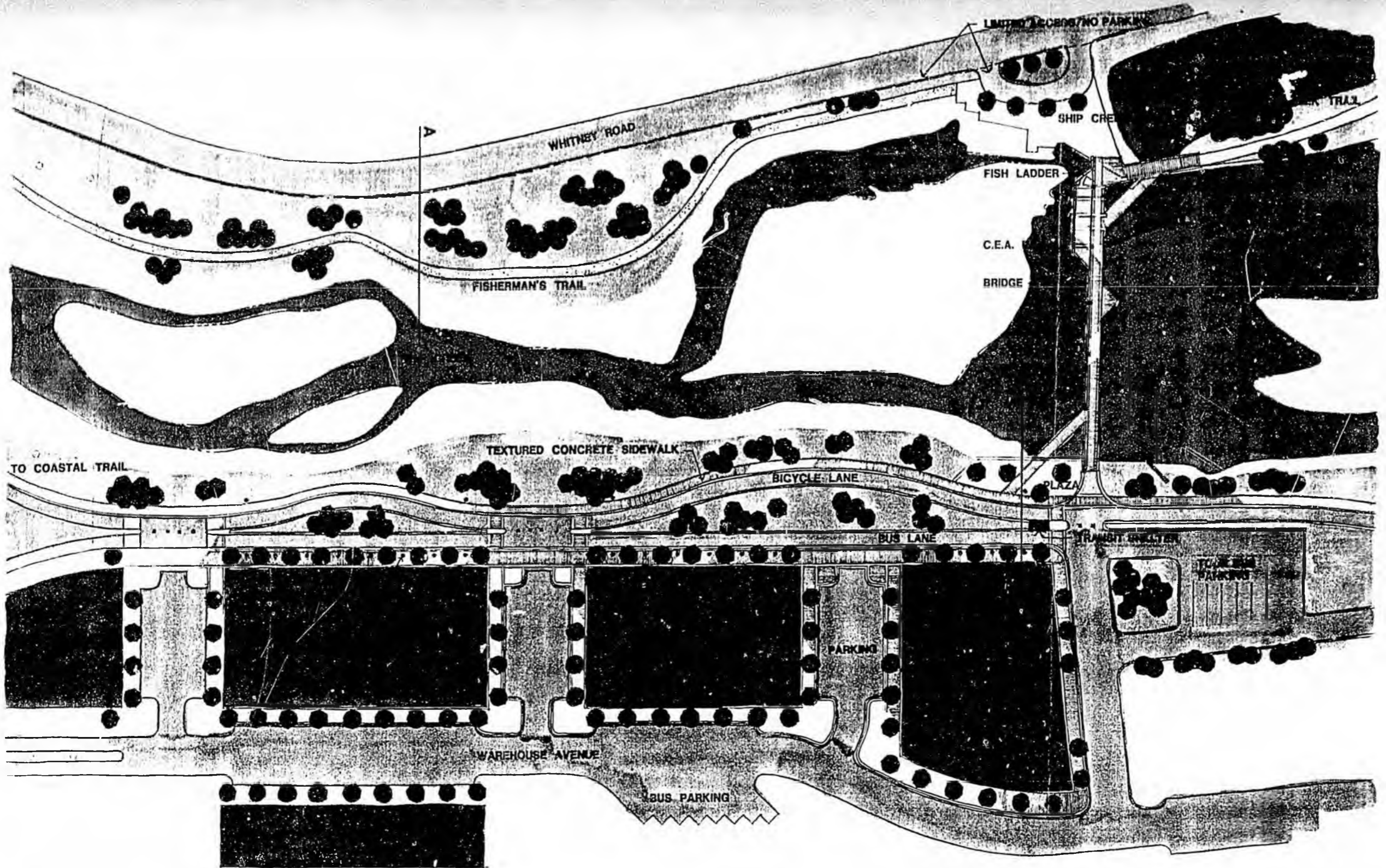
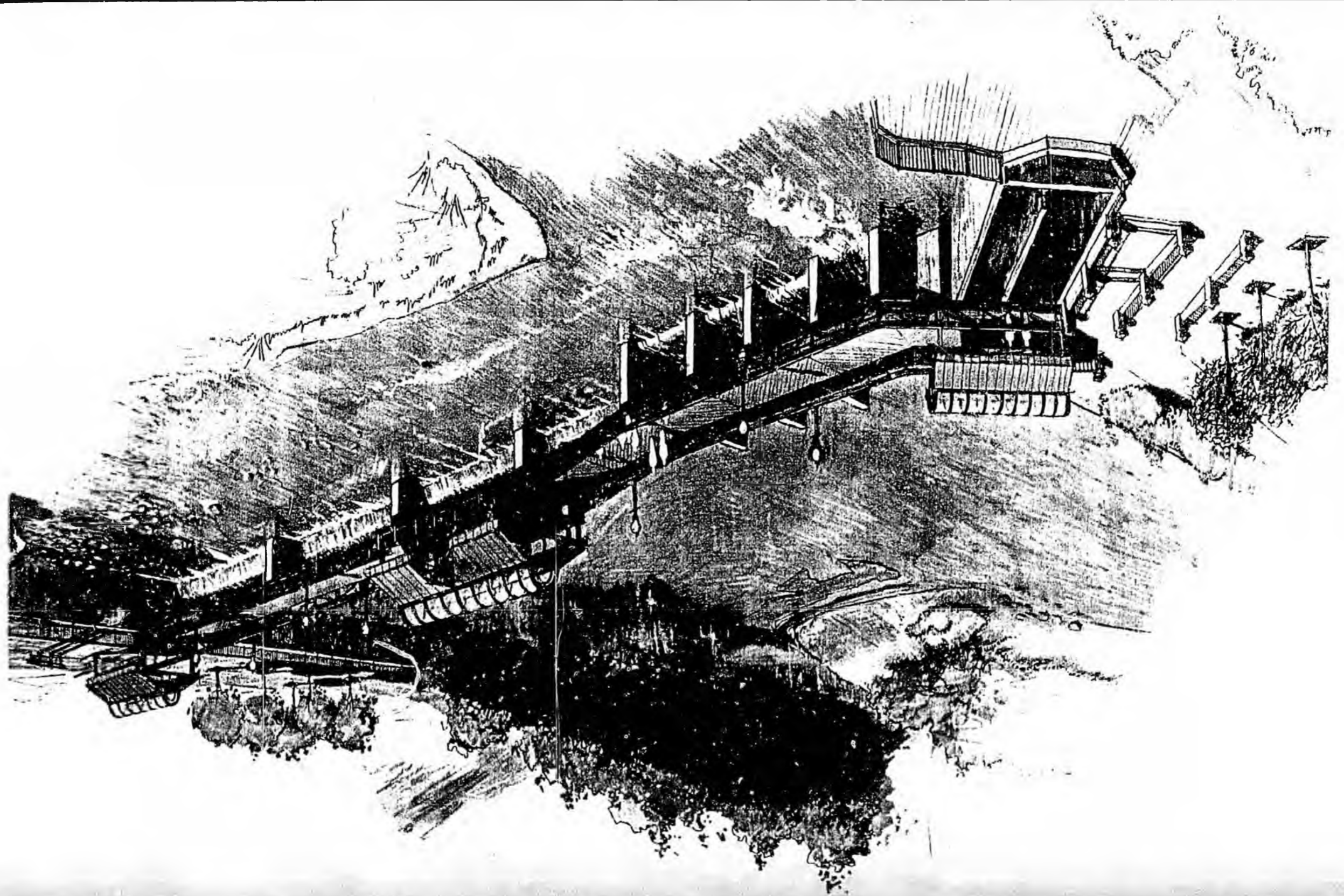
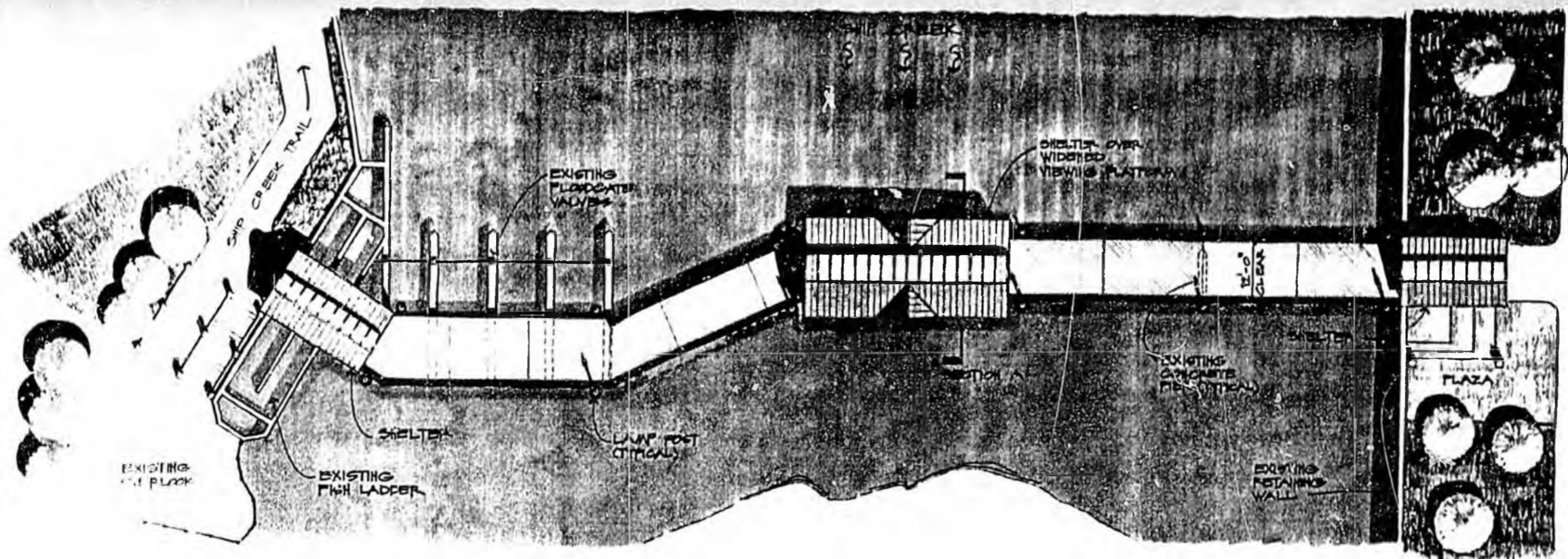


ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6189 HOUSE TRANSPORTATION

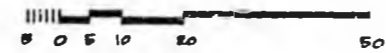
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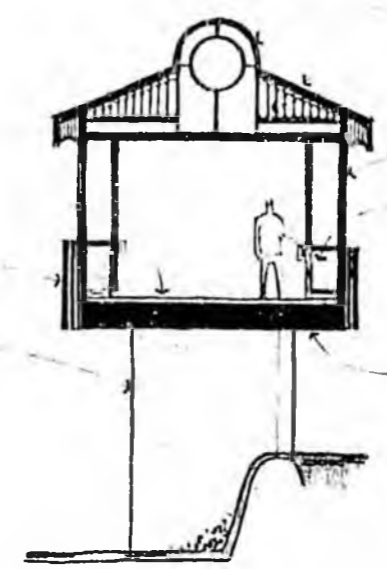




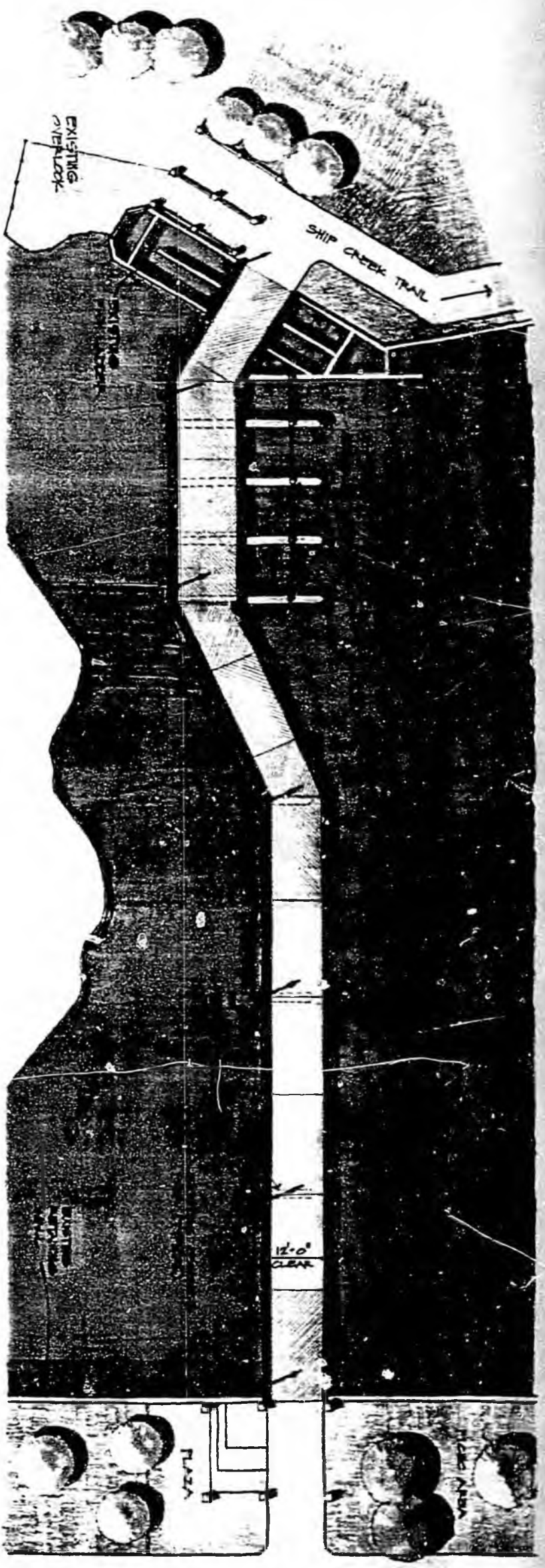
Plan View



- WOOD DECK -
- OPEN WEB STEEL TRUSS -
- EXISTING CONCRETE PIER -



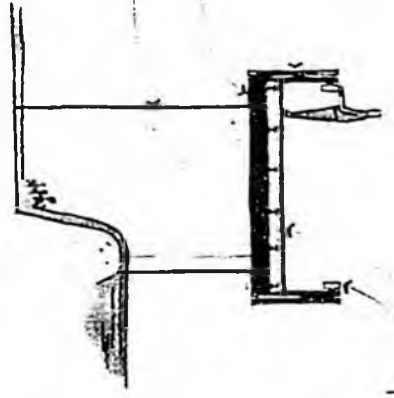
- FLUXIGLASS SKYLIGHT
- METAL ROOF
- ORNAMENTAL IRONWORK
- STRUCTURAL STEEL TUBE SUPPORT SYSTEM
- WIPE SCREEN
- WIDE FLANGE BEAM



