate unnecessary degradation of the servient estate. It should be noted, however, that this policy does not deal with the applicability, if any, of other federal, state, and/or local laws on the management or regulation of R/Ws reserved pursuant to RS 2477.

Reasonable activities within the highway R/W are within the jurisdiction of the holder. As such, the Department has no authority under RS 2477 to review and/or approve such reasonable activities. However, review and approval may or may not occur, depending upon the applicability, if any, of other federal, state, or local laws or general relevance to the use of a R/W.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240



IN REPLY REFER TO

2801 (330)
RS 2477

APR

Memorandum

To: Assistant Secretary - Land and Minerals Management

From: Director, Bureau of Land Management

Subject: Departmental Policy on Section 8 of the Act of July 26, 1866, Revised Statute 2477 (Repealed), Grant of Right-of-Way for Public Highways (RS 2477)

Issue: Department Policy on the Recognition of Public Highway Rights-of-Way Granted Under RS 2477 and the Administration of such Recognized Grants.

Need:

Significant issues have been raised, principally in Alaska, regarding the Department's interpretation and position as to the acceptance of the right-of-way (R/W) grant offered by Congress by Section 8 of the Act of July 26, 1866, RS 2477, repealed by Title VII of the Federal Land Policy and Management Act of October 21, 1976, 90 Stat. 2793 (FLPMA). For those grants recognized, issues exist as to the extent of the grant, i.e., terms and conditions such as the width, allowable uses, and Federal oversight.

Historically, such issues have generally affected only the Bureau of Land Management (BLM), with minor impact on other Federal land managing agencies. Two relatively recent events have heightened the need for expressed policy at the Departmental or higher level. First, the repeal of RS 2477 in 1976 closed the door to the acceptance of the grant for new highways or corrections to existing road situations to perfect acceptance of the grant. Secondly, the addition of extensive acreages in Alaska to the National Park and National Wildlife Refuge Systems by the Alaska National Interest Lands Conservation Act of 1980 (ANILCA) requires the managing agency to consider the possible existence of RS 2477 highways on these Conservation System Units. Other Federal land managing agencies in Alaska, principally the Forest Service, U.S. Department of Agriculture, are also involved but to a lesser extent than the three Interior Bureaus.

Historical:

RS 2477 provided:

"The right of way for the construction of highways over public lands, not reserved for public uses, is hereby granted."

In the past, the Department paid little attention to such public highways on the public lands since if the grant was not accepted today it could be tomorrow. In disposing of the public lands, the General Land Office and, subsequently, the BLM did not even include the existence of such public highways in the patent document; the agency had no duty to adjudicate the acceptance or non-acceptance of the highway grant. As with other "open" offers by Congress, such as the railroad grants, the existence of such rights were considered factual matters that the settler or enterer of public lands should recognize as existing at the time of settlement or entry. Disputes between the holder of the highway and the patentee were left for settlement in local court under the laws of the State or Territory.

As a result, there is lacking any quantity of administrative or judicial decisions at the Federal level to provide such assistance in setting Federal policy and a plethora of local judicial decisions, often conflicting between States or Territories. Attachment 8 is a summary of published administrative decisions regarding RS 2477.

Regulations:

Regulations promulgated by the Department in 1938 provided:

"The grant . . . becomes effective upon the construction or establishing of highways in accordance with the State laws, over public lands not reserved for public uses. No application should be filed under said R.S. 2477 as no action on the part of the Federal Government is necessary." See 43 CFR 244.55 (1938) (Par. 55, Circ. 1237a, May 23, 1938).

In 1949, regulations were added to provide for a highway applicant to petition the BLM to modify a "public use" reservation to allow application of RS 2477. See 43 CFR 244.47 (1949).

In 1952, the regulations were modified to exclude from the RS 2477 grant any R/Ws for facilities with respect to which any other provision of law specifically required the filing of an application for R/W. These regulations also waived the requirement of filing an application for all facilities usual to or along a highway R/W (certain specific exceptions) where the holder of the highway R/W consented. These regulations also provided that the R/W granted under RS 2477 would be subject to certain terms and conditions—clearing, soil and resource conservation, prevent and suppress fires, build or repair facilities damaged in construction of highway, restoration upon termination, nondiscrimination, and reservation of certain minerals. Where the highway holder consented to construction of related facilities, such holder was responsible for compliance with appropriate terms and conditions of the Department for the type of facility. See 43 CFR 244.58 (1953 Supp).

In 1974, the regulations were modified to remove the waiver provided in 1952 and required applications to be filed for facilities usual to a highway. See 43 CFR 2822.2-2 (1979).

With the repeal of RS 2477 in 1976, regulations were adopted allowing any person or State or local government which has constructed public highways under RS 2477 to file a map showing the location of such highway with the BLM. See 43 CFR 2802.5(b) (1985). This action was taken to facilitate the management of the public lands under the FLPMA.

BLM Policy:

Current policy is contained in BLM Manual 2801.48B (1986). It provides:

- Grant became fixed when constructed and accepted as a public highway.
- Construction must be actual; survey and planning are not construction. Road maintenance over several years may equal construction. Incremental maintenance over several years may equal construction. Construction on public lands must have occurred prior to 10/21/76. Where history is unknown or questionable, its existence in condition suitable for public use is evidence that sufficient construction has taken place.
- Highway must be public, an access road restricted by locked gates is not a public highway. Expenditure of public funds on a road will equate to a public highway. State in which road is located must have a procedure to confirm the road as a public highway, i.e., a public highway may not be created contrary to local law.
- RS 2477 did not specify the extent, width, or nature of rights conveyed. State law specifying highway width(s) that is specific to RS 2477 highways shall be used. Where State law does not apply, width is that required for the road uses existing at the time of acceptance or repeal of RS 2477.
- Holder has right to maintain, including realignment and reconstruction within the R/W width; activities outside require permit.
- Facilities usual to public highways, i.e., telephone and electric lines, are to be authorized by separate R/Ws granted under FLPMA; grandfather clause for those established during application waiver period.
- Field Offices are directed to work with each State, county, and municipality to identify all existing highways; acknowledge, serialize, and note Master Title Plates of those meeting criteria.

Concern in Alaska:

By 1985 many issues were raised in Alaska concerning possible RS 2477 R/Ws and management plans being prepared for the individual Conservation System Units created under the ANILCA. Positions and concerns expressed by the State (both administrative and legislative), Native entities, minerals industry, conservation groups, and others illustrated a need for a single Departmental or Federal Government position on RS 2477. In 1986, the BLM State Director, Alaska, was asked to chair an interagency group consisting of the regional heads of the BLM, Fish and Wildlife Service, National Park Service, and the

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Forest Service to formulate a policy acceptable to these regional heads. A proposed policy was submitted by that group, together with comments by the State of Alaska, to the Director, BLM, in August 1987 requesting agency approval (Attachment 1). This proposed policy deviates from existing BLM policy in two areas: (1) establishing the width as that which was necessary for the use involved at the time the land was reserved for a public use or the repeal of RS 2477 (ignoring State statutes) and (2) providing that the Federal land managing agency had administrative control over use of the public highway.

Expressing reservations with the proposed policy, the Governor of Alaska's Washington representative requested meetings with the Assistant Secretaries for Land and Minerals Management and for Fish and Wildlife and Parks to present the State's views and seek a policy acceptable to both the State and the Department. As a result of such a meeting on November 24, 1987, the Governor's representative submitted four issues needing resolution, including the State's reasoning for its position on the issues. These issues and our response are contained in Attachments 5 and 6. With some clarification, BLM's existing policy is acceptable to the Governor's representative on all but one issue--legislative acceptance of RS 2477 on section lines.

Interior's Position is critical:

As the steward of the public lands, not reserved for public purposes, the Department's past and current policy and rulings on the acceptance of the grant of R/Ws for public highways can have impacts on the management of Federal lands in the 30 "public land" States--basically those west of the Mississippi River. RS 2477 issues involving the creation of "Federal reserves - Forests, Parks, Refuges" at the turn of the century and the early 1900's have, generally, been long resolved either through Federal recognition, abandonment, or judicial decisions, although some issues such as utility lines usual to a public highway still occur. Federal reserves created from unreserved public lands in the near past, especially the Conservation System Units in Alaska established under the ANILCA, contain or possibly contain numerous RS 2477 issues.

The one remaining issue involving recognition of acceptance of the congressional grant by State/Territorial law or local government ordinance not diligently followed by actual construction is an issue that has a potential affect on many Federal reserves in the public domain States as well as the remaining public lands under BLM jurisdiction.

In addition there is a perception, with some reality, that decisions made reflecting Federal lands will carry over into the private realty area. Concern has been expressed here by the Alaska Federation of Natives.

Section Line RS 2477 R/Ws:

Alaska contends, as do some other States, that a positive act by the public authorities, i.e., State/Territory legislative branch, county or municipal authorities pursuant to State law, declaring a public highway along all section/township lines is acceptance of the grant offered by Congress under RS 2477. It is contended that such a covenant runs with the land, whether a highway is actually constructed or not, until there is appropriate action taken to abandon or otherwise terminate the R/W pursuant to State law or judicial action. To mollify private landowners who received title from the United States subsequent to such section line legislation, the Alaska Governor's representative has indicated that the State would compensate such owners prior to actual construction of a section line highway.

While section line statutes constitute the primary discussion issue, this issue would also include those cases where the appropriate local authority, counties, for example, by resolution or other appropriate action declared the establishment of a public highway along a route which, for some reason, was never actually constructed.

Western States which have/had section line statutes include Alaska (Territorial and State), Arizona (however State law requires a road to be adopted by the county or other jurisdiction after it has been constructed to become a public highway), North and South Dakota (Dakota Territorial law), and Kansas. Montana, although it does not have a section line statute, has interpreted RS 2477 as requiring construction. Various counties in California, Colorado, and Washington are known to have enacted section line ordinances. Local courts have held that, once dedicated, the highway may only be terminated according to the procedures of the local jurisdiction which, depending on the local jurisdiction, may be only through a public procedure of intent to abandon, hearing, and final abandonment or may occur through non-use and/or adverse possession.

As early as 1898 the Department held that such section line statutes or ordinances did not apply unless the highway was actually constructed (26 LD 446) (Attachment ?). In 1980, the Deputy Solicitor provided a lengthy and detailed position on RS 2477 to the Department of Justice (Attachment 3). Included in this letter was the requirement that construction must have occurred for acceptance of the RS 2477 grant. At the request of the District Court, Alaska, the United States submitted an Amicus Curiae brief to the Court in 1986, which included detailed reasoning that RS 2477 requires construction in order to establish a R/W (Attachment 4).

Problems if Section Lines Adopted:

A number of issues arise if such section line legislation/ordinances are considered acceptance of the grant under RS 2477. Among these are:

When/What does it attach?

If the land was covered by a rectangular survey our position would be that the grant would have become effective on the date of the legislation or ordinance.

If the land is subsequently surveyed, does the effective date of the grant relate back to the date of the legislation or ordinance or to the date of survey? We believe the later would be the answer.

If the land is reserved for public use prior to survey but subsequent to the legislation or ordinance, does the effect of the legislation or ordinance attach upon survey? We believe that it would not.

Are officially accepted protraction diagrams, which are used for resource sale/lease and from which subsequent surveys conform as to the location of township and section corners, considered as establishing section lines for which the grant becomes effective? We would not concur with such a proposition.

In Alaska, departures from the usual regular survey system are authorized, especially for conveyances to the State and to Native Corporations. Since these surveys are based on the township grid (identified as T.-N., R.-E., -M) but do not necessarily identify sections, i.e., the interior of the township is designated Tract A or Tracts A & B, would the surveyed lines that would otherwise correspond to section lines be impressed with the R/W grant? We think they would.

Alaska. Depending on the answers to the above questions, only a small amount of federally owned land would be subject to a R/W grant if applied to only actually surveyed section lines (by 1976 only about 15 percent of the State had been surveyed) and most all Federal lands if applied to protracted survey lines.

Impacts out: of Alaska

Assume that the R/W grant attaches to the section line where such land was public land, not reserved for public use, at the time of the legislative act or subsequent date when actually surveyed.

North and South Dakota. All surveyed public land, not reserved for public use, in these two States in 1872 would be impressed with a section line R/W grant. At time of subsequent survey, such public lands not entered would also be impressed with the R/W grant.

In 1872, little public lands had been set aside for public uses; Forest Reserves, the forerunners to National Forests, and National Parks, came into existence in the 1890's and later. In these two States, 9.5 million acres are owned by the Federal Government (1981 Public Land Statistics), including some 4.0 million reacquired acres. Acres by agency are: Forest Service 3.0 million acres, Corps of Engineers 1.1 million, Fish and Wildlife Service 0.5 million, and BLM, National Park Service, Bureau of Reclamation, and Bureau of Indian Affairs at 0.2 million each.

Kansas. All surveyed public land, not reserved for public use, in 1907 would be impressed with a section line R/W grant. At subsequent survey, such public lands not entered would also be impressed with the R/W grant. By 1976 all lands in the State had been surveyed.

