

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6730 SENATE TRANSPORTATION

139

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

TO: The Honorable Steve Cowper
Governor

THRU: Alison Elgee, Office of Management
and Budget
Garrey M. Peska, Chief of Staff

FROM: Office of the Governor

Mark S. Hickey
Commissioner

DATE: November 16, 1989

FILE NO:

TELEPHONE NO: 465-3900

SUBJECT: FY 90 AMHS
Supplemental
Budget Request



FY 90 Service Equal to FY 89

It is proposed that funding be provided, which would allow the Alaska Marine Highway System to operate the system in FY 90 at a level of service equal to that scheduled in FY 89.

The following table compares the weeks of scheduled operation for each vessel, for each of the two years.

Motor Vessel	Weeks of Service		Change in Weeks
	FY 89	FY 90	
COLUMBIA	15.5	15.0	- 0.5
MATANUSKA	34.5	43.5	+ 9.0
MALASPINA	42.0	31.0	-11.0
TAKU	44.0	43.0	- 1.0
AURORA	44.5	44.5	-
LECONTE	44.0	38.5	- 5.5
CHILKAT	15.5	0.0	-15.5
TUSTUMENA	38.5	34.0	- 4.5
BARTLETT	42.5	43.5	+ 1.0

Due to changes in vessel availability (i.e., vessels which were in service last year not being available for similar service this year due to overhaul commitments) some substitutions must be made. In addition, the M/V CHILKAT is not available for service.

The M/V MALASPINA is scheduled for work to be done beyond normal overhaul, and therefore she would not be available to provide as much service as she did in FY 89 even if funding were available.

The following list of priorities is the nearest approximation to FY 89 service, given vessel availability. The cost associated with each action is the increase in cost to operate the vessel compared to the cost to leave the vessels in lay-up status as currently planned.

November 16, 1989

In priority order, the following actions are suggested:

1. SOUTHEAST AND SOUTHWEST FEEDER VESSELS - \$390,000

M/V TUSTUMENA - 4.5 weeks of additional service.

Cost \$200,000 Revenue \$180,000

M/V LECONTE - 5.5 Weeks of additional service

Cost \$190,000 Revenue \$ 80,000

a) The additional funding would allow the M/V TUSTUMENA to return to service the week of April 15, rather than May 17.

She would be expected to transport some 1,500 people and 900 vehicles during this 4.5 week period and generate \$180,000. When the M/V TUSTUMENA is out of service, no ferry service is provided to Kodiak, Seldovia, Port Lions, Chignik, Sand Point, King Cove, Cold Bay, or Dutch Harbor. This action would, therefore, restore service to these communities and the revenue generated would be "new" revenue not otherwise available to the state.

b) The M/V LECONTE would be brought back on line the week of March 15 as scheduled in FY 89, rather than April 23 as currently scheduled for FY 90. This would provide two vessels to serve the Southeast Panhandle communities and in addition, it would allow the M/V AURORA to call at Prince Rupert once each week to assist with mainline demand between Ketchikan and Prince Rupert during this period. The M/V LECONTE would increase service to Kake - Petersburg, and help with mainline service from Petersburg - Sitka - Juneau - Haines and Skagway. Friday service to Haines and Skagway would be restored and Hoonah - Angoon - Tenakee would receive improved service, as would Metlakatla and Prince of Wales Island.

2. SOUTHEAST MAINLINE SERVICE - \$920,000

M/V COLUMBIA - 3 weeks of additional service.

Cost \$770,000 Revenue \$790,000

M/V MALASPINA- 1 week of additional service.

Cost \$150,000 Revenue \$160,000

There are four mainline vessels operating in Southeast Alaska; the M/V's COLUMBIA, MATANUSKA, MALASPINA, and TAKU. These four vessels are scheduled to operate 3.5 fewer weeks in FY 90, than they did in FY 89. Only the M/V COLUMBIA and M/V MALASPINA will be available to make up this 3.5 week difference. This is because the other two mainline vessels are basically fully scheduled except for the two month overhaul period. Due to overhaul requirements of the vessels, the M/V MALASPINA can only make up one week of this period.