Plan View

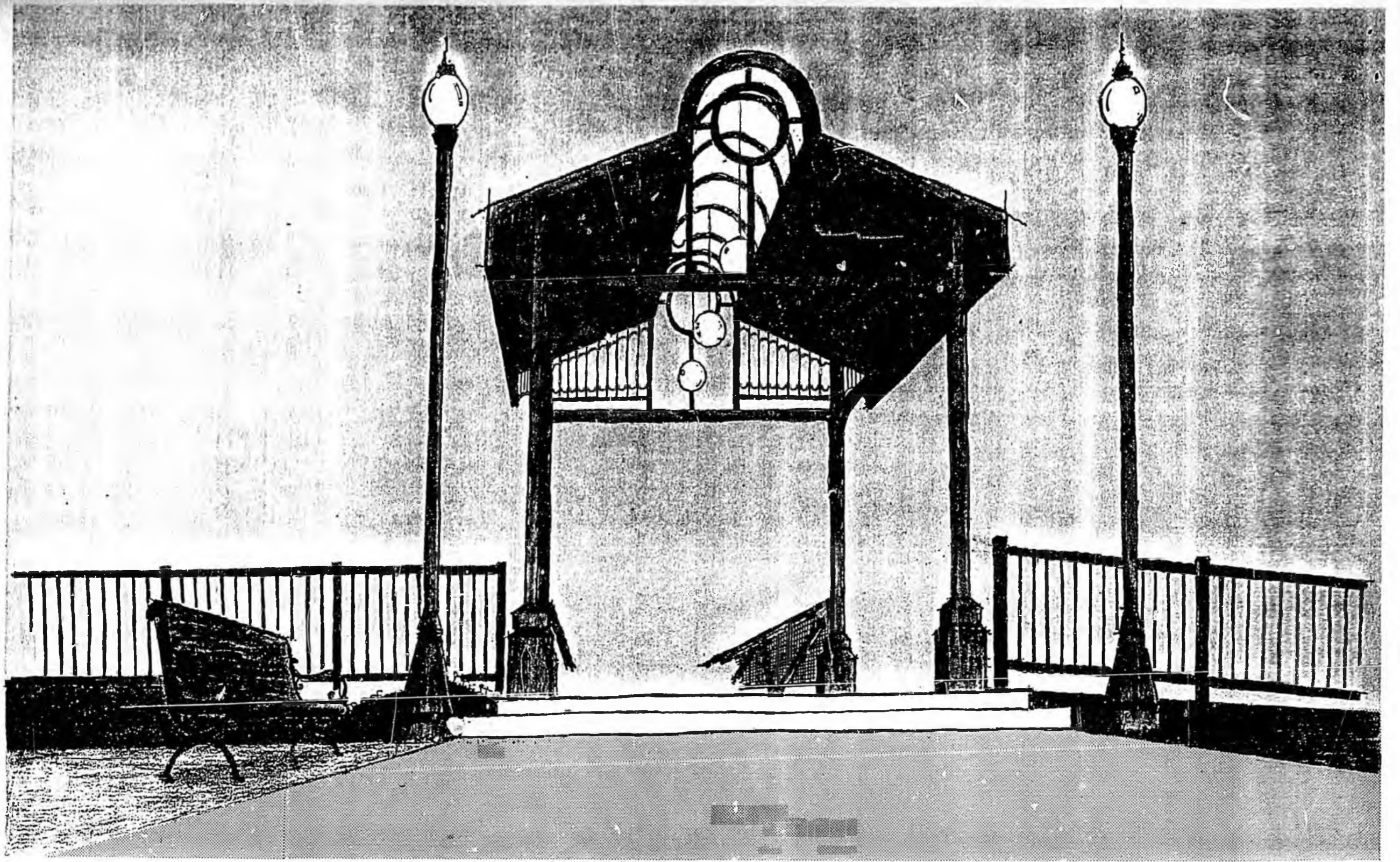


OPEN WEB
STEEL TRUSS
WIDE FLANGE BEAM
EXISTING CONCRETE PIER



WOOD DECK
CONTINUOUS WOOD
RIP RAIL

Section R





Representative Bette Cato, Chair House Transportation Committee

SUBJECT OF MEETING:

HB 417

HJR 89

DATE: 3/20/90

PLACE: Room 17

| NAME | REPRESENTING | BUSINESS/PERSONAL MAILING ADDRESS | ZIP | (H) PHONE | (W) PHONE | DO YOU WANT TO TESTIFY? | | WHAT SUBJECT WHICH BILL? |
|----------------|------------------------------------|-----------------------------------|-------|-----------|-----------|-------------------------------------|-------------------------------------|--------------------------|
| AGAFON KRUKOFF | TDX/STIPAKL | 1500 W 23rd, Anchorage 99502 | 99502 | 333-9221 | 278-2312 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | CHTR 88 |
| Mike Zachatof | City of St. Paul | Tribal Office, St. Paul, AK | 99660 | | 546-2211 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | HJR 89 |
| Rep Jacko | | | | | | <input type="checkbox"/> | <input type="checkbox"/> | |
| Rep Kay Brown | | | | | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | HB 417 |
| Scott Hawkins | Anchorage Economic develop Council | 550 W. 7th #1130 Anch. AK 99501 | | 345-5701 | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | HB 417 |
| Harry Houde | A.R.B. | Box 107500 Anch, AK 99510 | | 265-2502 | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | HB 417 |
| RON GARZINI | AEDC | Box 112290 | 99511 | 345-5701 | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | HB 417 |
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Rep. Kay Brown
March 16, 1990

House Bill 417

This measure appropriates \$2.5 million to the Alaska Railroad Corporation for road and bridge improvements for the Anchorage Ship Creek Original Townsite Redevelopment Project. It provides for: 1) construction and design of C Street realignment, 2) extension of Warehouse Avenue, and 3) construction of a Ship Creek pedestrian bridge.

The "tent city" of Anchorage had its beginnings in the Ship Creek area. It was here that construction camps were raised alongside the railroad during the development of the line between Seward and Fairbanks. As the city expanded to the south, the railroad lines and warehouse district became bordered by the Port of Anchorage and the hub of the downtown area. Although Anchorage grew rapidly, little development took place in the Ship Creek area outside of the Port expansion and the Railroad depot. This area, most of which is owned by the Railroad, has yet to meet its prime potential as a central location for tourism, recreation, and retail & commercial businesses.

The Redevelopment Project has progressed through the joint efforts of the Alaska Railroad Corporation, Glacier Brewery, Anchorage Economic Development Corporation, the Municipality of Anchorage, and local organizations. Glacier Brewery, which is scheduled to serve as one of the "anchors" for the project, has applied for a lease option for space to initiate an old fashioned Brew Pub, contingent upon the redevelopment of the area. The Pub will be open for tourists and residents, and transportation from downtown Anchorage will be provided by the Brewery during the tourist season and other appropriate times.

In November of 1989, an agreement was signed between the Alaska Railroad Corporation, Glacier Brewery and Anchorage Economic Development Corporation which memorialized a growing commitment and outlined duties of each party. During the same month, the Municipality of Anchorage and the Alaska Railroad reached agreements on improvements and projects that should be initiated to insure revitalization of the Ship Creek area, and provide mutual benefits for residents and tourists.

The funding in HB 417 is contingent upon the Alaska Railroad Corporation execution of a long-term lease agreement to the Municipality of Anchorage for the Government Hill bluff lands. It will be a 35-year lease, free of cost, with an optional renewal for another 35 years at no charge. The Government Hill Community Council has long awaited such a lease agreement in order to retain this area as open public space by incorporating it into the Municipality's greenbelt lands.

House Bill 417 would provide for three public works projects.

The Electric Dam Bridge would serve three objectives: 1) assist in the revitalization of the area; 2) create a pedestrian/bicycle crossing of Ship Creek; and, 3) promote continued viewing of scenery, waterfowl and salmon. The total length will be roughly 275 feet. The width is proposed at 12 feet to accommodate pedestrian and bicycle traffic. The bridge also will be wide enough to support emergency vehicles and small snow removal equipment. Design and construction of the bridge is budgeted at \$310,000.

Currently, Warehouse Avenue dead ends at the rail yard and has poor vehicular access and circulation. Traffic along Warehouse Avenue has to weave its way through the railroad yards from the east to access C Street. At many places along the route, commercial trucks block the entire road as they load and unload. The proposed project would extend Warehouse Avenue west to North C Street to create a primary eastbound route. It includes 1200 linear feet, paving, curb and sidewalk at \$270 per linear foot for a total cost of \$324,000.

Reconstruction and realignment of North C Street from 1st Avenue to Ocean Dock Road (including construction of a new bridge at Ship Creek) is the major project that is vitally needed to assure essential safe access to the Ship Creek area. The total projected cost is \$1,366,000. The existing road was constructed in the 1940s and '50s; it is not well developed and has poor alignment. Weight limits on North C Street have been already severely restricted because of safety concerns and structural deficiency. Reconstruction of C Street would establish an improved north/south link for continued Ship Creek development. In October of 1989 an independent study of the bridge was conducted; the bridge was determined to be functionally obsolete.

The Alaska Railroad will play a major role in the project. Its contributions include

- * Government Hill bluff land lease agreement
- * donation of historical railroad buildings to the project
- * issuance of permits for rights-of-way at no charge involving for development of the area
- * assist in procurement of all other necessary permits
- * the fisherman's trail, access lanes, parking areas, and conversion of the existing trestle bridge to a fisherman's bridge
- * installation of interpretive and historic signs
- * adoption of covenants for affected and adjacent properties to allow future development of additional tourist facilities

The Ship Creek Original Townsite Redevelopment Project will stimulate the economy, create jobs, encourage business expansion in the area, revitalize a core area unique to Anchorage, promote tourism, and further develop recreational opportunities.

HB

431

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THE LEGISLATURE

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

Mary Van Nimwegen

HB 4131

House Trans

1/30/90

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 19, 1990

FURTHER REFERRALS:
TRANSPORTATION
FINANCE

Date of Committee Action: 1/23/90

The LABOR & COMMERCE considered:

HB 431

HOUSE BILL NO. 431

APPROP: TOURISM MARKETING

"An Act making special and supplemental appropriations for international airport marketing, domestic tourism marketing, and the 1990 International Travel Fair; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with _____ the same title
- be replaced with _____ a new title
- have attached amendment(s)
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

(FINKELSTEIN)

(MOLLINS)

David Souley

SIGNING:

(Check approp. column)

| | Do Not Pass | No Rec | Amend |
|----------------|-------------|--------|-------|
| Mark Boyer | | X | |
| Loren A. Roman | | ✓ | |
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David Souley

Chairman's Signature

HOUSE COMMITTEE REPORT

(5)

Date Referred: January 24, 1990

FURTHER REFERRALS:

Date of Committee Action: 1/30/90

FINANCE

The TRANSPORTATION Committee considered:

HB 431

HOUSE BILL NO. 431

APPROP: TOURISM MARKETING

"An Act making special and supplemental appropriations for international airport marketing, domestic tourism marketing, and the 1990 International Travel Fair; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with [] the same title
[] have attached amendment(s) [] a new title
[] do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the Committee

ADOPTS: letter of intent

ATTACHES NLW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Date/Dept)

- [] fiscal impact
[] zero fiscal note
[] zero with analysis

- [] fiscal note(s)
[] zero fiscal note(s)
[] zero fn/analysis

SIGNING DO PASS:

Handwritten signatures: Richard Storey, Dan Sullivan, Bill Hude, Loren A. Semian, Eugene A. Kubisa

SIGNING: (Check approp. column)

Table with 4 columns: Do Not Pass, No Rec, Amer, and an empty column. Multiple rows for voting.

Richard Storey
Chairman's signature

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX V. JUNEAU 99811

(907) 465-3892



PRESS RELEASE * PRESS RELEASE * PRESS RELEASE *

Date: January 21, 1990
Contact: Representative Dave Donley, Chair
House Labor and Commerce Committee
465-4954, 465-3892, 465-3893

DB

COMMITTEE BILL ADDRESSES TOURISM CRISIS

The House Labor and Commerce Committee sponsored a major funding bill last week to help the state's tourism industry respond to recent cataclysmic events.

"Between the oil spill and the Mt. Redoubt we've been hit with a lot of bad press we must counteract", said Committee Chairman Representative Dave Donley, D-Spenard. "Tourism is one of Alaska's brightest hopes and we shouldn't sit back and watch it being tarnished."

The \$4 million dollar appropriation measure will fund an aggressive international tourism marketing program to mitigate the damage caused by the eruption of Mt. Redoubt and the reduction in international flights stopping over in Alaska.

"The Redoubt eruption has raised safety questions and longer range passenger jets are bypassing our international airport. This can cost us millions of dollars in state revenues in just the next few months," Donley said.

Included in House Bill 431 is funding to for the Alaska Tourism Marketing Council's domestic tourism program and \$200,000 for the 1990 International Travel Fair, a major event for Alaska's tourism industry.

"The House Labor and Commerce Committee proposed this as a supplemental appropriation to advance our marketing strategy and to assist the tourism industry this summer," Donley said. "Funding coming through the regular budget process will arrive too late."

"Without immediate funds the state can take no new initiatives in time to avoid a serious loss of tourism activity this summer," Donley said.

stanta before trying to miami to cam- average American household." He said

general tax increase."

best housing policy is "a healthy, grow- ven

Airport manager overcomes crises

By DOUG FORD
Times Business Writer

If crisis management wasn't his strong suit before, new Anchorage International Airport Manager Ken Burdette became a veteran in a hurry.