Only some 750,000 acres are owned by Federal agencies—Corps of Engineers 320,000; Army 125,000; and Forest Service 105,000. The majority of this acreage is acquired land.

Other Western States. Arizona had (has) section line legislation, however, the courts there ruled that Arizona law also required an acceptance action after construction for the road to become a public highway.

In Washington, California, and Colorado, there are published cases involving section line ordinances enacted by county government, i.e., the Douglas County, Washington, ordinance April 6, 1897. To identify the extent of such county ordinances would require a historical search of individual County actions.

It is our recommendation that we do not modify our interpretation of the Statute that construction must have occurred in order for a R/W grant under RS 2477 to attach.

Federalism - Executive Order 12612:

With the possible exception of the section line issue, existing BLM policy and the action we are herein recommending comport with the principles of Executive Order 12612. The section line issue involves interpretation of a Federal statute and the property rights of the United States and various States, including Alaska. To accede to the position of the State of Alaska would have adverse impact on numerous properties of the Federal Government, including the possibility of having to reacquire such property interests to protect Federal interests.

Recommendation:

It is recommended that the Department retain the policy established in BLM Manual 2801.48B (1986) and adopt it as Departmental policy for use by other land managing Bureaus in the Department.

8 Attachments

- 1 - SD AR BLM Memo of 8/1/87 + Attachment
- 2 - 26 L.D. 466
- 3 - SOL letter of 4/23/80
- 4 - Pgs 1 & 16-26 of US Amicus Brief in Greenhouse
- 5 - Katz letter of 12/4/87
- 6 - BLM response
- 7 - Katz letter of 2-29-88
- 8 - Summary of Published Administrative Decisions



Representative Bette Cato, Chair House Transportation Committee

SUBJECT OF MEETING:

DATE:

PLACE:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Clyde Stolzfus	DOT/PF	Box 2, Juneau AK	99801	789-1460	445-3900	<input checked="" type="radio"/>	<input type="radio"/>	RS 2477
JEFF OTTESEN	"	" Bruce Retas	"	789-0796	"	<input checked="" type="radio"/>	<input type="radio"/>	LSR & T
						<input type="radio"/>	<input type="radio"/>	
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Mary Van Nimwegen

House Transportation

3/15/90

Whatcom County and Bellingham

In the late 1800s, Bellingham's Fairhaven District was alive with the sounds of progress. Local businessmen were busy constructing proud new banks and office buildings in anticipation of Fairhaven being selected as the terminus of the Great Northern Railroad. It was the beginning of a great new age of prosperity for Whatcom County, and locals reckoned Fairhaven would be its centerpiece.

Then the news came that Seattle, not Fairhaven, would be Northern's rail head. The community went into shock. A worldwide depression sapped what was left of its resources, and by the early 1900s, Fairhaven's glory days were over.

It took nearly a century, but Whatcom County got its own taste of success last year when the Alaska Department of Transportation selected Bellingham, not Seattle, as the southern terminus of the Alaska Marine Highway System. Echoing the hopes of 100 years ago, construction workers not long ago put the finishing touches on Bellingham Cruise Terminal, a \$10-million, 22,000 square foot, brick and glass structure that serves the Alaska Marine Highway System's home base in the lower 48 states.

At last, Whatcom County seems ready to fulfill its destiny as a hub of regional and international commerce.

Today, the county has a population of 122,200. Roughly two thirds of the eastern part of the county (1,350 square miles) is in the Mount Baker-Snoqualmie National Forest and North Cascades National Park. The western portion is a mix of forestry and agricultural land, urban and rural areas which include seven incorporated cities. Bellingham, the largest city (47,290), is the county seat and the economic and cultural center of the region.

At present, in the unincorporated portion of the 735 square miles of the county not in federal ownership, 44% of the area is zoned for commercial forestry, 28% for agriculture; 26% for rural low density living; 6% for a variety



Golf is attracting tourists to Whatcom County. Photo by Rod del Pozo.

of urban residential densities and 4% for commercial and industrial uses.

COOPERATIVE EFFORT

For much of its history, Bellingham Mayor Tim Douglas says, Whatcom County suffered from the cyclical boom-and-bust of farming, timber and fishing. In the 60s and 70s, the general business climate spiraled down into recession, and young people, growing up in one of the state's most physically attractive areas, were forced to look elsewhere for a secure future.

"Even as recently as six years ago when I first came into this office," Douglas says, "the economy was stagnant at best."

But the seeds of change had been sown. In 1979, the chamber of commerce and council of governments commissioned the Stanford Research Institute to conduct a thorough economic study of the region. On one level the results simply underscored the obvious: the county's ideal location for trade with Canada, Alaska and the Pacific Rim; the recreational potential of the area; and the community's excellent educational system.

One immediate outgrowth of the Stanford study was the creation of

Fourth Corner Development Group, a cooperative organization which remains active in marketing Whatcom County and Bellingham. Another result of the study, Douglas believes, was that it put the burden of change directly on the community. "This has always been a bootstrap kind of community," he says. "Gradually people began to accept the idea that if we were going to survive and prosper, we were going to have to make some changes."

THE EXPO DIFFERENCE

Meanwhile another catalyst was brewing just over the border as work on Expo 86 in Vancouver, B.C. sprung into high gear. To Whatcom County, Expo 86 meant opportunity. Every entity from the Visitor and Conventions Bureau to the Port of Bellingham began working to attract the attention of the tens of thousands of visitors who would be passing through the county on their way to the World's Fair.

Preparations for Expo 86 underscored another weakness in the local economy — the lack of an adequate retailing base. "There was a tremendous leakage out of Bellingham and Whatcom County from our own resident population and from Canadi-

ans driving past to go to the Seattle area to shop," Douglas remembers.

Diverting that economic potential into local dollars was a top priority for area developers like David Syre, president of The Trillum Corp.

Syre's belief in the fundamental vitality of Whatcom County led him to some bold investment decisions that

had local skeptics snaking their heads. With the help of San Francisco-based Questor Research Group, Trillum came up with a three part development strategy that included a major planned resort community, a mix-use business/residential/industrial development, and a regional shopping complex.

Today, Syre's vision seems clear

indeed. The Resort at Semiahmoo near Blaine, with its Arnold Palmer designed golf course and four-star rated inn, has become one of the Northwest's most successful resorts; the Bellis Fair regional mall, on Interstate-5 near downtown Bellingham, ranks in the top 10% of malls nationwide, with many of its tenant retailers the top grossing stores in their chains; and the 600-acre Cordata Business Park already has attracted a number of major tenants.

PORT IN HIGH GEAR

Under the leadership of Director Don Fleming, the Port of Bellingham embarked on an aggressive program of its own.

"In a way, we're at the right place at the right time," says Bonnie McDade, Port of Bellingham's director of marketing and public affairs. "We have an incredible advantage because of our location."

The October start-up of weekly passenger and cargo ferry service to Alaska signaled a renewal of long-standing ties with the North Star State. Thousands of southeastern Alaskans rely on the system to connect them with friends and families and to provide an economic lifeline for the shipment of groceries, building materials and vehicles. Thousands more visitors use the ferry system to tour one of the last unspoiled coasts of North America.

The port's foreign trade zones have become part of integrating the local economy on a global scale. KAP International will soon begin operations at FTZ No. 129 at the 300-acre Bellingham International Airport Industrial Park. KAP will import helmets and components from production facilities in China for assembly, warehousing and distribution from Bellingham — a classic use of the zones.

Yamato Engine Specialists, the largest importer of used Japanese engines, is building a plant at the airport FTZ to expand its business into the United States. Yamato will import engines into the zone, rehabilitate them, and ship them to markets in Southern California.

Since the start of jet service in October 1985, passenger traffic using Bellingham International Airport has grown over 400 percent. In mid-1989, Alaska Airlines and United Express joined USAir and Horizon Airlines.

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We've conquered unforgiving conditions to build roads and bridges

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escalating passenger and cargo service to a new level. The close proximity to the Lower Mainland, ease of clearing U.S. Customs, low parking rates, and the lower U.S. fares have combined to attract thousands of Canadian air travellers to the rapidly-growing airport.

Now the port hopes to entice pocket cruise lines to operate out of the Bellingham Cruise Terminal, adding a new layer of activity to the economy of Whatcom County.

"We knew we were in the right place at the right time," McDade says. "Now I think people are finally starting to believe it."

REAL ESTATE BOOM

Like others in the community, Scott Lipton, president of InterPacific Realty Group, credits the Canadian connection for much of the area's current resurgence: "When Vancouver received international attention because of the World's Fair, so did next-door Whatcom County, which came into focus as a desirable place to live,

to expand, to grow.

And to prosper. Whatcom County has watched one real estate development after another spring up in recent years. The Resort at Sudden Valley was perhaps the first venture to realize the area's potential. Since then the county has become a retirement mecca, bolstered by Rand McNally nominating Bellingham as "the 13th best place to retire in America."

A flurry of commercial development occurred in 1989 with another 450,000 square feet being added to Sunset Mall, and Kohl Co's plans for a power mall at Cordata, with 360,000 square feet anchored by Costco Wholesale Corp. Slated for this year a major manufacturers' outlet mall is planned for Blaine. And as many as five golf course communities are on now on the drawing board.

On the industrial side, there's the planned major expansion of facilities at the Cherry Point Arco Refinery, with an \$800 million capital expenditure over the next three years. The Port of

Planning a RETREAT?

The Resort at Sudden Valley offers the perfect setting. A beautiful environment with excellent recreation facilities, dining, shopping, and more. We specialize in a wide variety of retreats for groups and individuals. For more information, contact our computer coordinator at **206-734-6430**



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INTERPACIFIC REALTY GROUP INC.
INTERPACIFIC CONSULTING GROUP INC.
J. Scott Lipton, President

InterPacific Realty Group offers great investment values in Bellingham, Whatcom County and beyond including commercial, industrial, income properties, resort/recreational and land assemblies.

FEATURE PROPERTIES

- ▲ **APPROVED GOLF COURSE SITE** with 200 condos. 177 acres of prime "Point Roberts" land with major development permit in place. Also 60 acres **PRIME INVESTMENT SITE** at strategic I-5 interchange in NW Whatcom County. Call J. Scott Lipton.
- ▲ **COMMERCIAL SITE**—4.46 acres with I-5 frontage!! Outstanding Hotel site. Currently a mobile home park. Walk to Bellis Fair Regional Mall. \$9.25/sq. ft. Call Cliff Zacharias.

Bellingham foresees a \$100-million waterfront convention hotel complex on a landfill site created by the dredging of Squaticum Harbor Marina. The proposed site will include a 300-room hotel, convention facilities, public promenades, offices and exclusive boutiques.

As real estate values have skyrocketed, housing has become extremely tight: the area suffers from less than 1% rental vacancy rate and the demand for single family housing has increased dramatically. Homes in new

subdivisions are being snatched up before completion of construction, as evidenced by rapid absorption in Sudden Valley, a large recreational community on the shores of Lake Whatcom. The number of new homes being built there has quadrupled in the past three years.

The influence of Canadian investment continues to be significant. When the Canadian dollar recently hit a one-year high, Canadian investors began to show up in Whatcom County in force.

Reportedly, a comparable acre of land which sells for \$5,000 in Whatcom County goes for up to \$25,000 in British Columbia. With over 13 million people crossing the border each way per year, Lipton says, it's not hard to see these prices someday equalizing.

Yet Canada is only one of the investment forces shaping Whatcom County. Two years ago, when the overnight boom began, says Lipton, InterPacific Realty was working with investors primarily from California, British Columbia and Seattle. Now they come from all over the world.



Contributing to the Growth and Prosperity in Whatcom County

As a newcomer to the Pacific Northwest, BP Oil purchased the Ferndale Refinery from Mobil Oil in 1988. A major producer of Alaska North Slope crude oil and a 51% owner of the Trans Alaska Pipeline, BP Oil made a move to the Northwest for its strategic location and market growth potential.

As the first petroleum refinery in the State of Washington, BP Oil is committed to preserving the Refinery's long history of pride and accomplishment by protecting the environment. In 1990, the Ferndale Refinery achieved six years without a water quality violation.

With a workforce of nearly 300 men and women, BP Oil's Ferndale Refinery makes a significant contribution to the economic well-being of the community through locally purchased goods, a sizeable payroll, annual property taxes, and community contributions to educational, cultural, civic and charitable organizations.

BP Oil is proud to be a member of this growing community!



RETAIL DEVELOPMENT

Led by the Bellis Fair, with nearly 1 million square feet fully leased, retail sales in Whatcom County have been one of the main engines of the region's recent economic growth.

When I came to Bellingham in 1985, retail was very soft," says Bellis Fair General Manager Gary Shimada. "There was a lot of resistance in the retail community against any change that would affect the status quo."

Then things began to change. From 1985 through 1988, taxable retail sales grew at more than 8% annually. Preliminary data for 1989 indicates that the rate of growth will have increased at an even greater rate.

With a sales-dollar-per-square-foot average surpassed only by that of Bellevue Square Mall (\$300 per square foot vs. Bellevue Square's \$350), Bellis Fair, which opened in August 1988, has dramatically increased the number of retail dollars moving through Whatcom County.