The M/V COLUMBIA therefore, is proposed to enter service three weeks early, on the week of June 1 rather than June 22 as currently scheduled. Based upon historic traffic and revenue patterns, the M/V COLUMBIA could be expected to transport some 6,000 people, 1,100 vehicles, and earn approximately \$1.25 million; \$790,000 of which would be "new" revenue, or revenue which would not be earned without the M/V COLUMBIA on-line.

The M/V MALASPINA has overhaul commitments that will not allow her to be placed in operation prior to June 11. With the additional funding the M/V MALASPINA would return to service between Prince Rupert and Skagway the week of June 11, rather than June 18. She would transport some 2,500 people and 600 vehicles during the week and earn some \$230,000, of which \$160,000 would be "new" money.

With the additional weeks of service from the M/V COLUMBIA and the M/V MALASPINA, the Southeast mainline service would be restored to FY 89 levels.

3. We would also like to request funding to provide one additional week of mainline service during May by the M/V COLUMBIA. Although this would result in more service than scheduled for FY 89, we believe it is warranted because it doesn't result in a significant cost increase to the state. This week of additional service will cost \$257,000 but will generate \$230,000 in new revenues.

The total additional funding required to restore the FY 90 schedule to an FY 89 equivalent is \$1.31 million. Estimated revenues that will be realized as a result of this increased service are \$1.21 million. If the additional M/V COLUMBIA service during May is pursued, the total additional funding required is \$1.57 million and estimated new revenues to be generated are \$1.44 million.

The Honorable Steve Cowper
Governor

-4-

November 16, 1989

Schedules for the summer service are normally published in early December, and reservations are taken starting on the first business day of the new calendar year. An early agreement on the restoration of the AMHS schedule will maximize the system revenue, reduce inconvenience to the travelling public and reduce confusion between published and actual schedules. We recommend that if this additional funding is agreeable, that legislative leadership and finance members be contacted to determine that a commitment for this service can be reached so that the AMHS may proceed to advertise the revised schedule on the first business day of the new calendar year.

cc: W. Keith Gerken, Deputy Commissioner, Operations
George Davidson, System Director, AMHS
Ron Clarke, Special Staff Assistant, Office of the Governor
Bob Evans, Legislative Liaison, Office of the Governor

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

November 3, 1989

Captain Dave Boyle
Business Agent
International Organization of
Masters, Mates & Pilots
55 Bell St.
Seattle, WA 98121

Dear Captain Boyle:

As you may know, the Senate Transportation Committee, which I chair, introduced a bill last session which would create the Alaska Marine Highway Authority. The committee is planning to hear SB 310 December 5 from 7 to 9 p.m. at the Ketchikan Legislative Information Office.

I have invited the Commissioner of Transportation and members of his staff. I've also invited Mike Wilson of the IBU-Pacific and I would like to extend an invitation to you or your designee to attend the meeting.

We plan to discuss the bill, other options (including the Governor's funding proposal), and listen to public testimony regarding the Marine Highway System. If you have a specific issue you would like the committee to hear, please don't hesitate to contact Glenda Carino of my Juneau office at 465-3743.

Hope to see you in Ketchikan on December 5.

Sincerely,

Lloyd Jones
Alaska State Senate

LJ:gmc

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettve Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchet



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

November 3, 1989

Mr. Greg O'Clary
Business Agent
Marine Engineers Beneficial Association
124 Front Street
Juneau, AK 99801

Dear Greg:

As you may know, the Senate Transportation Committee, which I chair, introduced a bill last session which would create the Alaska Marine Highway Authority. The committee is planning to hear SB 310 December 5 from 7 to 9 p.m. at the Ketchikan Legislative Information Office.