Since starting his job Dec. 11, the airport suffered a power blackout, a nearby volcano erupted and filled the sky with ash, and a 747 passenger jet plummeted 13,000 feet before restarting engines and making it to the airport. Since then Redoubt Volcano has continued to disrupt, and a suitcase feared to contain explosives was detonated by the Anchorage police bomb squad.

Even though calamity after near catastrophe has dogged him since he took office, Burdette loves his job.

"Looking back on it, it was beneficial for me to see the machine in action," he said. He was impressed by the efficiency of his staff. When the power went out that first night, "I kind of sat around and watched," he said.

The airport's generators clicked in al-

most immediately, leaving no disruption in service, he said. But the reduced lighting gave the terminal a gloomy glow for a few hours.

While he regrets all the fuss and inconvenience created over blowing up a suitcase over false bomb suspicions, Burdette said, "If the circumstances were the same I would do it again."

In the end toys caused the suspicious noises, but X-rays revealed two wires in the suit that could not be identified. "Nobody wants to get on an airplane where there's the possibility of a bomb," he said. "We spend tremendous amounts of money on safety."

Although the volcano has been a constant worry, it is not particularly Burdette's problem. The Federal Aviation Administration coordinates volcano reporting and the airlines must decide — based on the FAA information — whether they fly or not.

Even if ash fell on the airport, it is doubtful Burdette will close it. "Airports

See Burdette, page D-4



Airport manager Ken Burdette stands on a ramp at Anchorage International Airp

State's jobless rate

Engineers boost search for aut

American

Continued from page D-3

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| UFoodB | 8 | 83 | 7% | 2 1/2 | 2 1/2 | |
| UIMed | 11 | 24 | 4% | 4 1/2 | 4 1/2 | 1/4 |
| US Blo n | ... | 2176 | 13 | 11 | 11 1/2 | 1/4 |
| US Cell | ... | 949 | 30 1/2 | 27 1/2 | 28 1/2 | 2 1/4 |
| Unitiv | 19 | 39 | 13 | 11 1/2 | 11 1/2 | 1 1/2 |
| UNITIL | 2.08 | 12 | 7 | 37 1/2 | 37 | 37 1/2 - 1/4 |
| UnitBr | 20 | ... | 72 | 1% | 1% | 1% - 1/4 |

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| UnvPat | ... | 743 | 7 1/2 | 3 1/2 | 7 1/2 | 1 1/2 |
| UnvRts | 30 | 110 | 15 1/2 | 14 1/2 | 14 1/2 | 1/4 |
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| VMT | 90 | 8 | 75 1/2 | 2 1/2 | 2 1/2 | 2 1/2 |
| VMT wt | ... | ... | 59 | 1/4 | 1/4 | 1/4 |
| VST | 1.04 | 5 | 44 1/2 | 5 1/2 | 5 1/2 | 5 1/2 + 1/4 |
| VTK | ... | ... | 3 | 1 1/2 | 1 1/2 | 1 1/2 - 1/4 |
| Voder | ... | ... | 3 | 3 1/2 | 2 1/2 | 2 1/2 |
| VoiFru | 20 | 11 | 64 | 9 1/2 | 9 1/2 | 9 1/2 |
| VoiVRS | 56 | 17 | 26 | 12 1/2 | 12 1/2 | 12 1/2 - 1/4 |

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Burdette: Airport

Continued from page D-1

just don't close," he said. "It (the ash) would have to pose some kind of health problem to close down."

Like the more common dirt and snow, the ash would have to be cleaned off. Maintenance crews routinely clear the longest runway of snow in 45 minutes. Since the airport has 911 lane miles of tarmac, when it snows the activity goes on for hours.

"I just sit here and gape at the beehive of activity when it snows," he said. Expensive chemicals such as urea prevent any ice build-up and the runways are even swept, he added.

The airport's response to crashes and other accidents is even faster. By FAA regulations they must be able to respond in three minutes to the farthest point at the airport, he said. The crash team was ready for the KLM flight that lost all the altitude after flying through the dust cloud, he said, "but the pilot brought it in for a beautiful landing."

As an ex-army pilot who retired in August after 23 years, he could appreciate the pilot's accomplishment under such stressful circumstances. His last duty had been as airfield commander at Fort Richardson. He is a political appointee with Alaska International Airport System Director Ginna Marie Lindsay as his boss.

While he may serve at the behest of the governor, Burdette

said, it's the airlines that pay for the airport.

The airport leases most everything: ramp space, boarding gates, counter space even the restaurant and shop space. These leases — especially the airline leases — pay for the airport's budget. It receives only a small amount of federal money for airfield improvement.

Despite some loss in international passenger flights the airport continues to grow. Total landings at the airport topped 16,300 in October 1989 (the last month available), up 10 percent over the previous year. The facility's eight international gates and 40 domestic gates should serve the airport into the mid-1990's, he said. However, due to cargo carriers such as Federal Express' increased traffic the airport is increasing its ramp space.

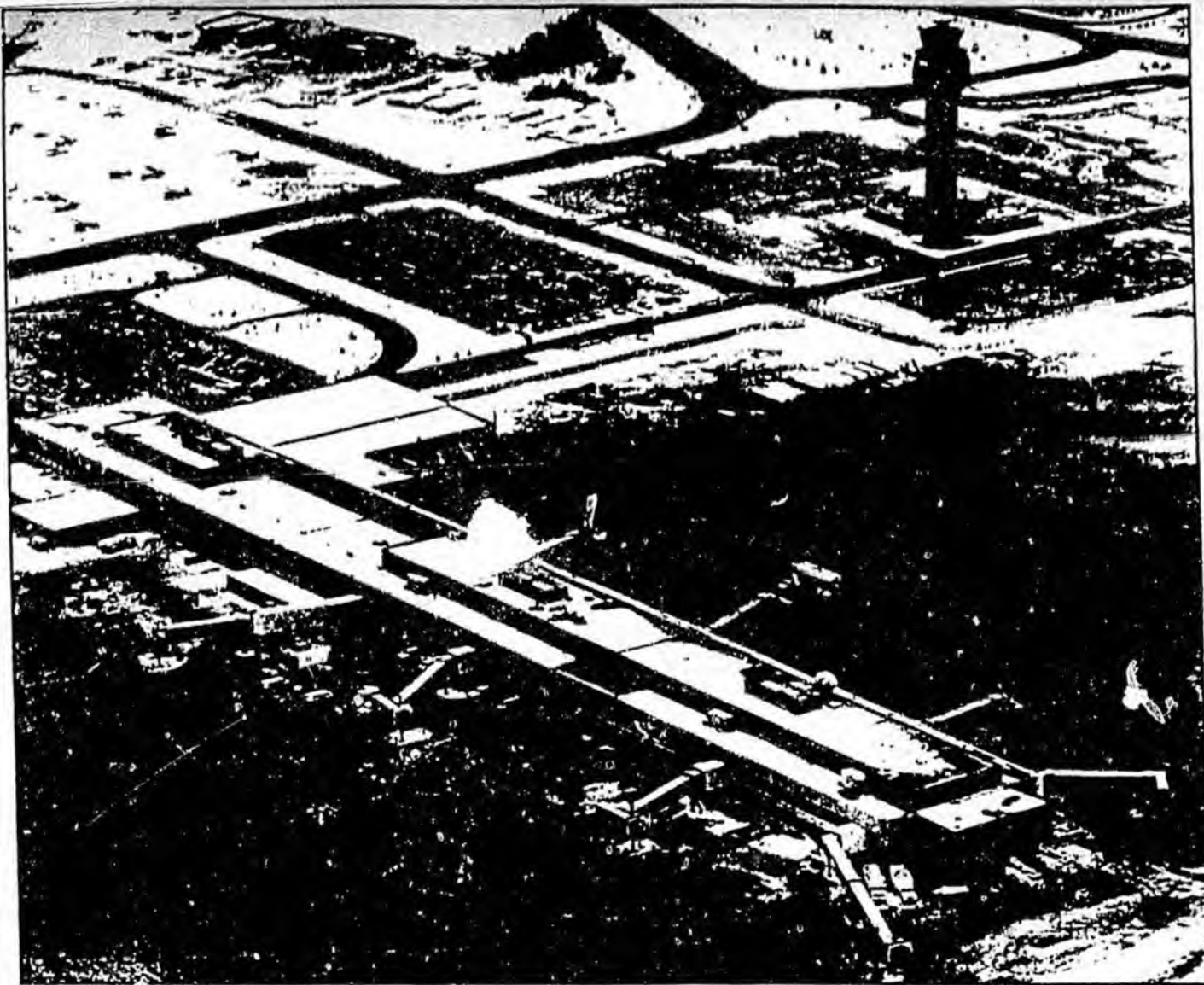
Burdette's second-floor office looks south towards the mountains of the Kenai Peninsula and on this day one of Alaska's famous sunsets. Unlike the reporter gazing at the vista, he watches a recently arrived MarkAir Boeing 737 as the ground crew gathers to unload, refuel, clean up and restock the aircraft.

"You should see when one of these airplanes gets in here," he said, "Those guys engulf it." The speed and efficiency with which the plane is prepared for its next flight, "it's almost poetic," he said.

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Campeau's bankruptcy filing prompts House investigation



Anchorage Daily News/Erik Hill

Quiet time on the international concourse

There was no activity at the international concourse of the Anchorage International Airport one afternoon this week. Two major international carriers, Korean Air and China Airlines, have diverted flights from Anchorage after recent eruptions from Redoubt Volcano.

BP gets ready to sink oil wells

DAILY NEWS

1-20-90

p. B5

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Redoubt difficult to predict

by Holly F. Hall
Tundra Times reporter

Redoubt volcano continues its activity with yet another eruption which took place on Jan. 8.

At first, experts thought that this eruption was the biggest since the ash cleared, they concluded that this was just more of the same. The volcano spewed a thick plume of ash, lava, steam and gas into the air.

Robert McGimsey, a geologist at the Alaska Volcano Observatory in

Anchorage, said this eruption had a lot of power behind it.

McGimsey said that on Jan. 2, that volcano erupted a dome of hardened lava which covered the vent of the volcano — the hole in which magma and steam are released. This dome trapped the ash and steam building up in the volcano which made it difficult to detect that the volcano was erupting.

For the Jan. 8 eruption McGimsey said they had about a minute and a half

warning before it blew away where the observatory is located.

McGimsey said that it is nearly impossible to predict when the Jan. 2 explosion of a seismic monitoring station was destroyed.

McGimsey said the volcano has since erupted several times. The volcano has been the cause of low seismic readings.

Phones from the observatory reached the observatory on page six

heights of up to 45,000 feet and communities on the Kenai Peninsula were heavily covered in ash of about a half an inch; some schools were closed and people were told to stay at home.

Again, McGimsey said the observatory doesn't know how long Redoubt will continue its activity, he said so far, it looks like it will erupt again.

"With each volcano, you can't predict when it will happen," McGimsey said.

Although he said nobody knows when or how long the next eruption will be, or even if it will in fact erupt again, he said this activity is characteristic behavior of a volcano.

"Nothing is certain or white," he said.

A specially equipped aircraft from the University of Washington has been in operation for a month. A Federal Aviation Administration spokesman said the aircraft will help pinpoint where the ash is so commercial aircraft won't accidentally fly into it.



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Telecopier Transmission

Date: January 23, 1990 From: Keith Fernandez
To: Rep. Dave Donley RE: Int'l Tourism Teleconference
c/o Juneau L10 AK Travel Fair Request
463-5441

Following this page, please find page(s). If this does not reach you in full, please inform us ASAP. Our fax number is: (907) 278-5559. Thank you.

Rep. Donley:

Attached is information which I will present, on behalf of the Alaska International Airport Tourism Marketing Council, for a \$200,000 budget request for the 1991 Alaska Travel Fair.

I look forward to presenting this paper this afternoon; please contact me at the Bureau if you have any questions.

Keith Fernandez
Director of Marketing

In September, 1989, the Alaska International Airport Tourism Marketing Council (AIATMC) sponsored the first Alaska Travel Fair, bringing more than 150 major tour operators and travel agents from Japan to Alaska. The purpose of this Fair -- promote Alaska as a destination in Japan (particularly in the non-summer months).

This was certainly not the first effort to court overseas travelers, but it did mark a beginning. It signalled the start of cooperative overseas marketing efforts by private businesses throughout Alaska along with state government to target overseas visitor promotion efforts. For one week in September, 1989, the state pulled together to showcase Alaska: from Barrow to Ketchikan, the state's visitor features were on display for the Japanese travel industry leaders.

What happened? Well, I'm not going to say it was a success. I'm going to let Sandra Gamo, of the US Travel & Tourism Administration office in Japan highlight the success...she said, and I quote, "This is the best such program any destination has put on for Japanese travel industry. The Japanese who came to Alaska are impressed with the quality of what Alaska has to offer." (end quote) I'll let Kojiro Abe, who runs the state Division of Tourism office in Japan speak for it's success when he said, one, it's the largest such show any destination has put on for the Japanese and, two, it showed Alaska was serious about selling itself to the Japanese. I'll let the Japanese tour operators and travel agents speak for its success, which was highlighted by them signing a petition urging airlines to open more destination seats into Alaska and for national governments to work on cooperative efforts to allow freer air traffic passage between Japan and Alaska. These same Japanese travel agents said to us in Alaska's travel industry...do it again!

The Alaska Travel Fair was not an inexpensive endeavor. The state contributed \$100,000 to the program, AIATMC contributed another \$25,000 in cash...and Alaska's travel industry, showing its belief in the need for more international travel promotion, contributed in-kind services totalling more than \$700,000!

I'm here today to reinforce the fact Alaska Travel Fair 1989 was just the beginning...and we have more to do before international travelers flock to Alaska. Work is being done by various groups to key off the success of the Alaska Travel Fair...for example, the State Division of Tourism has successfully sold several carriers on opening more seats into the state from Japan, on carriers such as Sabona and Swissair.

The momentum started by the Alaska Travel Fair can't stop. We are asking the state to appropriate \$200,000 to support the development of the next Alaska Travel Fair, for May, 1991. It will be a bigger program, targeting Asian markets (Japanese, Korean & Taiwanese) and European markets. AIATMC wishes to show off as much of the state to as many international travel leaders to focus attention on Alaska and create the pressure on international carriers to open more seats to Alaska throughout the year. Alaska's visitor industry is ready to again contribute incredible amounts of time, effort and services to support international tourism efforts. We can't do it by seeing these people once every five or so years...the momentum started by the first Alaska Travel Fair has built Alaska's reputation among one particular group of overseas travel leaders. We look forward to working with the state on cooperative efforts to showcase Alaska tourism on an even broader international scale.