According to Shimada there are several factors that account for this growth. First, the underlying causes. For one, the U.S. has enjoyed sustained economic expansion for over a decade; that has fostered an increase in disposable incomes. Another is the fact that Bellingham has emerged as a transportation and commercial hub at the center of a 5.5 million population base within 1.5 hours drive time.

The British Columbia economy, with its \$66 billion of personal income, has a major impact on the region: a 1% increase in personal income in British Columbia will translate into an increase of \$726,000 of taxable retail sales in Whatcom County. Equally important is the influence of exchange rates. The Center for Economic and Business Research at Western's College of

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Bellingham Cruise Terminal

As the new southern terminus for the Alaska Marine Highway System, Bellingham is now a true gateway to the rich Alaskan marketplace. Passengers and cargo now arrive and depart from the most unique cruise terminal on the West Coast. So we are in the ideal location to help you expand *your* role in Alaskan/Canadian trade. Bellingham Cruise Terminal represents other opportunities, too, including the booming pocket cruise industry.

Whatcom International Shipping Terminal

Break bulk cargo is our specialty. Our efficient team of longshoremen worked in partnership with industry, handling cargo like aluminum, logs, pulp, pitch and lumber to make 1989 a record year. Over 59 million board feet of dimension lumber was barged to Southern California.

Please contact us for more information about these and other opportunities at The Port of Bellingham, "America's new front door."



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Washington State, USA

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ADMINISTRATIVE OFFICES

625 Cornwall Avenue / Bellingham, Washington 98227 / Telephone (206) 676-2500 / FAX 671-6411

Business and Economics estimates a 1% change in the value of the Canadian dollar leads to a \$5 million change in retail sales in Whatcom County.

Beyond these basic factors, Shimada points to a number of things that will influence the area's retail trade in the coming years. Among them, the U.S.-Canada Free Trade Agreement, which will ultimately eliminate all duties on products carried to or from the U.S. into Canada; Canada's imposition of a 5% to 9% "value added" tax on all product and services as of Jan. 1, 1991, which will make retail products even more expensive in Canada; the expansion of Bellingham International Airport, which will open up new markets, especially in Canada and Alaska; and steady growth of the Seattle Everett metroplex, which will inevitably drive more shoppers to Bellingham.

TOURISM

With Expo 86, the arrival of the Alaska Ferry and continual media coverage of the region's unspoiled envi-

ronment, Whatcom County tourism has become a thriving industry. For officials like Priscilla Sabin, director of the Bellingham and Whatcom County Visitors and Convention Bureau, "The biggest problem we have is figuring out how to describe the incredible array of vacation options."

For vacationers, nearly every form of outdoor recreation is available. Golfers have a choice of four PGA courses; the area ranks 25th among 300 locales nationwide for access to golf, according to the National Golf Foundation. Both Sudden Valley and Semiahmoo offer package deals. Heather Meadows, nestled between Mt. Baker and Mt. Shuksan, offers the longest ski season in the Northwest, with cross country, down hill skiing and snowboarding from mid-November until April. Backroads scenery provides miles of satisfaction for bicyclists. Other visitors satisfy their wanderlust by exploring the many art galleries, bakeries, museums, interpretive centers, antique shops and parks.

Sidewalk cafes and espresso bars provide a comfortable ambience for urban explorers.

Sabin, and others in Whatcom County's travel industry, are pleased with the growth of tourism and its positive influence on the economy. As well they should be. Five years ago most travelers stopped for a tank of gas and drove on. Last year, Whatcom County hosted an estimated 250,000 visitors.

But today not all visitors to the county are looking for recreational pursuits. Some are on their way to the Cruise Terminal to catch the Alaska Ferry; others are exploring the county to locate an expanding business; while others are attending a conference, or working out import/export deals with Pacific Rim customers.

And in a way, all of them are investing in the future of this promising "new" corner of Washington state.

This report was prepared by McDade & Co. for Washington CEO.

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**STATE
EQUIPMENT
FLEET**

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

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

Mary Van Nimwegen

House Transportation 1/23/90

TRANSPORTATION COMMITTEE MEETING AGENDA

1) CALL MEETING TO ORDER

2) NOTE MONTH/DAY/YEAR

WEDNESDAY, JANUARY 31ST, 1990

3) NOTE TIME:

4) NOTE MEMBERS PRESENT AND EXCUSED

(For the record, note any late arrivals to the meeting)

5) REMIND PARTICIPANTS TO SIGN WITNESS REGISTER

ORDER OF BUSINESS:

Teleconferenced overview on the State Equipment Fleet. Sites on line include Anchorage, Juneau, Nome, Valdez Fairbanks and Ketchikan.

7) INTRODUCE WITNESSES

*** For the record, ask witnesses to state their name, title, mailing address and the name of the firm or agency they represent.

8) THE NEXT COMMITTEE MEETING IS SCHEDULED:

Tomorrow, Thursday, February 1st at 8.15 a.m. This meeting will be a teleconference with the Alaska Trucking Association.

state equipment fleet.

9) ANNOUNCE TIME OF ADJOURNMENT

Plan DOT STAFF overview/Parish concerns of those in Tele. The chair will enter notes indiv MBS of comm. Henry's AT... (keep...)

RUBINO SAME Snow Schrade

Holloway
Centra - Fleet 7000
65% pop in Centra
66% vehicle miles Centra
All equip leads
All ARES + PETS in Centra
Req

100 mill fleet
wet Rembr
1000 items

cost to move?
12 Feb JUN who?
2 ACCTG
3 DATA ANALY
1 SECURITY
1 Procure-Bids

MBS Parker
1 equip covered - Reviews
1 equip body - lens -
1 " " Anc lens spec wear
SAHLBERG equip
Cent + North - B16 concert
No ammo
DOT ADMIN + DOT OR
No protests
BIDS BID
JONES ACT
+ DOT + BIDS
BIDS BID

ships IN of Yukon

JONES ACT
extemp

*
* DELIVER TO: LIOCROD
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* ORIGINAL
* SENT: 01/31/90 TIME: 08:18
* FROM: LIOCINE
* SUBJECT: • 90-01-147; PL; EQUIPMENT; 1-31
* PRINT DATE: 01/31/90 TIME: 08:18
*

TXC NO: 90-01-147

DATE: JANUARY 31, 1990
SPONSOR: HOUSE TRANSPORTATION
SUBJECT: STATE EQUIPMENT FLEET
MODERATOR: INEZ WEBB
SITE: ANCHORAGE

PARTICIPANT LIST

TO TESTIFY:

1. LOUIS P. RUBINO, HOWARD COOPER CORP.
- ② CHARLES PARKER, SAHLBERG EQUIPMENT
- *③ MORRY HOLLOWELL, YUKON EQUIPMENT
4. GARY SCHADE, ALASKA TRUCK CENTER
- 5.
- 6.

TO OBSERVE:

1. JOHN BUCK, ALASKA SALES AND SERVICE
- 2.

BACKUP NUMBER - 561-1199
EMAIL ADDRESS - LIOCINE

*
* DELIVER TO: LIOCROD
*
*
* ORIGINAL
* SENT: 01/31/90 TIME: 08:34
* FROM: LIOCINE
* SUBJECT: 90-01-147;FL#2;EQUIPMENT;1-31
* PRINT DATE: 01/31/90 TIME: 08:35
*

T\C NO: 90-01-147

DATE: JANUARY 31, 1990
SPONSOR: HOUSE TRANSPORTATION
SUBJECT: STATE EQUIPMENT FLEET
MODERATOR: INEZ WEBB
SITE: ANCHORAGE

PARTICIPANT LIST

TO TESTIFY:

1. LOUIS F. RUBINO, HOWARD COOPER CORP.
2. CHARLES PARKER, SAHLBERG EQUIPMENT
3. MORRY HOLLOWELL, YUKON EQUIPMENT
- 4. GARY SCHADE, ALASKA TRUCK CENTER

TO OBSERVE:

1. JOHN BUCK, ALASKA SALES AND SERVICE
2. DON REDMOND, DJ'S ALASKA RENTALS, INC.
3. WARREN POLSKY, FREIGHT LINER ALASKA
- ④ 4. JOHN SNOW, CRAIG TAYLOR EQUIPMENT

BACKUP NUMBER - 561-1199
EMAIL ADDRESS - LIOCINE

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 * DELIVER TO: LIOCROD
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 * ORIGINAL
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 * SUBJECT: 90-01-147; PL#2; EQUIPFLEET; 1-31
 * PRINT DATE: 01/31/90 TIME: 08:46
 *

T/C NO: 90-01-147
 DATE: JANUARY 31, 1990
 SPONSOR: HOUSE TRANSPORTATION COMMITTEE
 SUBJECT: STATE EQUIPMENT FLEET
 MODERATOR: BECKA BAKER
 SITE: NOME

PARTICIPANT LIST

 TESTIFIED

NAME/REPRESENTING	ADDRESS
1.	
2.	
3.	
4.	
5.	

 OBSERVED

NAME/REPRESENTING	ADDRESS
1. LARRY LABOLLE/REPRESENTATIVE FOSTER'S OFFICE	
2. FRANK RICHARDSON/DEPT. OF TRANSPORTATION	
3.	
4.	
5.	

TESTIFIED:
 UNABLE:
 OBSERVED:
 TOTAL:

START TIME: END TIME:

 *
 * DELIVER TO: LIOCROD
 *
 * ORIGINAL
 * SENT: 01/31/90 TIME: 08:27
 * FROM: LTCKTN
 * SUBJECT: (H) TRANS; PL1; EQUIPMENT; 1-31
 * PRINT DATE: 01/31/90 TIME: 08:27
 *

T/C NO: 90-01-147

DATE: JANUARY 31, 1990
 SPONSOR: HOUSE TRANSPORTATION COMMITTEE
 SUBJECT: STATE EQUIPMENT FLEET
 MODERATOR: JUNE ROBBINS
 SITE: KETCHIKAN

PARTICIPANT LIST

 TESTIFIED

NAME/REPRESENTING	ADDRESS
1.	
2.	

 OBSERVED

NAME/REPRESENTING	ADDRESS
1. STEVEN A. KNUTSON, ADPS	BOX 8700, KETCHIKAN, AK 9990
2. CHRISTOPHER S. RANKIN, ADPS	BOX 8700, KETCHIKAN, AK 9990

TESTIFIED:
 UNABLE:
 OBSERVED:
 TOTAL:

START TIME:

END TIME:



Representative Bette Cato, Chair House Transportation Committee

SUBJECT OF MEETING:

DATE:

PLACE:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
KEN LANGEL	SEF DOT			465 - 2086		<input checked="" type="radio"/> Y	N
Bob Bartholomew	DOT/PF			465 - 3911		<input checked="" type="radio"/> Y	N SEF
Mark Hickey						Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N

DOT/PF STATEWIDE EQUIPMENT FLEET
SEF RELOCATION ISSUE

The location of the Headquarters SEF unit (12 employees) has been an issue for a number of years and continues to be as shown by the recently submitted petition from Anchorage vendors.

DOT/PF continues to review the issues related to the location of SEF. DOT's position remains that the most efficient and effective way to serve all equipment needs is for SEF HQ to remain in Juneau. This position has been supported by both a recent Legislative Audit and an interagency task force report on the State Equipment Fleet.

A fresh examination of this issue has not revealed compelling reasons for a move. We fail to understand just what is it the vendor community would gain from SEF being in Anchorage versus Juneau. What is the benefit? Is there a benefit that will result in lower bid prices? Or in reduced costs? Some of the issues relative to a SEF Relocation, including those in the petition, are addressed below.

ISSUES

1. Communication.

The vendors state in their petition that one of the problems is ineffective user and constituent communications. SEF has taken the following proactive measures in the last year to minimize communication problems. These measures have also reduced costs of doing business with the state for the vendors.

- o Established a toll free number for vendor calls to Juneau from both Anchorage and Fairbanks.
- o Assigned a full time Equipment Operations Analyst to Anchorage so vendors can have face-to-face contact with the person responsible for developing specifications.
- o Began conducting Presolicitation Workshops in Anchorage. This is an informal workshop where vendors, users, and SEF personnel jointly review specifications before going to bid.
- o All Prebid Meetings and Bid Openings are held in Anchorage.
- o SEF maintains FAX capability.
- o Specifications can be transferred via modem from Juneau computers to Anchorage specification writer's computer.
- o Rewrote the entire bid package, using vendor suggestions to make it clearer and easier to use.

2. Cost. This is a legitimate issue to review. Performing the Fleet's business is going to cost something regardless of where it is. Our initial reviews show that the cost of having the Procurement Officer go to Anchorage for bid openings,

etc., is not substantial. See the attachment which shows these costs for the first 9 months of 1989.

It would seem that any savings in this area of travel would be offset by the increased trips that other SEF staff would need to make from Anchorage to Juneau. When the cost of relocation is taken into consideration it would appear that no significant cost benefit would be gained by relocation.