I have invited the Commissioner of Transportation and members of his staff. I've also invited Mike Wilson of the IBU-Pacific and I would like to extend an invitation to you or your designee to attend the meeting.

We plan to discuss the bill, other options (including the Governor's funding proposal), and listen to public testimony regarding the Marine Highway System. If you have a specific issue you would like the committee to hear, please don't hesitate to contact Glenda Carino of my Juneau office at 465-3743.

Hope to see you in Ketchikan on December 5.

Sincerely,

Lloyd Jones
Alaska State Senate

LJ:gmc

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourcho



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

November 17, 1989

Mr. Patrick L. Morris, Corporate Secretary
British Columbia Ferry Corporation
1112 Fort Street
Victoria, British Columbia, Canada V8V 4V2

Dear Mr. Morris:

As a follow-up to our conversation yesterday, I would like to formally invite you to attend the Alaska Senate Transportation Committee meeting on December 5, 1989 in Ketchikan. The meeting will be held from 7 p.m. to 9 p.m. in the Ketchikan Legislative Information Office, 352 Front Street, Ketchikan, Alaska. It will be teleconferenced to other southeast Alaska sites.

Other guests will include members of various unions representing workers on the ferry system, officials with the state transportation department, and two members of the House Transportation Committee.

As we discussed, we will be talking about the creation of a marine highway authority in Alaska. This is a new concept for the state and has strong support. We would like to gather more information on other autonomous ferry authorities, such as yours.

As guest speaker, please discuss the motives B.C. had in creating the B.C. Ferry Corporation. I would also like to hear your opinion of the pros and cons of running a ferry system in a separate authority.

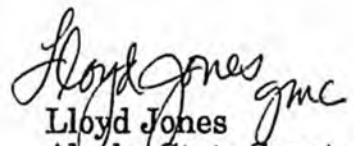
I have taken the liberty to include a copy of Senate Bill 310, which creates a separate authority governing the Alaska Marine Highway System. We anticipate to add or delete language to the bill as needed, during the hearing process, which will continue beyond this meeting. Any suggestions you may have would be greatly appreciated.

Mr. Patrick L. Morris
Page 2
November 17, 1989

If you have further questions regarding this meeting of Alaska's Marine Highway System, please do not hesitate to call Glenda Carino in my Juneau office at (907) 465-3743.

I look forward to seeing you in December.

Sincerely,


Lloyd Jones
Alaska State Senate

LJ:gmc
Enclosure (1)

cc: Members, Senate Transportation Committee
Representative Richard Foster, Chair
House Transportation Committee
Representative Bill Hudson, Member
House Transportation Committee
Commissioner Mark Hickey, DOT/PF
Jim Ayers, Marine Highway System Director
Katy McHugh, DOT/PF Legislative Liaison
Mike Wilson, IBU-Pacific
Dave Boyle, MM & P
Greg O'Clary, MEBA

ALASKA STATE LEGISLATURE

While in Ketchikan
352 Front Street
Ketchikan, AK 99901
907-225-9675



While in Juneau
P.O. Box V
Juneau, AK 99811
907-465-3743

Senator Lloyd Jones

November 22, 1989

MEMORANDUM

To: Representative Robin Taylor
From: Senator Lloyd Jones
Subj: Upcoming Meetings in the District

For your information, I will be chairing two meetings in the District this December. The first meeting will be held on December 4 in Petersburg. The Joint Committee on School Performance will hold a public hearing. Representative Cheri Davis will be attending, as she is a member of the committee, and I would like to extend an invitation to you, as part of the Southeast delegation.

On December 5 from 7 to 9 p.m. I will be chairing a Senate Transportation Committee meeting in Ketchikan regarding SB 310 - The Marine Highway Authority bill. You and Representative Cheri Davis are welcome to attend that meeting as well. Other guests include Representative Richard Foster, chair of the House Transportation Committee, and Representative Bill Hudson. Mr. Patrick Morris, Corporate Secretary of the British Columbia Ferry Corporation will be the guest speaker, and we've scheduled a teleconferenced hearing from 8 to 9 p.m.