January 9, 1990

Honorable Dave Donley
Alaska House of Representatives
P. O. Box V
Juneau, AK 99811

Dear Representative Donley:

I am writing in response to your request for information relating to strategies the division and ATMC could undertake should the Legislature appropriate supplemental funds for tourism. As I begin, I should note that the division supports the Governor's approved FY 91 budget submission and the strategies it would fund. You have asked questions about additional funding for FY 90, however, and I will respond in the order asked on the attached.

\$1.8 million in general funds appropriated to the Division of Tourism for international airport marketing.

The Division of Tourism is currently actively engaged in promoting Alaska in several developing and new markets overseas. We maintain tourism representation in Japan and West Germany, represent Alaska at several travel trade shows overseas, and engage in advertising, public relations, and technical assistance activities.

One of the greatest obstacles to stimulating dramatic growth is the lack of competitive direct air routes or allocations of seats from target countries to Alaska. Breaking this obstacle is one of the division's highest priorities.

The division is aggressively pursuing this problem by making direct contact with the decision makers in European and Asian airlines working in conjunction with the Alaska International Airport System and the Office of International Trade.

Airlines reviewing proposals to establish direct routes or allocate seats to and from Alaska have several factors that must be considered. Significant among them are the economic viability of the route and the level of support the destination will apply to filling the seats.

Should the funds become available through a general fund special appropriation, the division would apply them as follows:

- o In conjunction with AIAS, intensify the direct sales contact with prospective domestic and international carriers.
- o Produce presentation materials to augment sales efforts.
- o Establish an air route promotional fund to support seat allocations, turnaround service, and new charters by international carriers.

If the funds were appropriated by March, they could be used to stimulate additional visitation through charters and through seat allocations currently under discussion by as early as this summer. The funds would also allow accelerated sales contact with other airlines almost immediately.

\$2 million general fund supplemental appropriation to the ATMC

While I am Chairman of the Alaska Tourism Marketing Council, it is governed by a 21 member board of directors and employs its own staff. I have had an opportunity to speak with Executive Director Bob Miller who, with me, forwards the comments below.

The program planned and executed by the ATMC is a well-established multifaceted marketing program that peaks in fall and spring advertising waves. While some components such as glossy stock magazine advertising could not be moved fast enough to impact summer 1990 due to lead times needed, other components could benefit from additional 1990 funding.

In recent years, media costs have risen steadily eroding the reach of Alaska's television advertising. As costs have gone up and available funds have remained relatively constant, the council has had to drop some of its secondary market coverage. Additionally, rather than producing new advertising, the agency has reconfigured prior advertising to stretch its shelf life. The same images have been used now for five years.

The oil spill may also place additional need for state exposure as we approach the first anniversary of the spill. At that time, the media will again focus on the disaster, potentially adding to perceptions of damage to Alaska's tourism resources. While we don't know the full extent of spill coverage impact on Alaska's image, the anniversary affords us an opportunity to reduce potential visitor concern.

Should the funds become available during FY 90, the ATMC would use them to:

January 9, 1990

- o Restore television advertising in key "B" markets during the spring wave of promotion.
- o Execute a public relations campaign coinciding with the oil spill anniversary.
- o Produce new television advertising for use during early fall 1990.

I hope that this response is of help to you in identifying some of the areas that additional FY 90 funding could be put to use by the division and ATMC. Tourism is a business that depends on both awareness of and access to the destination. Supplemental funding could generate additional visits in the short run by increasing awareness prior to summer and greater potential for the future by increasing our ability to access international markets.

Please contact me if I can be of further assistance.

Sincerely



Dana Brockway
Director

DB/jc/0943V
010990c



ALASKA VISITORS ASSOCIATION

501 West Northern Lights, Suite 201 • Anchorage, Alaska 99503

Tel: (907) 276-6663 • Fax: (907) 258-4036

1989-90

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Alaska Travel Adventures
Juneau, Alaska

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Management, UAF

David Palmer
Alaska Airlines

Brad Phillips
Phillips Cruises & Tours

Tom Watson
Kodiak Island Convention
& Visitors Bureau

Richard West
Alaska Sightseeing

January 23, 1990

Honorable Dave Donley

Chairman

House Labor and Commerce Committee

P.O. Box Y

Juneau, Alaska 99811

Dear Representative Donley:

You have asked me, as President of the Alaska Visitors Association, to comment on the need for a two million dollar special and supplemental appropriation to the Alaska Tourism Marketing Council.

As has been well established, the Alaska tourism marketing program has lost substantial impact in the domestic market since 1985. While we as a destination have increased our domestic advertising expenditures by 2.5%, all other States have increased their advertising expenditures by 51.9% and total promotional expenditures by 66.8%. Our foreign competitors have increased their advertising expenditures during the same period by 53.6%. Our major competitors in the domestic market for U.S. visitors remains: Hawaii, Canada, Europe, and Mexico.

Specifically, Canada is outspending Alaska 3 to 1 after receiving a 39% budget increase in 1988. Hawaii is outspending Alaska 4.5 to 1 after receiving a budget increase of 33% in 1989. During the last four years, Alaska's share of voice in the domestic market place has declined 45%. Our television advertising program has decreased from exposure in 21 markets to only 12 markets. Newspaper special Alaska sections have decreased from 35 to 25.

With new destinations coming on line in Eastern Europe that are of high interest to American consumers, Alaska can little afford to take a passive approach to tourism marketing.

In light of these facts, it is not surprising that while the potential for growth in Alaska's visitor industry remains high, we have been in virtually a no growth mode since the summer of 1986. It is estimated that the target market (those people matching the profile of Alaska visitors) will expand by over 30% during the 1990's. However, increased potential means nothing unless the necessary tools are put in place to allow Alaska to reap this valuable harvest.

While the cooperative marketing effort as managed by the ATMC is effective, efficient, and highly regarded in the travel community, the reach of their efforts must be extended. We would propose the immediate funding of the following supplemental programs:

1. Extension of the existing television program to all "B" markets. The "B" markets are those with high potential relative to their current delivery of Alaska visitors. Increased efforts in these markets will allow for greater penetration of the Alaska message.
Approximate cost \$600,000.

2. A direct mail effort to pickup the estimated 50,000 shortfall in current year inquiry levels. Inquiry generation is currently running 12% behind last years pace. Supplementing this program will allow for full distribution of the "Official State Vacation Planners" which have already been printed. These planners are of little value if not distributed prior to the upcoming season.
Approximate cost \$450,000.

3. Extension of the Newspaper advertising program to regain the lost Alaska Travel Sections. These travel sections which appear in the Sunday Travel Supplements of most major newspapers can provide almost immediate return to Alaska operators.
Approximate cost \$100,000.

4. Early funding of new television commercials. Unless the development of new commercials are funded early, we will once again be battling September weather during filming and will need to delay airing for editing and post production work.
Approximate cost \$550,000.

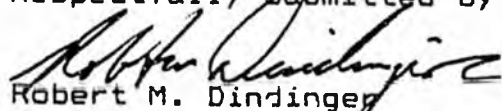
5. Funding of a special public relations effort to deal with the adverse publicity that will be generated by the "First Anniversary of the Oil Spill" and the current adverse publicity being generated by Redoubt Volcano.
Approximate cost \$300,000.

The Alaska Visitors Association is certain that a program can be put in place this year to generate greater economic activity, and employment during the coming season. It is estimated that successful execution of this effort could generate 16,000 additional visitors spending over \$30,000,000 and generating an additional 300 jobs for Alaskans this season. Combined with the need to create greater understanding of Alaska by U.S. citizens so the adverse publicity regarding the Oil Spill and Redoubt Volcano can be put in proper prospective, and the need to get an early start on the replacement of our five year old

television commercials so that Alaska can be shown at its' best, underlines the need for immediate and decisive action.

We support House Bill No. 431 and ask the members of the Alaska Legislature to do the same.

Respectfully Submitted by



Robert M. Dindinger
President

HB

439

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

HB 439

House Transportation

2/8/90



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

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

LETTER OF INTENT - HB 439

It is the intent of the House Transportation Committee in establishing the Alaska Marine Highway System fund, that monies in this fund be used for unforeseen cost increases due to variable expenses such as fuel increases, unanticipated repairs etc. Monies in the fund may also be utilized to meet new market opportunities where the revenues will be adequate to substantially cover the operational costs.

These funds are not intended to be used to arbitrarily increase the service level above that which has been approved in the budgeting process.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 24, 1990

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska marine highway system. The bill addresses concerns that all Alaskans share regarding the importance of the ferry system in the state's commerce, the efficient use of the system's resources, and the ability of the system to provide stable or enhanced service to the public.

The Alaska marine highway system has been an administrative unit of the Department of Transportation and Public Facilities since the department's creation in 1977. Before 1977, the marine highway system was a division of the Department of Public Works. However, throughout the system's more than 25 years of life, there have not been specific statutory provisions that set out the expectations that the legislative and executive branches of government, as well as the public, have for the system nor that set out clear goals for the system. One purpose of the attached bill is to address these concerns.

In proposed AS 19.65.050(a) are legislative findings that the marine highway system is a vital link in the state's economic well being, requiring consistent levels of funding and prudent management. The purpose of the bill is set out in proposed AS 19.65.050(b). Under this bill, managers and employees of the system will be provided an incentive and mechanism to manage the system efficiently by allowing it to effectively use its operating revenue, although that revenue is, under other sections of the bill, subject to annual appropriation, and the bill does not violate the Alaska Constitution's art. IX, sec. 7, prohibition of "dedicated funds." Furthermore, the legislature recognizes the need for consistent levels of funding, within constitutional limits, to allow predictable levels of service. The legislative intent for the marine highway system operations is set out in proposed AS 19.65.050(c).

The system's managers are expected to accurately plan, schedule, and budget for the operations of the ferry system. The specific goals stated for the system, among others, are to increase revenue consistent with the public interest and to stabilize levels of service to the communities the system serves.

Proposed AS 19.65.060 creates the Alaska marine highway system fund as a special account in the general fund. The new "fund" is to be the repository of all operating revenue that the system generates, consistent annual general fund appropriations for operations, and whatever additional appropriations the legislature might make to the fund. All money in this fund is subject to annual appropriation. It is not a dedicated fund.

Proposed AS 19.65.070 requires depositing all Alaska marine highway system revenue into the Alaska marine highway system fund. The system managers are also required (1) to report to the legislature all revenue generated during the previous fiscal year, (2) to report the revenue actually generated during the current fiscal year and estimate the revenue that will be generated during the remainder of the current fiscal year, (3) to estimate revenue to be generated during the succeeding fiscal year, and (4) to state the amount of the difference between previous revenue projections and revenue actually generated.

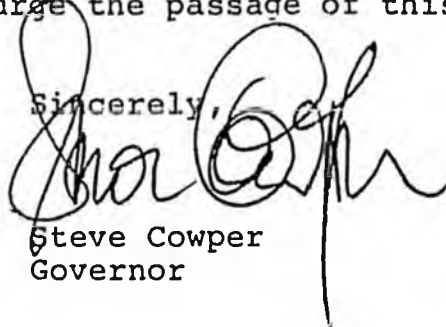
In proposed AS 19.65.080, an annual appropriation mechanism is created for the marine highway system. Under this section, commencing in fiscal year 1992, it is anticipated that the legislature will appropriate money from the Alaska marine highway system fund for the system's annual operations. Furthermore, the bill acknowledges that the legislature has the discretion to appropriate additional money to the system fund (i.e., the special account in the general fund) from the general fund.

This legislation represents a sharp departure from the past. Previously, there has been no articulated role for the marine highway system, and no expression either of commitment by the legislature to maintain service at an adequate level, nor of the need to hold the system's management accountable for decisions that result in what the public perceives as a decline in the level of service.

With this bill, I intend to provide Alaskans with transportation benefits by creating a mechanism that establishes a predictable funding base and allows or encourages management to generate cost savings and increase revenue performance from the operation of the system, with the Alaskan users of the system receiving the direct benefit from those actions. By developing a business

approach, and establishing accountability in a way that is constitutionally valid, we provide management, employees, and users with necessary tools to respond to immediate and long-term challenges facing the Alaska marine highway system. I believe that the ultimate result of the passage of this bill will be a consistent level of funding from the general fund, and consistent and improved levels of service to the public. I therefore urge the passage of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper
Governor

STATE OF ALASKA
 1990 LEGISLATIVE SESSION
 REQUEST:

FISCAL NOTE

BILL VERSION: HB 439
 PUBLISH DATE: HOUSE 1/24/90

No. 2

Revision Date:
 Title: An Act relating to the Alaska Marine Highway System
 Sponsor: Rules Committee
 Requestor: Governor

Agency Affected: DOT&PF
 BRU: Alaska Marine Highway System
 Components: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 91 | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTURAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS:

(SEE ATTACHED)

Prepared by: Ron Lind
 Division: Plans, Programs, and Budget

Phone: 465-2171
 Date:

Approved by Commissioner: Mark S. Hickey *MSH*
 Agency: Department of Transportation and Public Facilities

Date: 1/5/90

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

BILL ANALYSIS

- * 1 The total operating and capital needs of the Alaska Marine Highway System will not be changed by this bill. The actual amounts appropriated may change because of the more direct connection between the earnings and funding.
- * 2 Beginning July 1, 1990 the gross revenue of the Alaska Marine Highway System will be deposited in a special account in the General Fund, the Alaska Marine Highway Fund, instead of the unrestricted General Fund revenue account. We have not depicted this as an expenditure or a revenue reduction since the same level of funds are being collected and they are just being held for use during FY 92. This impact does not occur in any subsequent year and is needed as a one time action to establish a workable fund balance.
- * 3 The sources of funding used for the appropriations to the Alaska Marine Highway System will change for FY 92. The source will become the Alaska Marine Highway System Fund instead of the General Fund.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Relating to the Alaska Marine Highway System
Sponsor: Rules Committee
Requestor: Transportation & Finance

Agency Affected: Department of Revenue
BRU: Treasury
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 91 | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 |
|------------------------|-----------------|-----------------|----------|----------|----------|----------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LANDS & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 37,110.7 | 38,756.4 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: The figures reflect projected total ferry system revenues which would be deposited in the Alaska Marine Highway System Fund, and subsequently available for appropriation.