3. Centralized Management.

SEF is a headquarters function and needs to be in the same location as the headquarters for DOT and the majority of other agencies. Our functions require close interaction with other Juneau based entities including OMB and the Legislature. Addition of the Fleet Manager has mitigated former concerns in this area.

The SEF is responsible for a great deal in addition to buying replacement equipment. Coordination of these other activities with fleet users around the state will require travel whether stationed out of Anchorage or Juneau. I.e, you've still got to go to Ketchikan/Sitka, Nome, Fairbanks, etc. in order to be effective in providing fleet services to those areas. There would not be a substantial difference in these costs due to relocation of SEF Headquarters.

4. Equipment Replacement. The petition references a loss of productivity due to untimely equipment replacement. This has nothing to do with location. The new SEF organization has already replaced more equipment (i.e., put out more bid lots) than in any year since 1985. Technical aspects of equipment replacement are not at a disadvantage by being in Juneau because most technical information comes from manufacturers.
5. Procurement Practices. The petition alleges questionable procurement and award practices which continue to grow at an alarming rate. Recently conducted audits and hearing officers rulings do not support this allegation and it is not clear how these practices would be affected by moving them to a different location.

SEF PROCUREMENT OFFICER TRAVEL HISTORY 1989

DATE	ACTIVITY	BID# & ITEM	COST TRAVEL/PER DIEM
01-20-89	Pre-Bid	044 Bush Graders	\$ 531.00
"	"	050 Police Vehicles	

02-07-89	Open	050 Police Vehicles	766.00
	(02-08-89 Trip included 2-day Regional Equip. Mgr. Meeting)		

02-17-89	Pre-Bid	046 Passenger Cars & S/W	531.00
"	"	047 Vans & Utility S/W	
"	"	048 Trucks, 1/2 & 3/4 ton	
"	"	049 Trucks, 3/4 & 1 ton	

02-21-89	Open	044 Bush Graders	486.00

03-06-89	Open	046 Passenger cars & S/W	531.00
"	"	047 Vans & Utility S/W	
"	"	048 Trucks, 1/2 & 3/4 ton	
"	"	049 Trucks, 3/4 & 1 ton	

06-08-89	Open	051 Hitches and Plows	506.00

07-18-89	Open	060 Used Belly Dumps	408.00

08-14-89	Pre-Bid	056 Water Tankers	516.05
"	"	061 Buses	
"	"	065 Governor's Car Lease	
08-15-89	Pre-Bid	054 Jet Runway Brooms	

08-30-89	Open	054 Jet Runway Brooms	465.00
"	"	056 Water Tankers	
"	"	061 Buses	
"	"	065 Governor's Car Lease	

09-05-89	Pre-Bid	055 Wheel Loaders	766.00
09-06-89	(Conducted other state business in Anchorage)		
09-07-89	Open	062 Engines	
"	"	064 Forklift	

09-19-89	Open	057 Air Compressor	526.00
"	"	059 Broom Core & PS Reducer	
"	"	055 Wheel Loader	

09-27-89	Open	064 Forklift	533.50
"	Pre-Bid	058 Snowplow Truck	
=====			

12 Trips - January-September = 9 months = 1.33 trips/month

Total Cost = \$6,565.55 = Average Monthly Cost of \$729.51
Average Trip Cost \$547.13

STATE OF ALASKA

Department of Transportation and
Public Facilities



Statewide Equipment Fleet

P.O. Box 7, MS 2501

Juneau, Alaska 99801

(907) 457-7080

**INTRODUCTION TO STATE EQUIPMENT
FLEET (SEF) AND OVERVIEW OF
FLEET MANAGEMENT CONCEPTS**

PREPARED BY:

**SEF HEADQUARTERS STAFF
DECEMBER 14, 1989**

STATE EQUIPMENT FLEET (SEF) ORIENTATION

SEF OVERVIEW

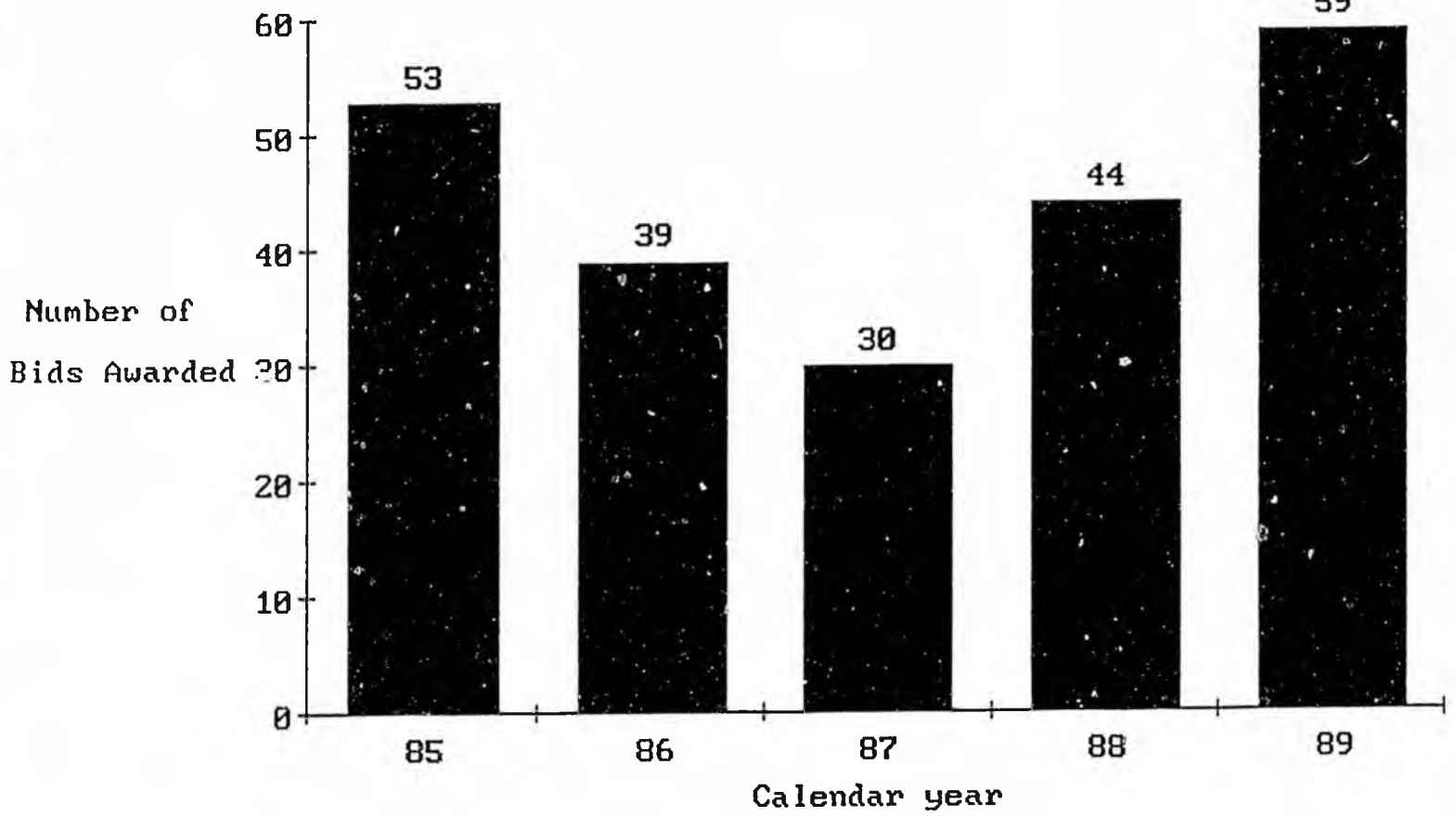
SEF is responsible for overall management of the state's vehicle and equipment resources.

SEF is a service organization providing equipment support services to all state agencies.

Support services are provided in the following functional areas:

- Overall Policy and Procedures for Fleet Management
 - Carry out statutory mandates
 - Provide central oversight to Statewide Equipment Fleet
- Financial Management of Highway Equipment Working Capital Fund
 - Customer billing
 - Accounts Payable
 - Fuel credit cards
- Provide Data and Management Analysis to Regional SEF Shops and to Users
- Provide and Maintain a Statewide Computerized Equipment Management System (EMS)
 - Parts inventory management
 - Fuel management
 - Maintenance data and cost analysis
 - Utilization data and analysis
- Equipment Related Procurement Services
 - Managing Equipment Replacement Program
 - Purchasing equipment and major parts
 - Leasing
 - Equipment Surplus

Bids Awarded



STATE EQUIPMENT FLEET (SEF) ORIENTATION

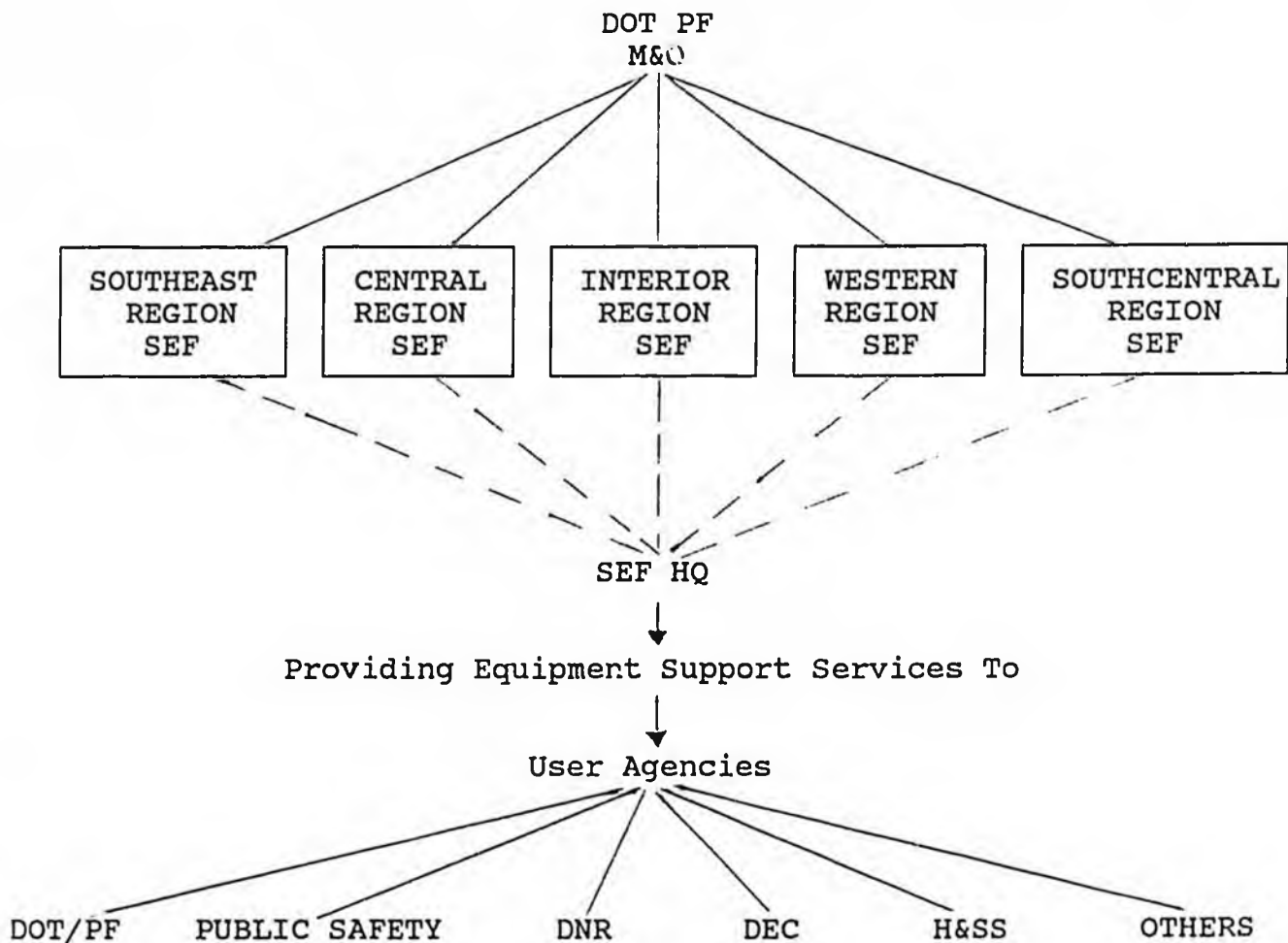
ORGANIZATION

SEF is a division of the Department of Transportation and Public Facilities assigned to DOT/PF Headquarters in Juneau. SEF reports to the Director of Management & Finance.

The SEF Headquarters unit has a staff of 12, all located in Juneau except for one Equipment Operations Analyst who is in Anchorage.

Functionally, SEF HQ provides oversight of the statewide equipment fleet and management support to five regional SEF shops and to all equipment user groups. SEF does not provide day-to-day supervision of regional shops. They report directly to their area's M&O supervisor(s) for day-to-day matters, and to SEF HQ for overall fleet policy and procedures.

The relationship between SEF HQ, regional shops, and user groups is shown in the following diagram.