If you're able to attend either of the meetings, please call Glenda in my Juneau office.

LJ:gmc

cc: Rep. Cheri Davis

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

October 25, 1989

MEMORANDUM

To: Senate Transportation Committee Members

Senator Bettye Fahrenkamp
Senator Paul Fischer
Senator Pat Pourchot
Senator Jack Coghill

From: Senator Lloyd Jones, Chair

Subj: December Meeting of the Senate Transportation Committee

This is follow-up notice regarding the Senate Transportation Committee meeting to be held in Ketchikan on December 5, 1989 from 7 to 9 p.m.

The main item on the agenda will be a discussion on the Marine Highway Authority Bill -- SB 310. I am also arranging for a public hearing and teleconference regarding the bill, and the Alaska Marine Highway System in general.

By copy of this memorandum, I will be inviting Commissioner Hickey and other members of his staff to attend the meeting. I also intend to invite Mike Wilson of the IBU-Pacific or his designee by copy of this memo.

Glenda Carino in my Juneau office will be calling soon to make further arrangements. If you have questions or additional agenda items, please do not hesitate to call her at 465-3743.

Thank you.

LJ:gmc

cc: Commissioner Mark Hickey, DOT
Katy McHugh, DOT Legislative Liaison
George Davidson, Marine Highway System Director
Mike Wilson, IBU-Pacific

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bette Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee November 16, 1989

Representative Richard Foster, Chair
House Transportation Committee
P.O. Box 1630
Nome, AK 99762

Dear Representative Foster:

On December 5, I will be chairing a Senate Transportation Committee meeting in Ketchikan. The meeting is being called specifically to address SB 310, relating to a Marine Highway Authority. I would like it very much if you were able to attend. Representative Bette Cato, former chair of the House Transportation Committee, and I worked very closely on both the House and Senate transportation bills and I look forward working with you in the future.

I have also taken the liberty to invite Representative Bill Hudson, as he is a former director of the System and a member of your committee; Mike Wilson of the IBU-P; Greg O'Clary of MEBA, and Captain Dave Boyle of MM & P. I'm hopeful Jim Ayers and Mark Hickey will be able to attend.

The meeting will be held from 7 to 9 p.m. Tuesday evening. Public testimony will be taken between 8 and 9 p.m. It will be teleconferenced to all Southeast sites with teleconference capabilities.

Please let me know if you will be able to attend, or call Glenda Carino in my Juneau office for more information at 465-3743.

Sincerely,

A handwritten signature in cursive script that reads "Lloyd Jones".

Lloyd Jones
Alaska State Senate

LJ:gmc

P.S. We have just confirmed that Patrick Morris, Corporate Secretary of B.C. Ferry Corporation will attend the meeting. Mr. Morris will give us his view on how a Marine Authority works in British Columbia.

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettve Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee November 16, 1989

Representative Bill Hudson
P.O. Box V
Juneau, AK 99811

Dear Bill:

On December 5, I will be chairing a Senate Transportation Committee meeting in Ketchikan. The meeting is being called specifically to address SB 310, relating to a Marine Highway Authority. I would like it very much if you were able to attend. As a member of the House Transportation Committee and a past director of the Marine Highway System, your expertise would be invaluable.

I have also taken the liberty to invite Representative Richard Foster, Chair of the House Transportation Committee; Mike Wilson of the IBU-P; Greg O'Clary of MEBA, and Captain Dave Boyle of MM & P. I'm hopeful Jim Ayers and Mark Hickey will be able to attend.

The meeting will be held from 7 to 9 p.m. Tuesday evening. Public testimony will be taken between 8 and 9 p.m. It will be teleconferenced to all Southeast sites with teleconference capabilities.

Please let me know if you will be able to attend, or call Glenda Carino in my Juneau office for more information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lloyd Jones".