Prepared By: Bob Elliott *BE*
Division: Treasury

Phone: 465-2350
Date: February 5, 1990

Approved by Commissioner: *[Signature]*
Agency: Department of Revenue

Date: 2/5/90

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

Note: Dollar estimate by D.O.T./Marine Highways. H

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: Alaska Marine Highway System, BRU: Treasury
its funding, and budget
 Sponsor: Rules by Request of the Governor
 Requestor: House Transportation Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 91 | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 |
|------------------------|----------|----------|----------|----------|----------|----------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LANDS & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: attach a separate page for analysis.

Fiscal year 1990 effect is zero.

Prepared By: Milt Barker ^{MB}
 Division: Treasury
 Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Phone: 465-2350
 Date: _____
 Date: 2/1/90

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

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act relating to the AK. Marine Hwy. System, its funding and its budget.
 Sponsor: Rules Committee
 Requestor: Governor Cowper

Agency Affected: Department of Admin. BRU: Central Administration

Components: Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY91 | FY92 | FY93 | FY94 | FY95 | FY96 |
|------------------------|------------|------|------|------|------|------|
| PERSONAL SERVICES | -0- | | | | | |
| TRAVEL | -0- | | | | | |
| CONTRACTUAL | -0- | | | | | |
| SUPPLIES | -0- | | | | | |
| EQUIPMENT | -0- | | | | | |
| LAND & STRUCTURES | -0- | | | | | |
| GRANTS, CLAIMS | -0- | | | | | |
| MISCELLANEOUS | -0- | | | | | |
| TOTAL OPERATING | -0- | | | | | |

| | | | | | | |
|---------|-----|--|--|--|--|--|
| CAPITAL | -0- | | | | | |
|---------|-----|--|--|--|--|--|

| | | | | | | |
|---------|-----|--|--|--|--|--|
| REVENUE | -0- | | | | | |
|---------|-----|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

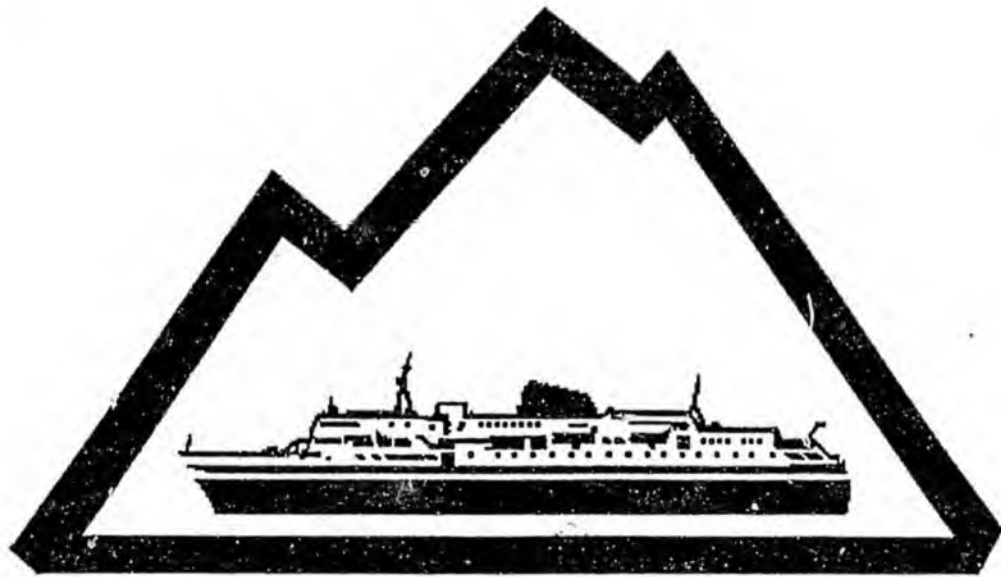
ANALYSIS : (Attach a separate page if necessary)

No Additional appropriation for the Division of Finance is anticipated to be required. The only involvement of the Division of Finance is to establish the Alaska Marine Highway System Fund as an account in the General Fund. Required reporting and administration of the fund will be under the control of the Ak. Marine Hwy. System.

Prepared by: Keith Busch, Director *K. Busch* Phone: 465-2240
 Division: Finance Date: 12/19/89

Approved by Commissioner: Frank Baxter *Frank Baxter* Date: 12/26/89
 Agency: Department of Administration

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



ALASKA MARINE HIGHWAY SYSTEM

TRANSPORTATION COMMITTEE PRESENTATION

DRAFT

FEBRUARY 7, 1990

DRAFT

TABLE 1

AMHS VESSEL INFORMATION

| | TAKU | MATANUSKA | MALASPINA | COLUMBIA | LECONTE | BARTLETT | TUSTUMENA | CHILKAT | AURORA |
|------------------------|------|------------|------------|------------|---------|----------|------------|----------|--------|
| DATE COMPLETED | 1963 | 1963 | 1963 | 1974 | 1974 | 1969 | 1964 | 1957 | 1977 |
| LENGTH | 352 | 408 | 408 | 418 | 235 | 193 | 296 | 100 | 235 |
| BEAM | 74 | 74 | 74 | 85 | 57 | 53 | 59 | 35 | 57 |
| DRAFT | 15 | 15 | 15 | 17 | 13 | 13 | 15 | 8 | 13 |
| TONNAGE | 2458 | 3029 | 2928 | 3946 | 1328 | 933 | 2174 | 256 | 1281 |
| HORSEPOWER | 8000 | 8000 | 8000 | 12350 | 4300 | 3468 | 3600 | 730 | 4300 |
| CREW | 42 | 50 | 50 | 66 | 24 | 24 | 37 | 7 | 24 |
| PASS CAPACITY (SUMMER) | 500 | 500 746 | 516 750 | 522 970 | 250 | 170 | 220 325 | 65 82 | 250 |
| STATEROOMS | 44 | 112 | 86 | 91 | 0 | 0 | 27 | 0 | 0 |
| BERTH CAPACITY | 106 | 256 | 274 | 312 | 0 | 0 | 58 | 0 | 0 |
| VEH CAPACITY | 105 | 120 | 120 | 170 | 47 | 38 | 50 | 15 | 47 |
| MAX # OF VANS | 10 | 21 | 21 | 22 | 10 | 13 | 12 | 1 | 10 |

DRAFT

TABLE 2

DOLLARS BY COMPONENT

| Component | (1) FY89 ACTUALS | (2) FY90 PROJECTED | (3) FY91 ESTIMATE | |
|---------------|------------------------|--------------------------|-------------------------|-----------------------------------|
| Marine Admin | \$2,352.0 | \$2,210.4 | \$2,352.8 | (without budget analyst position) |
| Cus Ser Mngmt | 2,422.3 | 2,521.3 | 2,567.7 | (without \$250.0 marketing funds) |
| Ops Mngmnt | 771.3 | 891.4 | 981.6 | |
| MFE Mngmnt | 434.6 | 339.6 | 464.5 | |
| Marine CIP* | 1,261.5 | 1,387.9 | 1,224.7 | |
| Sub-total | \$7,241.7 | \$7,350.6 | \$7,591.3 | |
| SE Shore | \$2,567.4 | \$2,618.4 | \$2,627.6 | |
| SW Shore | 680.2 | 790.3 | 780.0 | |
| SE Vssl Op/Ov | 45,943.5 | 46,228.9 | 46,747.3 | (Vssl Ops represents FY90 service |
| SW Vssl Op/Ov | 9,359.7 | 9,205.0 | 9,251.0 | with about 1/2% cost increase) |
| Sub-total | \$58,550.8 | \$58,842.6 | \$59,405.9 | |
| Total AMHS | \$65,792.5 | \$66,193.2 | \$66,997.2 | |

*GF funding not required for this component

DRAFT

TABLE 3a

WEEKS OF SERVICE

| | FY89 ACTUAL | FY90 PROJECTED | FY91 ESTIMATE |
|-------------|----------------|-------------------|------------------|
| | ----- | ----- | ----- |
| COLUMBIA | 15.3 | 19.0 | 19.0 |
| MATANUSKA | 45.0 | 43.5 | 44.1 |
| MALASPINA | 42.9 | 32.0 | 27.9 |
| TAKU | 33.6 | 43.0 | 43.9 |
| | ----- | ----- | ----- |
| SE MAINLINE | 136.8 | 137.5 | 134.9 |
| | | | |
| AURORA | 39.4 | 44.5 | 44.1 |
| L. CONTE | 44.9 | 44.0 | 45.4 |
| CHILKAT | 14.6 | 0.0 | 0.0 |
| | ----- | ----- | ----- |
| SE FEEDER | 98.9 | 88.5 | 89.5 |
| | ===== | ===== | ===== |
| SE VSSLS | 235.7 | 226.0 | 224.4 |
| | | | |
| TUSTUMENA* | 38.4 | 38.5 | 38.5 |
| BARTLETT | 42.5 | 43.5 | 44.1 |
| | ----- | ----- | ----- |
| SW VSSLS | 80.9 | 82.0 | 82.6 |
| | ===== | ===== | ===== |
| TOTAL AMHS | 316.6 | 308.0 | 307.0 |

*includes alternative service during Tustumena refurb

TABLE 3b

TRAFFIC AND REVENUES

| | FY89 ACTUALS | FY90 PROJECTED | FY91 ESTIMATE |
|---------------|-----------------|-------------------|------------------|
| | ----- | ----- | ----- |
| PASSENGERS | 395,000 | 391,000 | 394,000 |
| VEHICLES | 105,000 | 106,000 | 107,000 |
| | | | |
| AMHS REVENUE* | \$35,837.0 | \$34,800.0 | \$37,100.0 |

*does not include op bdgt CIP revenues

DRAFT

TABLE 4

VESSEL COSTS

| | (1) | | (2) | | (3) | |
|------------------------|-----------------------|----------------|-------------------------|----------------|------------------------|----------------|
| | FY89 ACTUALS TOTAL | OVERHAUL* | FY90 PROJECTED TOTAL | OVERHAUL* | FY91 ESTIMATE TOTAL | OVERHAUL* |
| COLUMBIA | 6,175.9 | 943.9 | 7,013.1 | 966.4 | 7,258.2 | |
| MATANUSKA | 8,856.9 | 528.0 | 9,206.5 | 542.4 | 9,337.5 | |
| MALASPINA | 8,548.9 | 407.2 | 7,647.1 | 588.3 | 7,677.7 | |
| TAKU | 7,106.4 | 613.0 | 8,604.2 | 730.9 | 8,647.2 | |
| AURORA | 4,251.0 | 358.2 | 4,718.9 | 347.2 | 4,742.5 | |
| LECONTE | 5,014.9 | 568.7 | 4,809.7 | 364.7 | 4,833.7 | |
| CHILKAT | 304.1 | 60.4 | 1.6 | 0.0 | 1.6 | |
| ALL VSSLS | 5,685.4 | 11.5 | 4,227.8 | 10.0 | 4,248.9 | |
| TOTAL SE | 45,943.5 | 3,490.9 | 46,228.9 | 3,549.9 | 46,747.3 | 3,585.1 |
| TUSTUMENA | 5,198.8 | 463.2 | 4,882.0 | 382.4 | 4,906.4 | |
| BARTLETT | 3,329.0 | 282.3 | 3,662.0 | 250.8 | 3,680.3 | |
| ALL VSSLS | 831.9 | 0.1 | 661.0 | 5.0 | 664.3 | |
| TOTAL SW | 9,359.7 | 745.6 | 9,205.0 | 638.2 | 9,251.0 | 704.6 |
| SE & SW TOT | 55,303.2 | 4,236.5 | 55,433.9 | 4,188.1 | 55,998.3 | 4,289.7 |