**STATEWIDE EQUIPMENT FLEET (SEF)
HEADQUARTERS STAFF - JUNEAU
TELEPHONE 465-2086**

**Ken Langel, Statewide Fleet Manager
Jess Bulkley, Procurement Officer
Bob Cramer, Equipment Coordinator
Steve Sims, Equipment Analyst
Barbara Bowns, Management Analyst
Cathy August-Miller, Accountant**

**Daryl Methvin, Equipment Analyst (Specifications)
SEF Anchorage - 269-5614**

INFORMATION NEEDED

PERSON TO CONTACT

**Replacement of Equipment
Status of New Equipment Delivery**

**Bob Cramer
" "**

Equipment Specifications

Daryl Methvin

**Heavy Parts Buying
Vehicle Leasing**

**Steve Sims
" "**

**Equipment Rates, Computer
Reports, Computer System
Questions, Data Analysis**

Barbara Bowns

Bids for New Equipment

Jess Bulkley

Billing Information

Cathy August-Miller

**General Fleet Information,
Problems, Complaints**

Ken Langel

STATE EQUIPMENT FLEET
FLEET SIZE AND COMPOSITION

Light Vehicles	3504
Trailers	630
Heavy Trucks	387
Heavy Equipment	894
Graders	300
Loaders	195
Dozers	127
Snowblowers	77
Misc.	195
 TOTAL VEH/EQUIP	 5415

In addition to the above listed items the fleet maintains over 1200 pieces of nonrolling stock. This includes such items as snowplows, mounted welders, boilers, brushcutters, and other accessories or attachments to equipment.

The fleet provides three individual levels of support for state equipment.

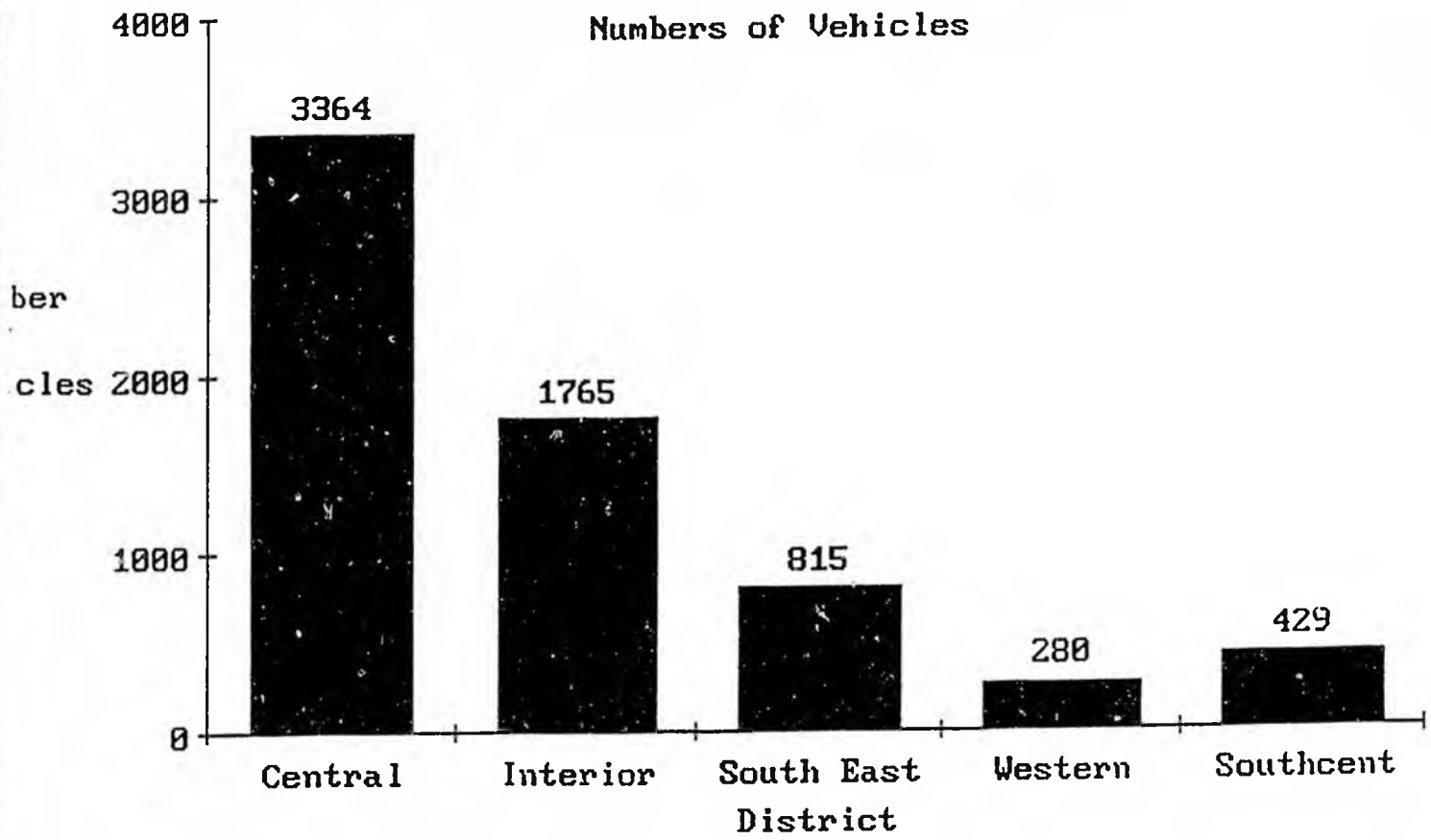
Wet Rental = For those vehicles/equipment which are on the road network or accessible to fleet service shops, fuel, repair, maintenance, and replacement are provided.

Dry Rental = Off the road network, replacement of vehicles only (note; fuel, repair provided upon request as available).

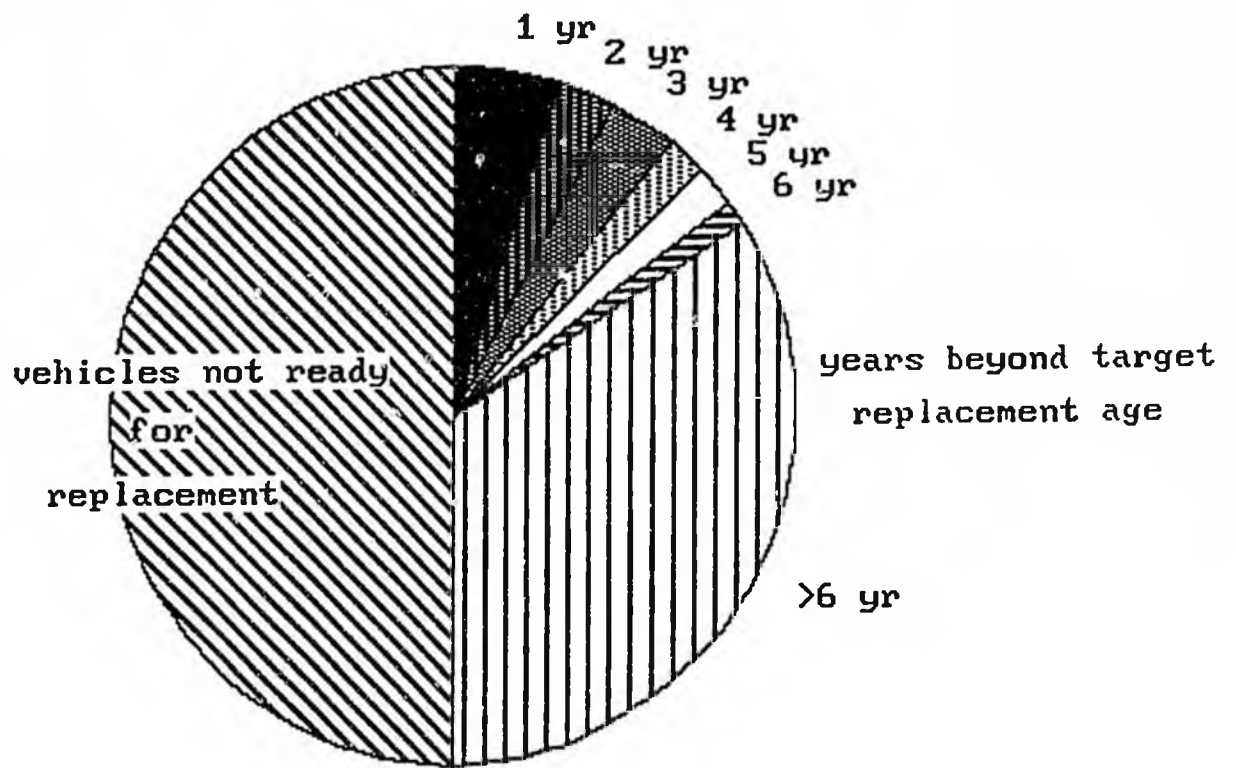
Non Rental = Agency owned vehicles, inventory and record keeping only. (note; fuel, repair will be provided to the user upon request when available and at cost) Non rental vehicles include; leased cars, donated vehicles from the federal government, university vehicles, etc.

The fleet composition is wet rental 63%
dry rental 04%
non rental 33%

FLEET DISTRIBUTION by District
Numbers of Vehicles



Percent of Fleet Exceeding Target Replacement Age



STATE EQUIPMENT FLEET ORIENTATION

HIGHWAY EQUIPMENT WORKING CAPITAL FUND (HEWCF)

FINANCIAL INFORMATION

STATUTORY AUTHORITY: AS 44.74.010 - .050 establishes the HEWCF and designates the fund to receive revenue from equipment rental and expend these monies for a centralized equipment fleet.

OVERVIEW OF FUND ACTIVITY AND BUDGET PROCESS:

The HEWCF is a separate fund which receives revenue from each user of SEF equipment. User agencies receive an annual appropriation for the equipment operating and replacement fees charged by SEF from the General Fund.

HEWCF funds are used for replacement of equipment, for operating and maintenance costs for all wet rental equipment and to support SEF Headquarters.

HEWCF REVENUE:

1. Operating Revenue- Revenue received from monthly billings to users for operating rates. These rates are designed to recover labor, parts and other repair costs as well as fuel costs for wet rental vehicles.

2. Replacement Revenue- The revenue received for the eventual replacement of a vehicle. A monthly fee is charged based on the acquisition cost less salvage value divided by the useful life of the vehicle.

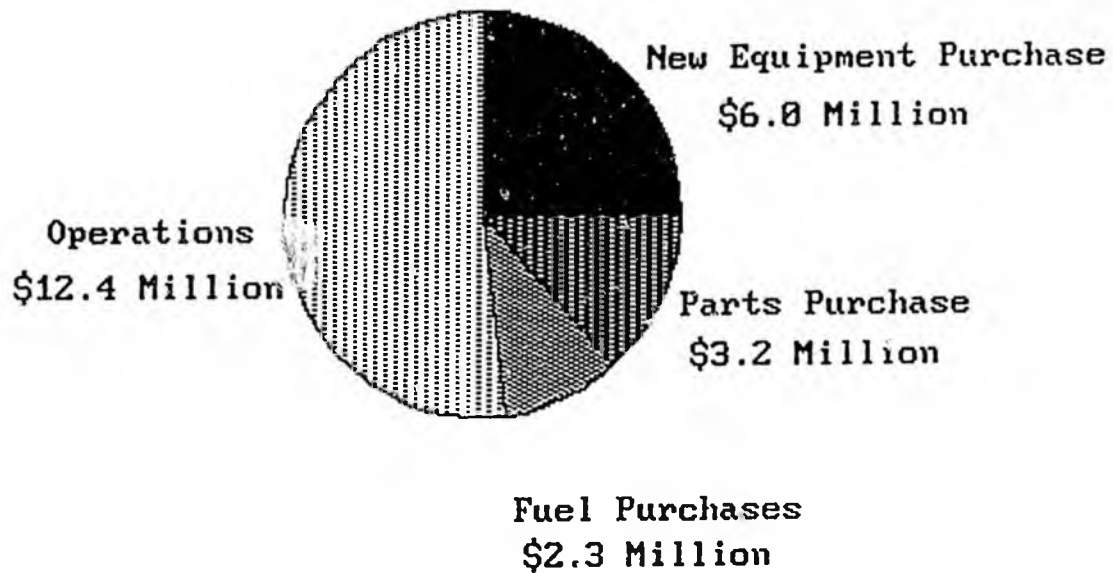
CURRENT VALUE OF EQUIPMENT: \$95,000,000

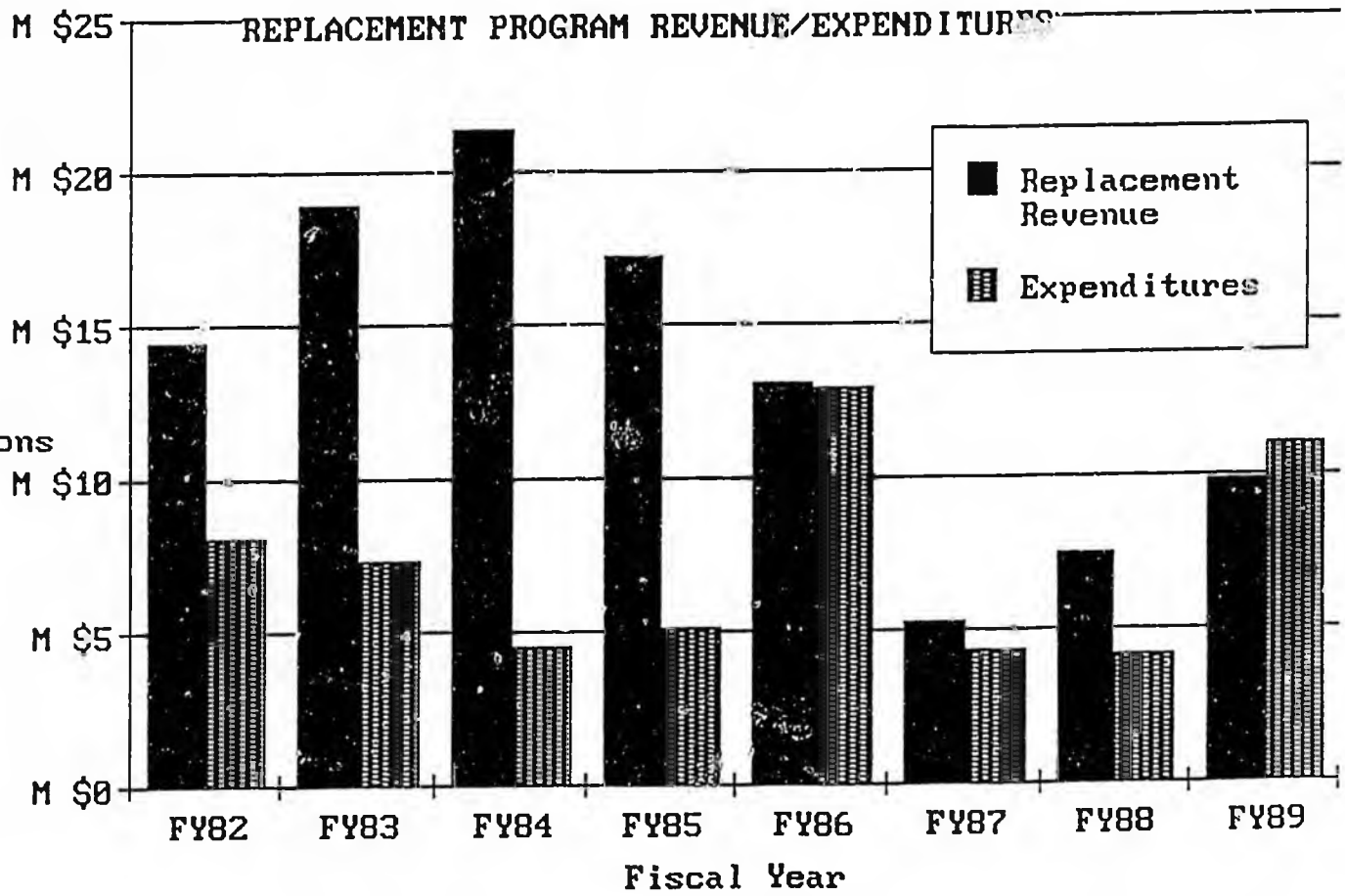
ANNUAL OPERATIONS BUDGET:	ANNUAL REPLACEMENT BUDGET:
REVENUE: \$16 to \$17 M	REVENUE: \$9.5 TO \$10.5 M
EXPENDITURES: \$19 to \$20 M	EXPENDITURES: \$7 TO \$10M

SUMMARY: Operating and replacement rates have not been sufficient to cover actual expenditures since FY 1985. This was the result of legislative budget cuts. Replacement of equipment has been postponed in order to live within actual revenue.

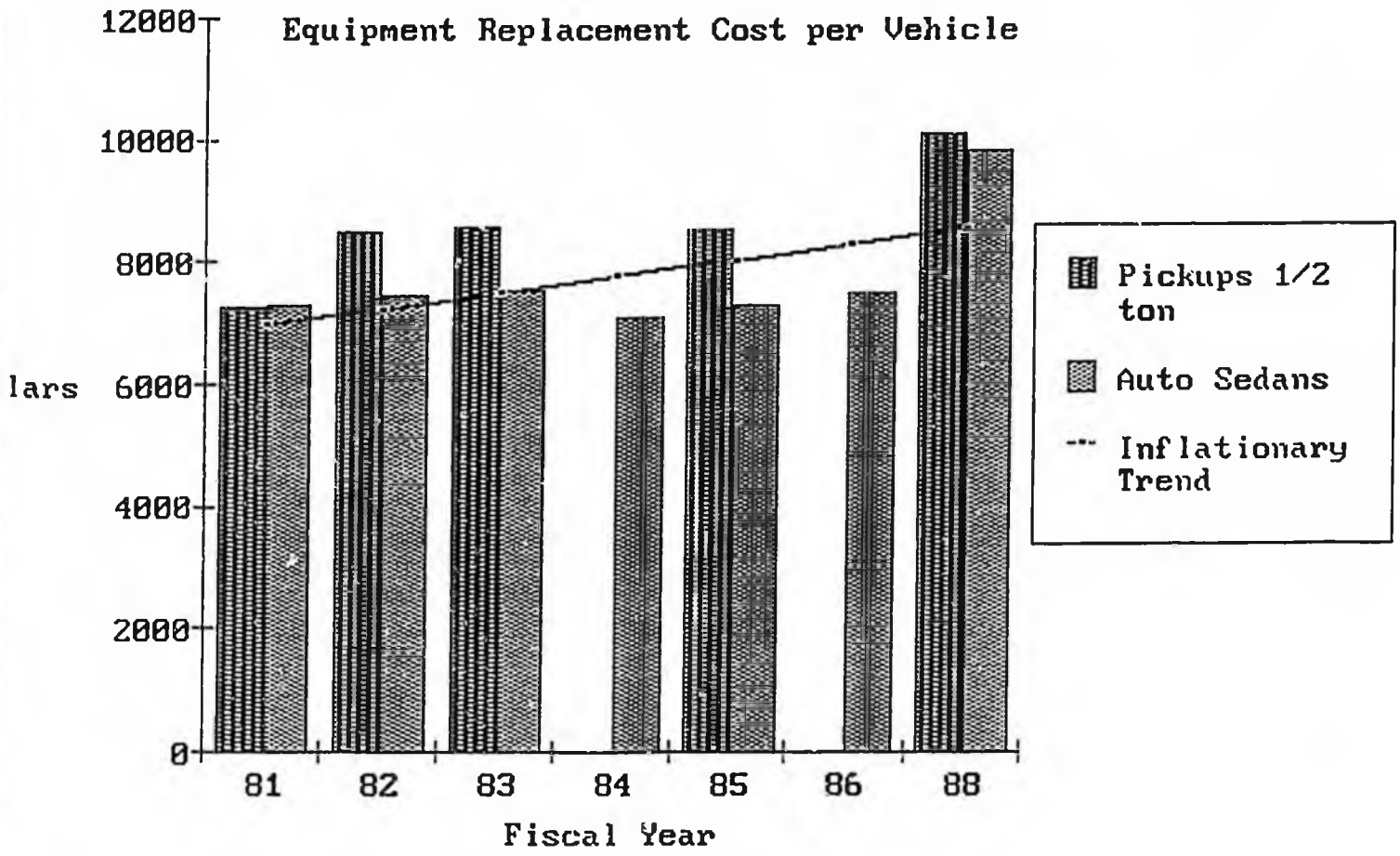
In addition to budget cuts, \$62.7 million of HEWCF reserve funds were reappropriated back to the General Fund.

Fiscal Year 1989 Expenditures
Total \$23.9 Million





Equipment Replacement Cost per Vehicle



FUNDAMENTAL FLEET MANAGEMENT CONCEPTS

Fleet management is generally divided into two broad areas:

Asset Management

General management of the Fleet's resources
(What to buy, when to buy, how much to own, how to distribute resources, etc.)

Maintenance Management

Specific management of the facilities, personnel, and techniques of maintaining (service, repair, and overhaul) these resources.

Goals of Fleet Management

1) To provide equipment resources to users at the lowest possible cost, and 2) To optimize the return on investment in equipment by getting the most use for the least cost.

Optimization of Fleet Resources can only be accomplished by managing the resource throughout its life cycle.

Equipment Life Cycle

Sometimes referred to as "cradle to grave equipment management", the life cycle contains three distinct phases which need to be optimized through good management.

Phase 1. Birth: The original purchase. What equipment is purchased and how it is purchased will affect costs for its entire life.

Phase 2. Life: Called the equipment's economic life, the operation and maintenance of equipment throughout its life. How much it does and how long it lives for what maintenance cost affects total life cost.

Phase 3. Death: Final disposal. Once it is no longer economical to operate and maintain a unit, it should be disposed of. How this phase is managed affects the total life cost.

Only when all three of these phases are integrated and managed together, will return on investment be optimized.

Equipment Fleet Organization

Administrative

Some form of centralized fleet management is almost always used to achieve optimization of fleet resources.

This is simply a function of the economy of scale that is possible in areas of purchasing, repair part standardization, computer resources, standardization of maintenance, and flexibility of shifting resources. This economy of scale also allows for professional management of fleet resources at a level not possible in smaller groupings.

Economic

Experience has shown that most fleets operate at lower cost when a single agency owns the equipment and charges users a rental fee. Rates are established to recover the cost for the unit's eventual replacement.

Equipment is usually rented to customers in one of three ways:

1. Full Support, sometimes called wet rental, where the equipment company provides maintenance and fuel. Sometimes maintenance is provided without fuel.
2. Limited Support, sometimes called dry rental, where equipment is provided with major maintenance only. Daily maintenance, service, and fuel are provided by the customer.
3. Non Support. The customer pays a rental fee which represents replacement costs only. The customer provides all fuel, service, and minor as well as major repairs.

Equipment rates can be based on a combination of factors, including hours, miles, a flat rate per day, per week, or per month.

Most companies with central fleets base equipment rental on a fixed rate per month or at least a minimum rate per month per unit. This simplifies accounting, reduces administrative cost, and creates an incentive for the customer to not check out any more equipment than is needed to get the job done.

Basic Areas of Focus for Fleet Management

- Equipment Procurement. Buying the right equipment for the job, balancing quality with cost.
- Equipment Utilization. Companies don't want to spend money for equipment that isn't going to be used. Short-term needs can often be better met through renting or leasing. Most companies require a minimum annual utilization on equipment to justify ownership.
- Equipment Maintenance. A good preventive maintenance program is essential for all units. A well managed overhaul and rebuild program is usually found in fleets with heavy equipment and large trucks.
- Control of Damage and Abuse. Equipment costs will soar and life be shortened if unnecessary abuse and damage is tolerated. Most companies have policies that require users to pay for damage caused by abuse.
- Parts Inventory Management. Repair parts inventories for large fleets can run in the millions of dollars. Attention must be given to ensure these inventories are managed properly.
- Data Analysis. Making the correct decisions about equipment requires certain data about its use, cost of repairs, etc. For large fleets, this represents a large volume of data. It can only be managed effectively with a computerized system.
- Equipment Downtime. Equipment can't perform its function when down for any reason. Fleets must manage this parameter.

Other Areas of Fleet Management

- Warranty Recovery
- Failure Analysis
- Training
- Quality Control
- Fleet Standardization
- Equipment Specifications
- Equipment Surplus
- Safety
- Manpower Productivity
- Equipment Productivity

CONFIDENTIAL

A SPECIAL REPORT ON THE
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
STATE EQUIPMENT FLEET
PROCUREMENT POLICIES AND PRACTICES

July 1, 1987 - August 15, 1989

Audit Control Number

25-4347-90-S

FINAL REPORT

Commissioner, Department of
Transportation and Public
Facilities

Mark S. Hickey

Deputy Commissioners,
Department of Transportation
and Public Facilities

D. Randy Simmons
W. Keith Gerken

STATE OF ALASKA

AUDIT DIVISION
P.O. BOX W
JUNEAU, ALASKA 99811-3300

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

October 18, 1989

Members of the Legislative Budget
and Audit Committee:

In accordance with a Legislative Budget and Audit Committee special request and the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

A SPECIAL REPORT ON THE
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
STATE EQUIPMENT FLEET
PROCUREMENT POLICIES AND PRACTICES

July, 1987 - August 15, 1989

Audit Control Number

25-4347-90-S

As stated in the Report Objectives, Scope, and Methodology section, the audit primarily involved a review of state equipment fleet bids and contract awards. Special attention was given to those bids which have been protested and the reasons for the bid protests.

The audit was conducted in accordance with generally accepted governmental performance auditing standards.