*overhaul operating funds only: SIP not included

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TABLE 5

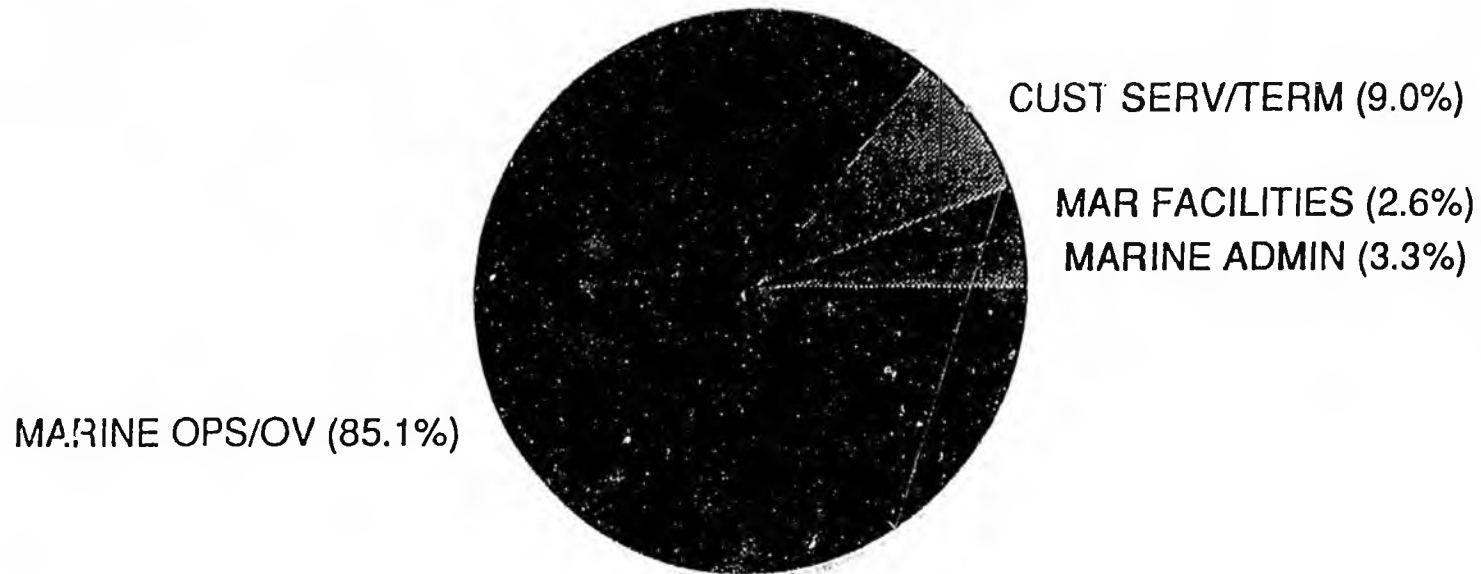
PERSONNEL BY COMPONENT

| Component | (1) | | | (2) | | | (3) | | |
|---------------|-------------|----------------|-----|-------------|------------------|-----|-------------|-----------------|-----|
| | FY89 PFT | ACTUALS PPT | TOT | FY90 PFT | PROJECTED PPT | TOT | FY91 PFT | ESTIMATE PPT | TOT |
| Marine Admin | 46 | 1 | 47 | 44 | 1 | 45 | 46 | 1 | 47 |
| Cus Ser Mngmt | 16 | 17 | 33 | 15 | 17 | 32 | 15 | 17 | 32 |
| Ops Mngmnt | 14 | 0 | 14 | 14 | 0 | 14 | 15 | 0 | 15 |
| MFE Mngmnt | 5 | 0 | 5 | 3 | 0 | 3 | 5 | 0 | 5 |
| Marine CIP | 21 | 0 | 21 | 20 | 0 | 20 | 17 | 0 | 17 |
| Sub-total | 102 | 18 | 120 | 96 | 18 | 114 | 98 | 18 | 116 |
| SE Shore | 23 | 16 | 39 | 23 | 15 | 38 | 19 | 15 | 34 |
| SW Shore | 3 | 2 | 5 | 3 | 2 | 5 | 3 | 2 | 5 |
| SE Vssl Op/Ov | 518 | 109 | 627 | 518 | 109 | 627 | 518 | 109 | 627 |
| SW Vssl Op/Ov | 63 | 35 | 98 | 63 | 35 | 98 | 63 | 35 | 98 |
| Sub-total | 607 | 162 | 769 | 607 | 161 | 768 | 603 | 161 | 764 |
| Total AMHS | 709 | 180 | 889 | 703 | 179 | 882 | 701 | 179 | 880 |

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TOTAL AMHS OPERATING BUDGET

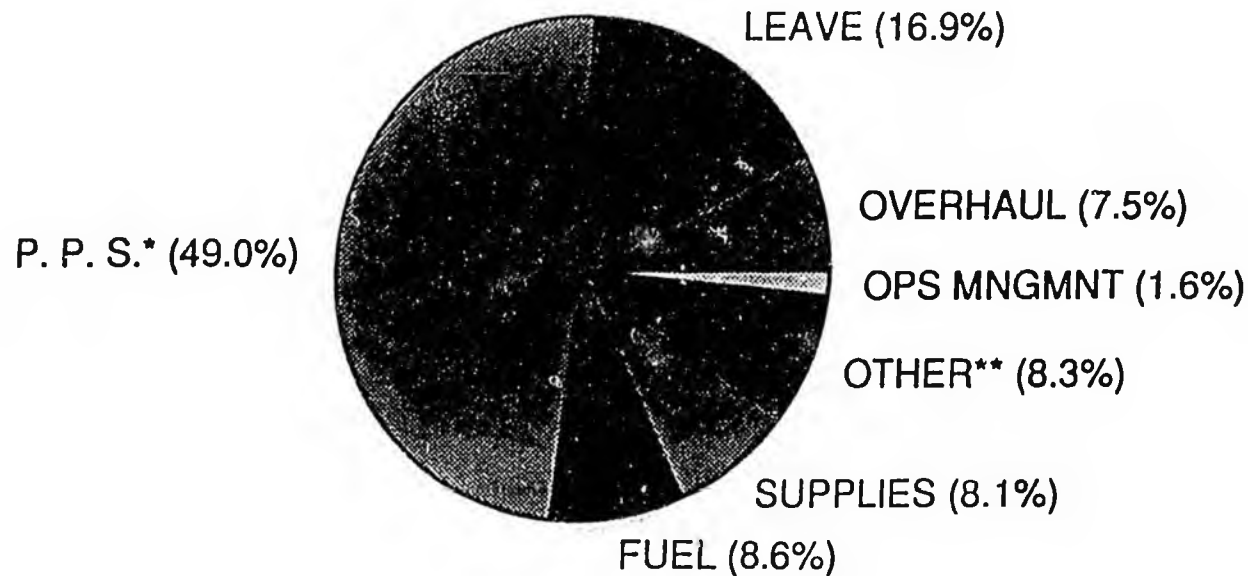
FY 90 Total = \$66,193,200*



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SE and SW VESSEL OPERATIONS

FY90 Total = \$56,325,300



*P. P. S. = Productive (Non-Leave) Personal Services

**Includes travel, risk management and non-overhaul contractual and equipment

MEMORANDUM

STATE OF ALASKA Department of Transportation and Public Facilities

TO: Alison Elgee, Director
Division of Budget Review
Office of Management & Budget

DATE: February 5, 1990

FILE NO:

TELEPHONE NO: 465-3900

FROM: Mark S. Hickey, Commissioner
Department of Transportation
and Public Facilities

SUBJECT: AMHS Revised Supplemental Budget Request

In September, 1989, the AMHS was asked to calculate the amount of funding required to bring the M/V Columbia, M/V LeConte and M/V Tustumena out of lay up and back into service. The estimated cost for bringing these vessels into service is \$1,567,000. AMHS now has additional information that gives a clearer FY 90 financial picture of the entire system based on the first six months of operating expenditures/obligations and FY 89 actuals. It should be noted that because of the variable nature of certain costs in the AMHS (overhaul, leave usage, fuel) any estimate or projection is always subject to the impact of these variables.

Based on an analysis of this additional information, we now anticipate a need for supplemental funds in the amount of \$3,250,000. This supplemental includes \$1,000,000 for increased overhaul costs' as a capital fund request for our FY 90 AMHS Improvements Appropriation. It also includes \$2,250,000 operating funds to cover increased operating costs and the service level mentioned above. These funds are needed in order to operate the currently published schedule, which is essentially the same level of service provided in FY 89.

We are confident that the vessel weeks of operation above those previously authorized for FY 90 will generate \$2,250,000 in revenues, thus our request is for this amount in program receipts authority and the balance of \$1,000,000 in CIP general funds. Again, this is a conservative projection of expenditures with the understanding there are still four vessel overhauls to be completed. While we have encumbered contract amounts, change orders for unpredictable serious problems could cause some added costs.

If these funds are not forthcoming we will be required to severely reduce our operating schedule accordingly. AMHS would be forced to keep the M/V Columbia and M/V Malaspina out of service until at

Overhaul costs are defrayed through appropriations in the operating and capital budgets, depending on the nature of the respective expenditures which fall into each category.

least the first week in July. In addition both the M/V LeConte and the M/V Tustumena would be placed in lay-up until at least late April. These actions would have a serious effect on our revenues, the communities which benefit from our service, as well as the confidence of the travelling public.

As you know, the AMHS experiences a number of variable costs. While some of these may be characteristic of other operating units within the department, such as the cost of fuel, others, such as vessel overhaul and personal services, have a dramatic effect on the Marine Highway System and vary by hundreds of thousands of dollars.

Each year every vessel in the fleet must undergo an annual overhaul. This is necessary to meet Coast Guard and American Bureau of Shipping standards. Due to the age and complexity of the vessels it is not possible to predict accurately the cost of each overhaul. When conditions are found which require repair, the vessel cannot sail unless those are complete. This is further compounded by the pervasive presence of asbestos which increases the costs tremendously. It is the case that these overhaul expenditures that are now running grossly over budget will cause absorption of funds that would otherwise go to operations. Therefore, vessels will be repaired but without the supplemental there would be inadequate funds to sail.

Additionally, in most other agencies personnel who are on leave are not replaced; work is allocated among remaining staff. This is not possible in AMHS. Due to Coast Guard and service level manning requirements, personnel who are on leave must be replaced. The difficulty in predicting leave usage, combined with the high accrual rates in marine bargaining unit contracts, have an extreme effect on AMHS budget projections.

A comparison of the original authorizations and projected expenditures for each AMHS component follows. In addition we have shown a breakdown of the comparative costs of operation and overhaul of each vessel in the fleet between fiscal year 1989 and our published schedule for fiscal year 1990. Finally, we have shown the comparable weeks of service for FY 89, for our original authorization, and for the schedule that is currently published; along with the estimated additional revenues associated with this level of service.

As can be seen in the tables that follow, the anticipated shortfall is confined to the vessel operation components. Examples of the changes which have occurred to create these conditions are discussed in the paragraphs following the tables; however, it is important to note that a portion of these costs have been included in the original \$1,567,000 estimate of the amount needed to bring the Columbia, LeConte and Tustumena back into service.

COMPARISON OF FY 89 ACTUALS, FY 90 AUTHORIZED & FY 90 PROJECTED
(figures are shown in \$000's)

| Component | FY 89 ACTUALS | FY 90 AUTHORIZED | FY 90 PROJECTED | DIFFERENCE |
|---|-------------------|---------------------|--------------------|--------------------|
| Marine Admin | \$2,352.0 | \$2,210.4 | \$2,210.4 | \$0.0 |
| MFE Mngmnt | 434.6 | 339.6 | 339.6 | 0.0 |
| Cus Ser Mngmt | 2,422.3 | 2,521.3 | 2,521.3 | 0.0 |
| Ops Mngmnt | 771.3 | 891.4 | 891.4 | 0.0 |
| Marine CIP | 1,261.5 | 1,387.9 | 1,387.9 | 0.0 |
| Sub-total | \$7,241.7 | \$7,350.6 | \$7,350.6 | \$0.0 |
| SE Shore | \$2,567.4 | \$2,620.0 | \$2,618.4 | \$1.6 |
| SW Shore | 680.2 | 789.5 | 790.3 | (0.8) |
| SE Vssl Op/Ov | 45,943.5 | 44,465.5 | 46,228.9 | (1,763.4) |
| SW Vssl Op/Ov | 9,359.7 | 8,717.6 | 9,205.0 | (487.4) |
| Sub-total | \$58,550.8 | \$56,592.6 | \$58,842.6 | (\$2,250.0) |
| Total Op Bdgt | \$65,792.5 | \$63,943.2 | \$66,193.2 | (\$2,250.0) |
| Overhaul SIP | \$1,242.0 | \$530.0 | 1,530.0 | (\$1,000.0) |
| Total Operating and SIP Supplemental Request..... | | | | (\$3,250.0) |

COSTS BY VESSEL (in \$000's)

| | FY 89 ACTUALS | FY 90 PROJECTED |
|--------------------------|-------------------|--------------------|
| TAKU | \$7,106.4 | \$8,604.2 |
| MALASPINA | 8,548.9 | 7,647.1 |
| CHILKAT | 304.1 | 1.6 |
| AURORA | 4,251.0 | 4,718.9 |
| COLUMBIA | 6,175.9 | 7,013.1 |
| LECONTE | 5,014.9 | 4,809.7 |
| MATANUSKA | 8,856.9 | 9,206.5 |
| ALL VESSELS* | 5,685.4 | 4,227.8 |
| TOTAL SE | \$45,943.5 | \$46,228.9 |
| TUSTUMENA | \$5,198.8 | \$4,882.0 |
| BARTLETT | 3,329.0 | 3,662.0 |
| ALL VESSELS* | 831.9 | 661.0 |
| TOTAL SW | \$9,359.7 | \$9,205.0 |
| SE & SW TOTAL | \$55,303.2 | \$55,433.9 |

*Examples of "All Vessels" costs are risk management, certain benefits, and miscellaneous expenditures not attributable to a specific vessel, such as utility expenses at AMHS terminals. AMHS has improved the methods used to collect and allocate "All Vessels" expenditures by vessel (cost center). This change decreased "All Vessels" in FY 90 and appropriately spread costs to the respective vessels.

WEEKS OF OPERATION

| | FY 89 ACTUAL ¹ | FY 90 AUTHORIZED | FY 90 PUBLISHED SCHEDULE | ADDITIONAL REVENUE ² (\$000's) |
|-------------|------------------------------|---------------------|--------------------------------|---|
| COLUMBIA | 15.3 | 15.0 | 19.0 | \$1,625.0 |
| MATANUSKA | 45.0 | 43.5 | 43.5 | |
| MALASPINA | 42.9 | 31.0 | 32.0 | \$255.0 |
| TAKU | 33.6 | 43.0 | 43.0 | |
| SE MAINLINE | 136.8 | 132.5 | 137.5 | \$1,880.0 |
| AURORA | 39.4 | 44.5 | 44.5 | |
| LECONTE | 44.9 | 38.5 | 44.0 | \$150.0 |
| CHILKAT | 14.6 | 0.0 | 0.0 | |
| SE FEEDER | 98.9 | 83.0 | 88.5 | \$150.0 |
| SE VESSELS | 235.7 | 215.5 | 226.0 | \$2,030.0 |
| TUSTUMENA | 38.4 | 34.0 | 38.5 | \$220.0 |
| BARTLETT | 42.5 | 43.5 | 43.5 | |
| SW VESSELS | 80.9 | 77.5 | 82.0 | \$220.0 |
| TOTAL AMHS | 316.6 | 293.0 | 308.0 | \$2,250.0 |

The following paragraphs provide examples of the changes which have occurred to contribute to the anticipated budget shortfall.

Vessel Overhaul

Actual and estimated overhaul costs have increased by approximately \$1,000,000 over budget. This estimate assumes FY 90 overhaul costs to be \$3,243,000 in operating funds, and an additional \$1,530,000 in System Improvement funds. This figure is subject to change due to the uncertainty associated with meeting Coast Guard and American Bureau of Shipping standards and operating requirements.

² These are the actual weeks of service in FY 89, as opposed to the original planned schedule which was altered due to overhaul problems.

³ The actual FY 89 revenues were \$35.2 million. FY 90 revenues have been difficult to predict due to the impact of the oil spill and potential strike threats. However, confidence in this estimate is based on successful marketing by the Bellingham terminal, and the high level of interest and reservations to date for the schedules of the three additional vessels funded by this supplemental request.