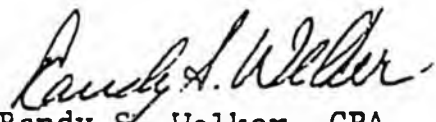

Randy S. Welker, CPA
Legislative Auditor
Division of Legislative Audit

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REPORT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with a Legislative Budget and Audit Committee request and the provisions of Title 24 of the Alaska Statutes, a review was performed of the Department of Transportation and Public Facilities (DOTPF), State Equipment Fleet's (SEF) procurement policies and practices. The objectives, scope, and methodology of our review were as follow:

Objectives

The objectives of our review were to:

1. Identify the total number of equipment contracts entered into between July 1, 1987 and August 15, 1989;
2. Determine which of the invitations to bid or contract awards had been protested and for what reasons; and,
3. Analyze the award process for compliance with the State's procurement code (AS 36.30).

Scope and Methodology

The scope of our review included all invitations to bid issued in FY 88, FY 89, and the first six weeks of FY 90. Bid files maintained in the SEF offices were examined to determine compliance with the procurement code and to gather information on protest/appeals.

Members of the vendor community, SEF user agencies, and SEF staff were contacted for information about SEF procurement practices followed during our review period.

ORGANIZATION AND FUNCTION

The Department of Transportation and Public Facilities (DOTPF), under AS 44.42.020(11), is empowered to "supervise and maintain all state automotive and mechanical equipment, aircraft, and vessels, . . ." DOTPF has delegated these duties to the State Equipment Fleet (SEF).

SEF is divided into two parts to carry out its responsibilities: headquarters staff and regional maintenance staff. The headquarters staff performs the financial operations for the fleet; the regional maintenance staff fulfills the operational functions.

SEF Headquarters has a thirteen member staff including a manager, contract officer, and three equipment operations analysts. One equipment operations analyst position is located in Anchorage; the rest are in Juneau. The manager reports to the Director of the Division of Management and Finance who is responsible to the Deputy Commissioner of Budget and Finance.

SEF Headquarters functions are administrative and financial. They include management of the Highway Equipment Working Capital Fund, developing rates for the operation and replacement of equipment, billing and collecting revenue, issuing statewide policy and procedures for the fleet, preparing budgets, and managing the statewide equipment program. Management of the equipment program consists of procurement (bid specification writing, proposal evaluation, and contract award) and scheduling equipment replacement.

The other section of SEF is the maintenance staff which is part of the Division of Maintenance and Operations (M&O) in each region. Their duties include providing preventative, routine, and major maintenance for all state equipment and the assignment of vehicles according to SEF Headquarters guidelines. The regional staffs report through the M&O directors in their respective areas and the regional directors to the Deputy Commissioner of Operations.

The two Deputy Commissioners account directly to the DOTPF Commissioner.

This audit is concerned primarily with State Equipment Fleet Headquarters and the equipment procurement function.

REPORT CONCLUSION

Between the time that the Department of Transportation and Public Facilities (DOTPF) was first delegated the purchasing authority for the State Equipment Fleet (SEF) by the Commissioner of Administration in June 1986 and the completion of SEF reorganization in February 1989, there was a distinct lack of management over fleet operations. This was especially true for procurement operations as evidenced by the number of protests and appeals filed by the vendors.

In our review of the contracts awarded during the time period July 1, 1987 through August 15, 1989, we determined that one hundred seventeen "bids" were requested for proposals on equipment items. A "bid," as used here, counts each individual lot listed in an invitation to bid as one bid. Of the total number of items, twenty-two protests of the bid awards (19%) were filed with the procurement officer. Ten of the twenty-two decisions made on the protests were further appealed to the DOTPF Commissioner. Appendix A shows these statistics in more detail.

Filing a protest is the first step in obtaining a legal remedy as provided by AS 36.30. A protest may be filed with the procurement officer of the contracting agency against the "award of a contract, the proposed award of a contract, or a solicitation for supplies, services, professional services, or construction." The procurement officer has fourteen days to issue a decision on the protest. The protestor may appeal that decision to the Commissioner. The Commissioner may dismiss the protest appeal without a hearing, issue a decision without a hearing or provide for a hearing of the protest appeal. The Commissioner may act as the hearing officer or appoint someone to act for him. The hearing officer recommends a decision to the Commissioner who in turn makes the final decision on the protest appeal. The last step may be an appeal of the Commissioner's decision to the Alaska superior court.

The protests received by SEF were focused on issues relating to the bid specifications and whether or not deviations from those specifications were material. Protestors alleged that low bids were either unresponsive or prototypes (forerunners of a model line, non-production models) or that rejected bids contained only minor deviations which should have been acceptable. Recommendations have been made calling for improvement in the specification writing process, for the development of specific procedures for establishing product equivalents, and for the consistent application of guidelines for the determination of material deviation from the bid specifications. Appendix B details information on the protested bids.

Between July 1987 and August 1989, twenty (20) bids were cancelled. Cancellations are very costly not only for the vendors but also for the users and the state equipment fleet itself. "Inadequate specifications" in the invitation to bid was the reason for thirteen (65%) of the cancellations. Two bids (10%) were cancelled as the result of changes in user needs and the entire invitation to bid had to be rewritten. Clarification of the bid specifications and the implementation of a new policy requiring users to approve the specifications before the invitation to bid is issued should help decrease the number of bid cancellations. Appendix C identifies the cancelled bids and the justification for their cancellation.

For almost two years after the SEF procurement function was delegated to the Department of Transportation and Public Facilities, there was no one in a management position overseeing fleet operations. DOTPF's decision in the fall of 1988 to reorganize SEF was a positive step. The reorganization of the fleet, including the hiring of a manager, should improve the effectiveness and efficiency of its operations.

Our review of the invitations to bid and procedures leading to the subsequent contract awards indicated that the State Equipment Fleet is in compliance with the provisions of Alaska Statute 36.30, the State's procurement code.

AUDITOR'S COMMENTS

The equipment procurement function for the State Equipment Fleet (SEF) was delegated to the Department of Transportation and Public Facilities (DOTPF) by the Commissioner of the Department of Administration (DOA) in June 1986. This authorization was given in anticipation of changes to be made by new procurement statute, AS 36.30 which was effective January 1, 1988. Prior to this delegation, the Department of Administration, Division of General Services & Supply, was responsible for SEF procurement. SEF developed the bid specifications for its desired purchases and DOA issued the invitations to bid, received the proposals, conferred with SEF regarding the bid evaluations, made the bid awards, and responded to protests and appeals. SEF now performs the entire process.

After SEF received the delegation of purchasing authority for state equipment purchases, the contract officer assumed the responsibility for the whole procurement function. Serious management problems began to surface and a series of studies and reports were published regarding SEF organization and management procedures.

The first of the studies was the Office of Management and Budget's (OMB) "Audit of State Equipment Fleet Management Procedures" in November 1987. The OMB audit recommended that:

1. DOTPF should assume a larger management role over equipment purchased and operated with state general funds;
2. The Highway Equipment Working Capital Fund (HEWCF) should be placed on a sounder financial base; and,
3. Existing policies should be followed by the department.

The audit was followed by a multi-agency task force study of the "State Equipment Fleet." While that report has yet to be released final, some draft copies have been distributed. Areas of concern addressed by the task force included HEWCF rates, billing process, and cash flow system, SEF equipment replacement policies, organizational structure, and the establishment of a better communications network between SEF and its users.

The final review was an in-house study released in September 1988 which recommended reorganization of SEF Headquarters, including the upgrade of positions to establish a manager, management analyst, equipment operations analyst, and accounting staff. All three reviews concluded that the

State Equipment Fleet needed "strong administrative, financial, and technical guidance" in order to improve its efficiency and effectiveness.

As a result of the studies, DOTPF reorganized SEF and hired a manager. The reorganization was completed in February 1989 with the hire of the new manager. Since that time the manager has reviewed SEF's past performance and problems and started to implement changes necessary to improve headquarters operations. Improvements to the procurement function include the publishing of a new bid package, a quarterly newsletter from SEF Headquarters to the vendors outlining future planned acquisitions, and the establishment of the equipment operations analyst/specification writer position in Anchorage. Toll free phone and fax lines have been set up in Anchorage and Fairbanks allowing easy access to SEF in Juneau.

Many of the vendors' complaints about SEF operations were based on decisions made by the previous contract officers. Until recently, no new invitations to bid for equipment had been distributed. Vendors are waiting to see how the "new regime" operates before they are willing to confirm that things are improving. They are pleased that things that the new manager promised them in the spring have been done or are in planning stages. However, until SEF becomes consistent in applying guidelines for assessing materiality and whether or not a deviation from bid specifications is major or minor, vendors will still protest contract awards.

The majority of the vendors who bid on state contracts maintain their businesses in the Anchorage area. They would have liked to have the entire procurement section of the state equipment fleet moved to Anchorage instead of only the specification writer. The vendors feel that the move would improve user and constituent communications, save funds spent on travel and per diem expenses by both the State and the vendors, and make SEF more readily available to the business community.

DOTPF, on the other hand, feels the added expenses of the additional administrative support that would be necessary outweigh the travel costs, and, in order to function as a headquarters unit, SEF should be in Juneau with access to its users, the Legislature, and DOTPF Headquarters personnel and support staff. Regardless of how a cost analysis may turn out, the Commissioner has decided to keep SEF Headquarters close to his office until it is determined to be functioning effectively and efficiently again.

Any decision to relocate SEF procurement to Anchorage should be postponed until the equipment operations analyst position and other new methods of communication with the vendors have been operating long enough to properly evaluate their

effectiveness. Reevaluation of the situation should be performed in six to twelve months.

The department admits that a lot of mistakes were made in the past but feels that they are working hard to correct the situations that created them.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The State Equipment Fleet should improve its specification writing in the invitation to bid, should establish specific procedures for determining product equivalents, and should consistently apply guidelines for assessing material and immaterial deviations from bid specifications during the evaluation process.

The State Equipment Fleet (SEF) provides a service to all state agencies by purchasing and maintaining fleet vehicles and equipment for them. When a user desires to purchase new equipment, he notifies SEF of his needs. An invitation to bid (ITB) is prepared containing the bid specifications for the desired item(s). Our review included all invitations to bid and awards made by SEF during the period July 1, 1987 through August 15, 1989, a total of 117 lots. Twenty-two protests were made concerning those bids. Two of the protestors were successful in their protests of the bids. All of the protests addressed problems with the bid specifications in the invitation to bid. Twenty bids were cancelled completely; fifteen of the cancellations were due to inadequate specifications in the ITB.

- a. SEF should improve its specification writing in the invitation to bid.

The bid specifications are drawn up by the equipment operations analyst (specification writer) based on user needs and information supplied by vendors. Users notify SEF of their desire to acquire specific equipment. The spec writer meets with them and tries to obtain a detailed description of the requisite items before he writes the ITB. He also meets with the vendors in a pre-solicitation conference to determine if there is equipment available in the marketplace that can fulfill the user's demands. Then the spec writer produces the bid specifications which are incorporated into the invitation to bid.

If the final specifications in the invitation to bid do not accurately reflect the user's needs, either the user ends up with equipment he does not want or the bid is cancelled. SEF 030, lot 3, a bid for radial stacking conveyors, was cancelled because subsequent review of the ITB indicated that the specifications were inadequate to describe the type of item desired. When a bid is cancelled, everyone loses. The user does not receive his desired equipment in a timely manner; the vendors have to absorb the costs of putting a proposal together; and, SEF loses all the time and money already spent on the procurement as well as usually having to start the whole process over again.

Specifications have been written that asked for products that are outdated and not in production anymore. SEF 039 requested bids for a "progressive build process diesel powered cab and chassis." It specified a battery disconnect switch which had been discontinued for sale to original equipment manufacturers in early 1987. It is now only available from parts distributors as long as their supplies last. In SEF 039 the successful bidder substituted another switch which was more readily available. SEF finally accepted the substitute switch after considerable correspondence and compromise. The substitute switch was allowed to remain on the trucks, but the vendor was required to supply a spare switch of the discontinued model in case the substitute failed.

Demand for products that are outdated or not in production anymore usually occurs because the end user desires a specific type of item on the equipment. However, it is not the responsibility of the user to keep abreast of technological advances in the industry. More care needs to be used by the specification writer in combining user desires with products currently available in the marketplace.

We recommend that SEF continue its pre-solicitation workshops with the users and vendors in order to get the clearest possible ITBs issued. The SEF manager has informed us that a new policy has been implemented which asks the users to sign-off on the bid specifications before they are distributed in the invitation to bid. These policies, if followed through on, should be effective in cutting down on bid cancellations and protests.

- b. The State Equipment Fleet should establish specific procedures for determining product equivalents.

Bid specifications in some invitations to bid make use of brand or trade names to identify the "standard of quality, performance or characteristics desired" in an item. The statement "or State approved equivalent" follows the brand name in an attempt to open competition. The new bid package just developed by SEF states that "All such brand substitutions shall be subject to the State's approval." However, no written standard procedures have been established as to how to obtain designation as a substantially equivalent product or when that designation needs to take place.

One vendor, on the basis of discussion at a pre-bid meeting on February 17, 1989, concerning SEF 048, lot 7f, a bid for light duty trucks with a towing package and power angle snowplow installed, submitted a proposal listing what he thought was a state-approved equivalent for the specified snowplow. The contract was awarded to him; later SEF would

not accept his substitute saying it had not been previously approved. The vendor ended up having to supply the snowplow specified in the ITB. We recommend that processes for determining state-approved equivalents be established, published, and circulated throughout the vendor community.