Health Benefit Premiums

The FY 90 budget passed by the Legislature assumed the monthly premiums for each marine bargaining unit to be substantially lower than that currently experienced. The estimated shortfall resulting from health benefit premiums is approximately \$810,000. (See the attached spreadsheet for details on the calculation of this shortfall.) The following table summarizes the difference in premium costs between budgeted and actual.

| | AMOUNT BUDGETED PER PREMIUM | ACTUALS JUL-NOV PER PREMIUM | ACTUALS DEC-JUN PER PREMIUM |
|------|-----------------------------------|-----------------------------------|-----------------------------------|
| IBUP | \$308.14 | \$432.00 | \$386.19 |
| MMP | 322.47 | 449.07 | 386.19 |
| MEBA | 345.51 | 485.26 | 426.29 |

Other Personal Services Items

-PERS increase from 9.65% to 10.02%

-Combined leave usage for IBUP in the Southeast System is up 12% from the same period in FY 89. Vacation leave has increased 11.8% and sick leave has increased 13.3%. Initial data indicates little change in leave usage for MEBA and MM&P. but complete information is not yet available due to programming changes currently underway.

-Leave and overtime are up in the Southwest System, although not at the same levels as Southeast, with the exception of MEBA, which is showing personal leave increases of 22.6% and overtime up 29.5%.

Fuel

Although prices were lower than projected earlier in the year, they are now rapidly increasing. We expect them to exceed budget projections by a small margin.

Summary

The variable nature of these expenses has combined to create a serious impediment to providing the level of ferry service expected by Alaskans. We feel these current estimates are as accurate as can be determined with the available information. Until there is a funding mechanism which allows for the significant swings experienced in vessel overhaul requirements, fuel costs, and leave usage, we will continue to see these variations in expenditures.

Therefore, we are requesting additional authorization for FY 90 as follows:

| | |
|-------------------------------------|------------------|
| Operating funds as Program Receipts | \$2,250,000 |
| AMHS Improvement funds as GF | <u>1,000,000</u> |
| Total request | \$3,250,000 |

DETAIL ON CALCULATION OF HEALTH PREMIUM BUDGETED SHORTFALL
FY90 BUDGET PREMIUMS COMPARED TO FY90 ACTUAL & ESTIMATED PREMIUMS

BUDGETED HEALTH BENEFIT PAYMENTS

| | -----IBUP----- | | | -----MEBA----- | | | -----MHP----- | | | TOTAL AMHS |
|-----|-------------------|--------------------|---------------|-------------------|--------------------|---------------|-------------------|--------------------|--------------|---------------|
| | PREMIUM AMOUNT | NO. OF PREMIUMS | TOTAL IBUP | PREMIUM AMOUNT | NO. OF PREMIUMS | TOTAL MEBA | PREMIUM AMOUNT | NO. OF PREMIUMS | TOTAL MHP | |
| JUL | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| AUG | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| SEP | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| OCT | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| NOV | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| DEC | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| JAN | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| FEB | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| MAR | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| APR | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| MAY | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |
| JUN | 308.14 | 518 | 159,617 | 345.51 | 74 | 25,568 | 322.47 | 62 | 19,993 | 205,177 |

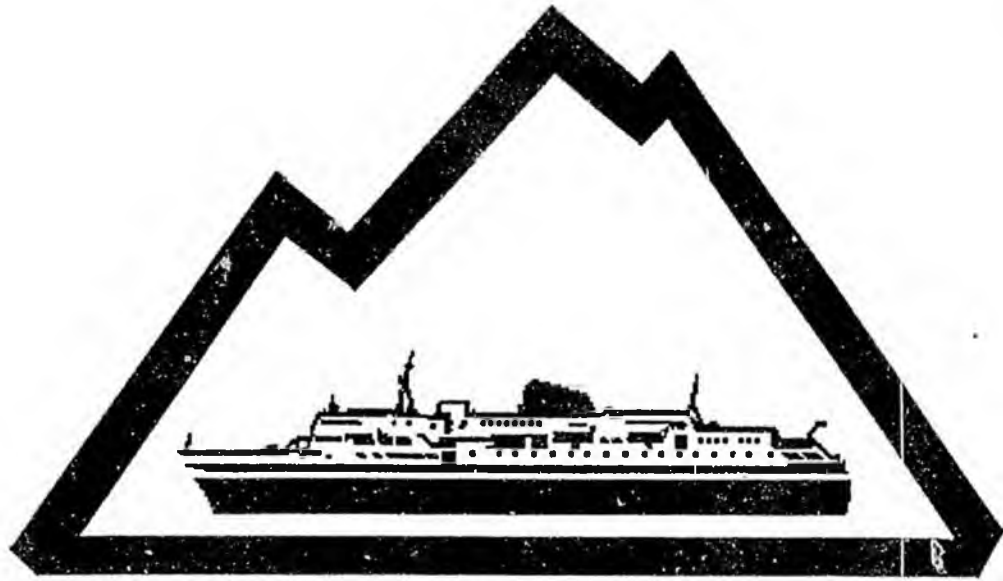
TOTAL BUDGETED HEALTH BENEFIT PAYMENTS > 2,462,129

ACTUAL PAYMENTS TO DATE (JUL-JAN) WITH ESTIMATE FOR FEB-JUN

| | -----IBUP----- | | | -----MEBA----- | | | -----MHP----- | | | TOTAL AMHS |
|-----|-------------------|--------------------|---------------|-------------------|--------------------|---------------|-------------------|--------------------|--------------|---------------|
| | PREMIUM AMOUNT | NO. OF PREMIUMS | TOTAL IBUP | PREMIUM AMOUNT | NO. OF PREMIUMS | TOTAL MEBA | PREMIUM AMOUNT | NO. OF PREMIUMS | TOTAL MHP | |
| JUL | 432.00 | 486 | 209,952 | 485.26 | 73 | 35,424 | 449.07 | 68 | 30,537 | 275,913 |
| AUG | 432.00 | 561 | 242,352 | 485.26 | 75 | 36,395 | 449.07 | 71 | 31,884 | 310,630 |
| SEP | 432.00 | 588 | 254,016 | 485.26 | 75 | 36,395 | 449.07 | 70 | 31,435 | 321,845 |
| OCT | 432.00 | 582 | 251,424 | 485.26 | 74 | 35,909 | 449.07 | 68 | 30,537 | 317,870 |
| NOV | 432.00 | 578 | 249,696 | 485.26 | 74 | 35,909 | 449.07 | 68 | 30,537 | 316,142 |
| DEC | 386.19 | 542 | 209,315 | 426.29 | 74 | 31,545 | 386.19 | 68 | 26,261 | 267,121 |
| JAN | 386.19 | 496 | 191,550 | 426.29 | 76 | 32,398 | 386.19 | 69 | 26,647 | 250,595 |
| FEB | 386.19 | 509 | 196,571 | 426.29 | 74 | 31,545 | 386.19 | 68 | 26,261 | 254,377 |
| MAR | 386.19 | 502 | 193,867 | 426.29 | 74 | 31,545 | 386.19 | 68 | 26,261 | 251,674 |
| APR | 386.19 | 472 | 182,282 | 426.29 | 74 | 31,545 | 386.19 | 68 | 26,261 | 240,088 |
| MAY | 386.19 | 445 | 171,855 | 426.29 | 74 | 31,545 | 386.19 | 68 | 26,261 | 229,661 |
| JUN | 386.19 | 463 | 178,806 | 426.29 | 74 | 31,545 | 386.19 | 68 | 26,261 | 236,612 |

ACTUAL AND ESTIMATED ACTUAL HEALTH BENEFIT PAYMENTS > 3,272,530

DIFFERENCE BETWEEN BUDGETED AND ACTUAL > (810,401)



ALASKA MARINE HIGHWAY SYSTEM

HOUSE BILL 439

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 24, 1990

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska marine highway system. The bill addresses concerns that all Alaskans share regarding the importance of the ferry system in the state's commerce, the efficient use of the system's resources, and the ability of the system to provide stable or enhanced service to the public.

The Alaska marine highway system has been an administrative unit of the Department of Transportation and Public Facilities since the department's creation in 1977. Before 1977, the marine highway system was a division of the Department of Public Works. However, throughout the system's more than 25 years of life, there have not been specific statutory provisions that set out the expectations that the legislative and executive branches of government, as well as the public, have for the system nor that set out clear goals for the system. One purpose of the attached bill is to address these concerns.

In proposed AS 19.65.050(a) are legislative findings that the marine highway system is a vital link in the state's economic well being, requiring consistent levels of funding and prudent management. The purpose of the bill is set out in proposed AS 19.65.050(b). Under this bill, managers and employees of the system will be provided an incentive and mechanism to manage the system efficiently by allowing it to effectively use its operating revenue, although that revenue is, under other sections of the bill, subject to annual appropriation, and the bill does not violate the Alaska Constitution's art. IX, sec. 7, prohibition of "dedicated funds." Furthermore, the legislature recognizes the need for consistent levels of funding, within constitutional limits, to allow predictable levels of service. The legislative intent for the marine highway system operations is set out in proposed AS 19.65.050(c).

The system's managers are expected to accurately plan, schedule, and budget for the operations of the ferry system. The specific goals stated for the system, among others, are to increase revenue consistent with the public interest and to stabilize levels of service to the communities the system serves.

Proposed AS 19.65.060 creates the Alaska marine highway system fund as a special account in the general fund. The new "fund" is to be the repository of all operating revenue that the system generates, consistent annual general fund appropriations for operations, and whatever additional appropriations the legislature might make to the fund. All money in this fund is subject to annual appropriation. It is not a dedicated fund.

Proposed AS 19.65.070 requires depositing all Alaska marine highway system revenue into the Alaska marine highway system fund. The system managers are also required (1) to report to the legislature all revenue generated during the previous fiscal year, (2) to report the revenue actually generated during the current fiscal year and estimate the revenue that will be generated during the remainder of the current fiscal year, (3) to estimate revenue to be generated during the succeeding fiscal year, and (4) to state the amount of the difference between previous revenue projections and revenue actually generated.

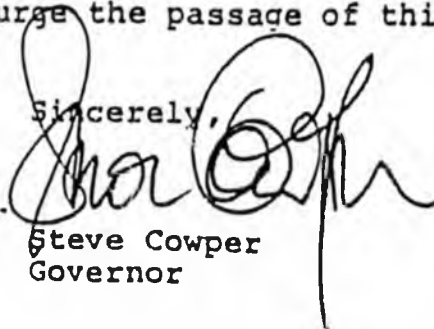
In proposed AS 19.65.080, an annual appropriation mechanism is created for the marine highway system. Under this section, commencing in fiscal year 1992, it is anticipated that the legislature will appropriate money from the Alaska marine highway system fund for the system's annual operations. Furthermore, the bill acknowledges that the legislature has the discretion to appropriate additional money to the system fund (i.e., the special account in the general fund) from the general fund.

This legislation represents a sharp departure from the past. Previously, there has been no articulated role for the marine highway system, and no expression either of commitment by the legislature to maintain service at an adequate level, nor of the need to hold the system's management accountable for decisions that result in what the public perceives as a decline in the level of service.

With this bill, I intend to provide Alaskans with transportation benefits by creating a mechanism that establishes a predictable funding base and allows or encourages management to generate cost savings and increase revenue performance from the operation of the system, with the Alaskan users of the system receiving the direct benefit from those actions. By developing a business

approach, and establishing accountability in a way that is constitutionally valid, we provide management, employees, and users with necessary tools to respond to immediate and long-term challenges facing the Alaska marine highway system. I believe that the ultimate result of the passage of this bill will be a consistent level of funding from the general fund, and consistent and improved levels of service to the public. I therefore urge the passage of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper
Governor

AB
72

BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2

HOUSE BILL NO. 439

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the Alaska marine highway system,
7 its funding and its budget; establishing the Alaska
8 marine highway system fund; and providing for an
9 effective date."

10

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

11

* Section 1. AS 19.65 is amended by adding new sections to read:

12

ARTICLE 2. ALASKA MARINE HIGHWAY SYSTEM FUND AND BUDGET.

13

Sec. 19.65.050. LEGISLATIVE FINDINGS, PURPOSE, AND INTENT. (a)

14

The legislature finds that

15

(1) the Alaska marine highway system is an essential part
16 of the state transportation system, and that it warrants continued and
17 predictable state support;

18

(2) many communities' economies are dependent on a steady
19 and stable marine highway system service level;

20

(3) the state's tourism industry is greatly enhanced by
21 dependable marine highway transportation network; and

22

(4) efficient and prudent management of the system will
23 benefit the state's economy and foster economic development.

24

(b) It is the purpose of AS 19.65.060 - 19.65.100 to

25

(1) enable the Alaska marine highway system to manage and
26 operate in a manner that will enhance performance and accountability
27 by allowing the system to account for and spend its generated revenue.

28

(2) provide the management tools necessary to efficiently
29 operate the Alaska marine highway system;

1 are not one-year appropriations and the balances of which do not lapse
2 under AS 37.25.010.

3 (b) Nothing in this chapter exempts money deposited into the
4 Alaska marine highway system fund from the requirements of the Execu-
5 tive Budget Act (AS 37.07) or dedicates that money for a specific
6 purpose.

7 Sec. 19.65.070. REVENUE ACCOUNTING. (a) The Alaska marine
8 highway system shall account for and remit to the Department of Reve-
9 nue in accordance with AS 37.10.050 all gross revenue generated from
10 the operation of the Alaska marine highway system during each annual
11 operating cycle. The money shall then be deposited in the Alaska
12 marine highway system fund.

13 (b) The Alaska marine highway system shall submit a written
14 report to the legislature, no later than the 10th day of each regular
15 legislative session, regarding the previous annual operating cycle.
16 The report shall identify

17 (1) gross revenue generated during the previous annual
18 operating cycle;

19 (2) gross revenue generated during the current annual
20 operating cycle and an estimate of gross revenue for the remainder of
21 the current annual operating cycle;

22 (3) projections of the gross revenue to be generated during
23 the next annual operating cycle; and

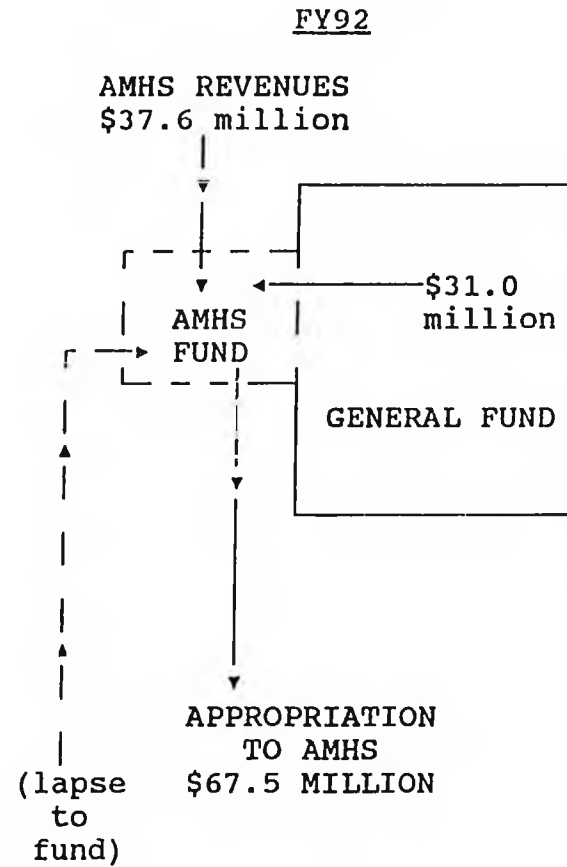
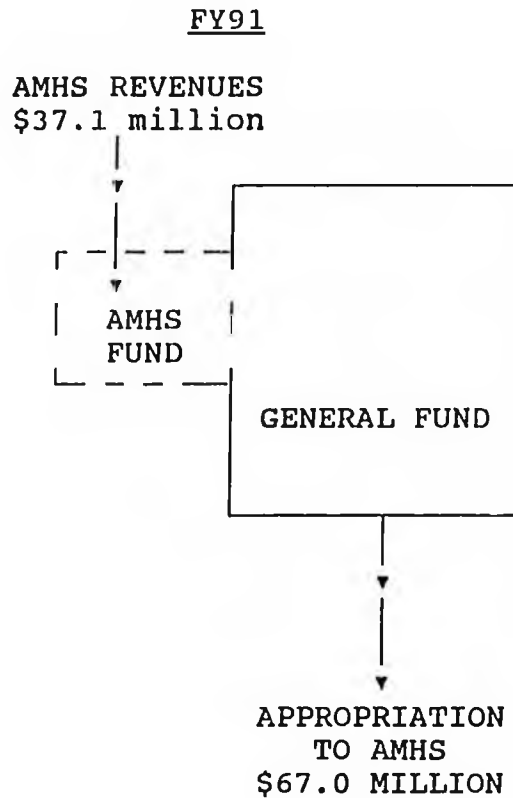
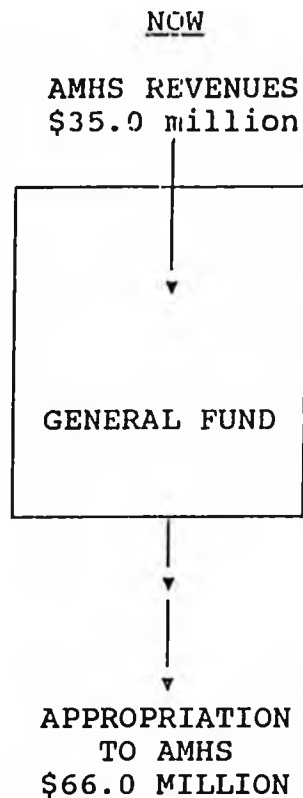
24 (4) the difference between previous gross revenue estimates
25 prepared under this section and the revenues actually generated.

26 Sec. 19.65.080. ANNUAL APPROPRIATION. (a) Commencing with
27 appropriations for the fiscal year that begins July 1, 1991, on an
28 annual basis and under the Executive Budget Act (AS 37.07), the legis-
29 lature may appropriate amounts from the Alaska marine highway system

1 * Sec. 2. This Act takes effect July 1, 1990.

2

DRAFT EXAMPLE
HOUSE BILL 439



DRAFT EXAMPLE

HOUSE BILL 439

AMHS FUND

100% FUNDING
LEVEL

Sec. 19.65.080(b)

AVAILABLE FOR CAPITAL OR OTHER FUNDING

RESERVED FOR EMERGENCIES/SUPPLEMENTAL APPROPRIATIONS



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? |
|----------------------|--------------|--|-----|-----------|-----------|-------------------------|---|---------------------------------|
| William Cummings | DOT/PP | Dept. of Law, Room B-1 Juneau, 99801, Mail Stop 0301 | | 789-2316 | 465-3603 | Y | N | Questions posed regarding HB439 |
| S. Penelope G. Smith | Sen. Zharoff | Box 1 Inu AK 99801 | | | 465-3473 | (Y) | N | SR55 - Answer questions |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |



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? |
|------------------|--------------|--|-----|-----------|-----------|-------------------------|---|----------------------------|
| William Cummings | DOT/PF | Dept. of Law, Bx K. Juneau Mail Stop 0300 | | | 465-3603 | Y | N | HB 437 Questions Pended |
| Arthur Peterson | law | as above | | | 465-3600 | Y | N | HB 437 |
| SIM AYERS | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |
| | | | | | | Y | N | |

HB

474

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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

HB 474

HB Base Transportation

2/13/90

HOUSE COMMITTEE REPORT

(5)

Date Referred: February 6, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: 2/13/90

The TRANSPORTATION Committee considered:

HB 474

HOUSE BILL NO. 474

INA JOHNSTON BRIDGE/LITTLE SUSITNA RIVER

"An Act designating the Ina Johnston Bridge."

RECOMMENDATIONS:

- be replaced with _____ the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact with analysis
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Do Not Pass
No Rec
Amend

Bill Hudson

Steve A. Lemmon

Ernest R. Kerkman

Richard J. Doherty

| | Do Not Pass | No Rec | Amend |
|--|-------------|--------|-------|
| | | | |
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Richard J. Doherty
Chairman's Signature



Alaska State Legislature

Official Business

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

MEMORANDUM

TO: House Transportation Committee

FROM: Representative Curt Menard 

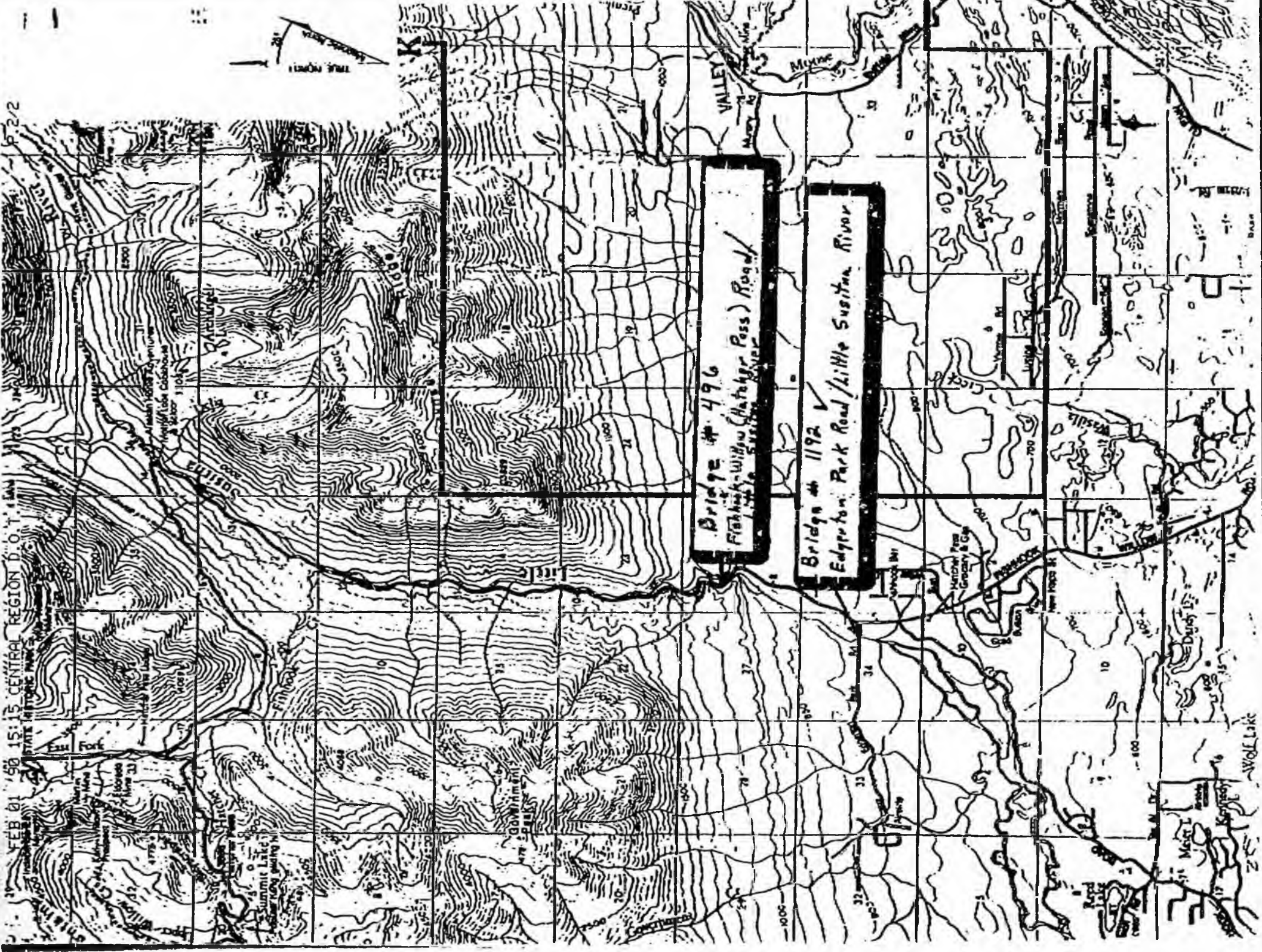
DATE: February 12, 1990

Ina Johnston came to the valley in 1957, where she worked for many years as a nurse's aid at the hospital. In 1963, the state provided the materials for the building of bridge #1192, with local volunteers doing the construction. Mr. Johnston worked as a welder on the bridge, and his wife Ina provided the meals for the workers.

Ina died in March of 1989, and her friends and neighbors have requested that this bridge be named to honor the work that Ina had done for her community and neighbors. As per the letters attached, Ina was always willing to lend a helping hand to those who needed it. As one of the local people who helped with the construction of the bridge, it seems only fitting that this bridge become a memorial to her.

We are requesting that the committee members give their consideration this bill.

FEB 01 1950 15:15 CENTRAL REGION D. O. T. 1949 P. 272



Bridge # 496
Fishhook-Wildow (Hatchler Pass) Road/
Little Susitna River

Bridge # 1192 ✓
Edgerton Park Road/Little Susitna River

WOLLAKE

ALVIN JOHNSTON
P.O. BOX 6
PALMER, AK. 99645
(907) 745-3531

September 29, 1989

Rep. Curt Menard
351 W. Swanson Ave., Ste. 1
Wasilla, Ak. 99687

RE: The Naming of a Bridge; i.e., Johnston Bridge

Greetings:

The family and friends of Ina Johnston request a memorial for Ina, who died in March 1939.

We have talked this over and there is a bridge near the Johnston home which has been a very definite part of our lives. The bridge does not as yet have a name. It was started in March 1963 and completed in November 1963. The materials were funded by the state, however the construction was completed by volunteer work from neighbors. The meals during this construction were served by Ina.

We have researched the project and the following is the information we have found:

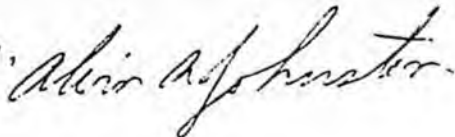
Edgerton - Parks Road
State #57062
Federal #BR-OS-1(44)

Susitna River - Hatcher Pass Road
State #57340
Federal #BR-580(18)

Ina loved this valley and she gave generously of her time with much love as she worked at the Valley Hospital and was always ready to be a friend to her neighbors.

Your considerations and assistance will be greatly appreciated.

Sincerely,



Alvin Johnston,
family and friends

P.S. If we do not hear from you we will write again during the session in Juneau.

ALVIN JOHNSTON
P.O. BOX 6
PALMER, AK. 99645
(907) 745-3531

February 3, 1990

Sen. Jay Kerttula
Sen. Mike Szymanski
Rep. Ronald Larson
Rep. Curt Menard

RE: The Naming of a Bridge i.e.. Johnston Bridge

Greetings:

I appreciated your reply in reference to the bridge in our area. For your convenience I'll again give the information previously submitted. This bridge does not have a name. It was started in March 1963 and completed in November 1963.

Edgerton - Parks Road
State #57062
Federal #BR-OS-1(24)

Susitna River - Hatcher Pass Road
State #57340
Federal #BR-580(18)

Again, my thanks for the hopes of naming this bridge as a memorial to Ina Johnston who died March 1989. She devoted much time and love to the bridge project.

Sincerely,



Alvin Johnston
Family & Friends

*Again my thanks Curt
this means a lot to me*

Ria Cottini
H C 01 Box 6755
Palmer - Ak. 99645
Feb. 5 - 1990

Rep. Curt Menard
Juneau Ak.

Re: Johnston Bridge

Dear Mr. Menard

I wish to advise that
I knew Ina Johnston when
she first came to Alaska as a
neighbor and a friend. She
was always near when anyone
needed her.

I sincerely appreciate the
consideration of this memorial
of naming the bridge

Sincerely,

Ria Cottini

Rep. Curt Menard
Box 1
Juneau, Alaska

Feb 5-1990

Re: Inmate request for
memorial bridge

Dear Curt -

For your office request, I am happy
to advise that I've known the family
for many years and they enjoy a very
fine reputation.

As for Ina's activities - she
was very well acknowledged as
a special person. At her funeral,
there was standing-room only.

I believe that stays a great deal
for a person in our busy world.

Whatever support you can
give to this cause will be
appreciated by her husband,
family and friends -

My personal regards to you
and your family -

Sincerely,
Barbara Lupton

P. Box 847,
Palmer, AK
99645



H B

484