- c. SEF should consistently apply guidelines for assessing material and immaterial deviations from the ITB specifications during the evaluation process.

According to AS 36.30.170, in order to win a contract award a bid must "conform in all material respects to the requirements and criteria set out in the invitation to bid." A minor informality is described in 2 AAC 12.990 as "matters of form rather than substance which are evident from the bid document, or are insignificant matters that have a negligible effect on price, quantity, quality, delivery, or contractual conditions and can be waived or corrected without prejudice to other bidders."

Judging materiality during a bid evaluation can be a difficult process. What one person decides is a material difference or a major deviation from the bid specifications that will cause a proposal to be determined unresponsive and rejected, another sees as a minor deviation that can be ignored. A recent invitation to bid (SEF 061) requested proposals for a bus to be used for transporting prisoners in the Anchorage area. The maximum allowable width for the bus was listed in the specifications. One bid was received that exceeded that width by one foot. How material is one foot? In this case it was very material as a van that was wider than specified would not be able to access the sally port at the Cook Inlet Pre-Trial Facility or the unloading area at the Court House.

Of the twenty-two bid protests made between July 1, 1987 and August 15, 1989, eight debated whether or not a deviation was material or immaterial.

We recommend that guidelines established by SEF be consistently applied when personnel are trying to determine whether a deviation from a bid specification is material or immaterial. It is essential to have the proposals reviewed to determine compliance with the bid specifications and the contract award recommended by more than one individual, preferably an equipment operations analyst and the contract officer. Any deviations from the bid specifications determined during the review need to be documented. The reviewers should have technical knowledge of the equipment being sought as well as procurement experience. If agreement on a contract award cannot be reached by the two people, a third person should be consulted to evaluate the proposals and recommend an award.

The bid evaluation process should be considered a feedback and reinforcement tool for the evaluators, and the entire

procedure should be documented. If one person is in disagreement with the rest, it is necessary to support the reasoning behind both that conflicting opinion and the final decision. As the process is repeated through successive bids, each evaluator will gain more experience in dealing with materiality issues, and SEF will establish consistency in determining materiality.

Recommendation No. 2

The State Equipment Fleet should develop an office policies and procedures manual and a desk manual for each of its staff positions.

An operations/policies and procedures manual provides office orientation to new staff members and assists individuals who need guidance in their responsibilities. It should clarify all specific office policies and procedures.

An individual desk manual outlines job task specifications for each position in the office. It enables a person not familiar with the position to take over and perform the job in an efficient and satisfactory manner. It serves as a reference and a checklist for assuring that all steps have been accomplished in completion of an assignment.

SEF does not currently have these organizational/management tools. In the last eighteen months, there has been a high turnover rate in SEF staff and addition of new staff positions. Without an operations manual or a desk manual available, each new person has had to start in a new job without any guidance materials. This deficiency has contributed to errors and omissions in the SEF procurement process such as lack of proper notice of the invitations to bid and, in SEF 052 relating to procurement of motor graders, the use of an incorrect procurement method which resulted in a bid cancellation.

SEF 052 was a rebid of an earlier ITB which had also been cancelled. Because the contract officer felt that there was a very limited amount of time available to procure the motor graders, he attempted to purchase them through the use of an alternative procurement method, a type B emergency procurement. Approval for the use of the type B emergency method should have been obtained from the DOTPF Commissioner prior to the issuance of the ITB. This was not done and the Commissioner, when the request reached him, decided that there was not sufficient urgency to warrant an emergency procurement.

We recommend that state equipment fleet personnel develop desk manuals for their own positions and have them approved by the SEF manager. These manuals should be continually

taken to ensure that all newly created files use it and, as time permits, old files are cleaned up.

updated so that they are kept current with present job responsibilities. An office operations manual should also be produced that will provide a guide to office policies and procedures.

Recommendation No. 3

The State Equipment Fleet should identify pertinent documents to be retained and implement a filing system for its bid files that will ensure they are organized and complete.

The new procurement code, Alaska Statute 36.30, transferred the delegation of purchasing authority for SEF purchases to DOTPF. The DOTPF Commissioner in turn delegated the authority to SEF itself.

SEF did not, at that time, set up a filing system for its bid files. A file is maintained for each bid but there is no organization of the information. Many files either contain more than one copy of a specific item or are completely missing important information. Not only are there usually several copies of an item in the files, they are placed in it in an indiscriminate fashion. There is no orderly arrangement of the information within the file and, in order to find anything, it is necessary to sort through all the papers.

The statutes require certain steps to be taken in the procurement process including adequate public notice of the invitation to bid, written notice of intent to award a contract, justification for the use of alternative procurement methods, and deadlines for legal protests. In order to prove compliance with those requirements, it is necessary to have some physical evidence that they have taken place. The bid files are the logical place to store the appropriate documentation.

We recommend immediate implementation of a filing system for the bid files. A check list of documentation required for each bid should be maintained in each file. As an item is placed in the file, it should be checked off. An occasional review of the check list would ensure that not only has all the required documentation been acquired and stored, but also that all the obligatory steps in the bid process have been taken.

Attention should also be given to a system of file organization. It could be set up so that each item of information can be found in the same place in each bid file or a system of indexing could be developed. Whatever design is chosen for organizing the bid files, the effort should be

APPENDIX B

DOTPF - SEF
SCHEDULE OF PROTESTS AND APPEALS
July 1, 1987 - August 15, 1989

STATE OF ALASKA

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DIVISION OF LEGISLATIVE AUDIT

<u>ITB # - ITEM</u>	<u>AWARDEE</u>	<u>\$ PROTESTED</u>	<u>PROTESTOR</u>	<u>ISSUE PROTESTED/APPEALED</u>	<u>DECISION on PROTEST</u>	<u>RESULT</u>	<u>APPEALED?</u>	<u>DECISION on APPEAL</u>
SEF 014 - Rapid Intervention Vehicle	Emergency One	\$146,379	Fire-Bann	Questioned why their bid was rejected.	Did not follow required format in proposal.	Withdrawn	no	n/a
SEF 015 - Crash/Fire/Rescue Vehicle	Emergency One	206,792	Fire-Bann	Same as SEF 014.	Same as SEF 014.	Withdrawn	no	n/a
SEF 016 - Crash/Fire/Rescue Vehicle	Emergency One	206,762	Fire-Bann	Same as SEF 014.	Same as SEF 014.	Withdrawn	no	n/a
SEF 023 - Light Vehicles	Alaska Sales & Service	889,026 4 lots	Sahlberg Equipment	Low bid did not conform to ITB specifications.	Determined to be minor deviations by SEF. Untimely protest.	Denied	no	n/a
SEF 024 - Sweeper	Sahlberg Equipment	27,875	Construction Machinery	CMI (low bid) should not have been determined unresponsive Equal offered was state-of-the-art product.	Product offered by CMI was unacceptable equal.	Denied	no	n/a
Crawler dozer	N.C. Machinery	94,870	Craig Taylor Equipment Co.	State accepted offer that would not be in compliance with the performance specifications.	Untimely protest.	Denied	no	n/a
SEF 027 - Rotary Snowplows	Alaska Truck Center	485,222	Sahlberg Equipment	Low bid was a prototype. (1) 4 parts did not meet bid specifications.	Low bid was not a prototype. 4 parts were in conformance.	Denied	yes	Denied by Hearing Officer.
SEF 028 - 4 yard Street Sweepers	Sahlberg Equipment	217,172	Howard Cooper	Howard Cooper's low bid rejected as determined to be a prototype.	Subsequent review determined HC not a prototype.	Revised Award	no	n/a

APPENDIX A

DOTPF - SEF
Summary of Bid Awards
July 1, 1987 - August 15, 1989

<u>Type of Item</u>	<u>Number of Items (1)</u>	<u>Dollar Value of Items (4)</u>	<u>% of Total Bids Requested</u>	<u>% of Total Dollar Value</u>
Bids Requested	117	\$14,487,336	100.00%	100.00%
Bid Cancellations (3)	20	-	17.09%	-
Bids are Rebids of Previous Bids	15	-	12.82%	-
Protests Made (2)	22	\$4,150,502	18.80%	28.65%
Appeals Made	10	\$2,016,370	8.55%	13.92%

- Note:
- (1) Number of bids requested includes all individual lots in each request.
 - (2) Number of protests made includes multiple protests on a single bid.
 - (3) Bid cancellations include bids cancelled as a result of the appeal protest.
 - (4) Dollar value amount of items does not include any funds expended on long-term vehicle leases.

APPENDIX C

DOTPF - SEF
Schedule of Bid Cancellations
 July 1, 1987 - August 15, 1989

<u>Bid Number - Item</u>	<u>Lot #</u>	<u>Entity Requesting Cancellation</u>	<u>SEF Justification for Cancellation</u>
SEF 018 - Long-Term Vehicle Lease	1 - 8	SEF	Specifications were inadequate. (Rebid as SEF-021.)
SEF 030 - Stacking conveyors	3	SEF	All bids were rejected. Specifications were inadequate. (Rebid as SEF-035.)
SEF 033 - Crash/Fire/Rescue Vehicle	1	User	User determined needed 3,000 gal. unit instead of 1,500 gal. as listed in ITB. (Rebid as SEF-036.)
SEF 036 - Crash/Fire/Rescue Vehicle	1	User	Rebid of SEF 033. Cancelled due to "unexpected changes in the needs of the user group" as a result of accident with similar vehicle. (Not rebid yet.)
SEF 038 - Jet Runway Brooms	1	SEF	As a result of an appeal to the Commissioner, all bids were rejected. Inadequate specs in ITB. (Rebid as SEF-054.)
SEF 041 - Snowplows & Hitches	1	SEF	Proposed equipment did not meet ITB design specifications. (Rebid as SEF-051.)
	4	SEF	No bids received for item. (Rebid as SEF-051.)
SEF 044 - Motor Graders	1	SEF	Low bid contained material deviation from specs; 2nd low exceeds available funding. (Rebid as SEF-052.)
SEF 049 - Trucks/Service Bodies	7	User	No need for 24,000 pound trucks; Specs did not require early delivery; Specs were inadequate to describe size required; not in State's best interests. (Rebid as SEF-063.)
	8	User	Specs did not require early delivery; not in State's best interests. (Not rebid yet.)
	10	SEF	No bids received. (Not rebid yet.)

APPENDIX B
(continued)

DOTPF - SEF
SCHEDULE OF PROTESTS AND APPEALS
July 1, 1987 - August 15, 1987

STATE OF ALASKA

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DIVISION OF LEGISLATIVE AUDIT

ITB # - ITEM	AWARDEE	\$ PROTESTED	PROTESTOR	ISSUE PROTESTED/Appealed	DECISION on PROTEST	RESULT	APPEALED?	DECISION on APPEAL
SEF 030 - Sand Spreaders	Howard Cooper	\$179,998	Sahlberg Equipment	Howard Cooper product really is a prototype.	Howard Cooper product not a prototype.	Denied	yes	Commissioner upheld contract officer. Denied hearing.
	Alaska Truck Center	138,095	Sahlberg Equipment	Alaska Truck Center product is a prototype.	ATC product is not a prototype.	Denied	yes	Hearing officer overturned bid award.
	Alaska Truck Center	13,101	Sahlberg Equipment	Alaska Truck Center product is a prototype.	ATC product is not a prototype.	Denied	no	n/a
	Sahlberg Equipment	170,156	Alaska Truck Center	State is sole sourcing a competitive product.	Untimely protest.	Denied	no	n/a
SEF 031 - Crash/Fire/Rescue Vehicle	Emergency One	305,582	Oshkosh Truck Corp.	OTC's (low bid) deviations were minor and therefore acceptable.	Deviations were material.	Denied	yes	Commissioner denied appeal w/out a hearing.
SEF 038 - Jet Runway Brooms	Howard Cooper	161,999	Sahlberg Equipment	Last minute specifications were added that were not fair or reasonable, eliminated competition or were ambiguous.	Amendments were result of pre-bid mtg. with vendors. Bids evaluated fairly.	Denied	yes	Commissioner rejected all bids. Rebid as SEF 054.
SEF 048 - Light Duty Trucks	Alaska Sales Alaska Sales Nye Ford	222,893 545,761 46,913	Anch Chrysler Anch Chrysler Anch Chrysler	Material error by both the low bidders and SEF. Independent verification was used. Uninitialed alterations on bid documents.	All deviations were judged to be minor. Use of independent verification is okay.	Denied Denied Denied	yes yes yes	Commissioner upheld hearing officer's deci- sion to affirm contract officer decision.
SEF 049 - Heavy Trucks	Cal Worthington Cal Worthington	68,262 23,644	Anch Chrysler Anch Chrysler	Same as SEF 048.	Same as SEF 048.	Denied Denied	yes yes	Same as SEF 048.

(1) A prototype is defined as a one of a kind model; not produced commercially; a forerunner of a model line.

N/A - Not applicable.