Lloyd Jones
Alaska State Senate

LJ:gmc

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

Post-It™ brand fax transmittal memo 7671		# of pages > 14
To Glenda Caplan	From Ray Matiasinski	
Co. Sea-Link Inc	Co.	
Phone # Call Glenda	Phone #	225-9082
Fax # 463-4867	Fax #	225-8576

MEMORANDUM

April 29, 1989

SUBJECT: Work Order 6-1110A, An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority

TO: Senator Lloyd Jones, Chairman
Senate Transportation Committee

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum contains a sectional summary of Work Order 6-1110A, as requested by Terry Otness of your staff.

A summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill sets out the purpose of the bill.

Section 2 of the bill amends AS 19 by adding a new chapter creating the Alaska Marine Highway Authority.

CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

ARTICLE 1. CREATION AND ORGANIZATION.

Sec. 19.70.010 establishes the Alaska Marine Highway Authority as a public corporation of the state within the Department of Transportation and Public Facilities.

Sec. 19.70.020 relates to the directors of the authority. There are seven directors of the authority: the commissioner of transportation and public facilities and six other persons appointed by the governor. The qualifications for the directors are set out.

The directors appointed by the governor serve at the pleasure of the governor for four year terms.

(1)

(1) Title 39.05.055 any board consisting of more than 3 people has to have staggered terms.

Senator Lloyd Jones

Page 2

April 29, 1989

The directors of the authority are subject to conflict of interest laws under AS 39.50.

The appointed directors of the authority are entitled to compensation in the amount of \$300 for each day they are engaged in the business of the authority. The directors also receive travel and per diem expenses.

Sec. 19.70.030 provides for the election of officers by the directors of the authority and sets the quorum for meetings of the directors.

Sec. 19.70.040 authorizes the authority to employ executive and administrative officers who serve at the pleasure of the authority. All executive and administrative officers and other employees of the authority are in the exempt service. The authority may also employ consultants and advisors.

ARTICLE 2. POWERS AND DUTIES.

Sec. 19.70.050 sets out the powers of the authority.

Sec. 19.70.055 sets out the duties of the authority.

Sec. 19.70.060 authorizes the authority to operate a ferry system under the name "Alaska Marine Highway System".

Sec. 19.70.070 requires the authority to prepare a long-range plan for development and improvement of the ferry system, in cooperation with the Department of Transportation and Public Facilities, at least every five years.

ARTICLE 3. ACQUISITION OF PROPERTY.

Sec. 19.70.080 provides that the authority may acquire land and material necessary for the construction, maintenance, or improvement of the marine highway system.

Sec. 19.70.090 provides that the authority may acquire land for the purpose of exchanging the land for other land that the authority needs to acquire.

Sec. 19.70.100 provides that the authority may vacate land or rights in land held by the authority. The authority may also transfer its surplus lands to the Department of Natural Resources for disposal. The proceeds of the disposal shall

SENATOR LLOYD JONES
Page 3
April 29, 1989

be returned to the source of funds from which the original purchase of the land was made.

ARTICLE 4. FERRY TERMINAL FACILITIES.

Sec. 19.70.110 authorizes the authority to construct, purchase, or lease ferry terminal facilities and to maintain these facilities.

Sec. 19.70.120 authorizes the authority to connect ferry terminal facilities with local highway systems.

Sec. 19.70.130 authorizes the authority to adopt regulations regarding the use of ferry terminal facilities by the public.

Sec. 19.70.140 exempts ferry terminal facilities that were in existence on January 1, 1959 from AS 19.70.110 - 19.70.140.

ARTICLE 5. GENERAL PROVISIONS.

Sec. 19.70.150 provides that the authority shall annually submit a report to the governor and legislature regarding its operations, income, and expenditures for the preceding fiscal year.

Sec. 19.70.160 provides that the authority shall have its financial records audited annually and that the legislative auditor may prescribe the form and content of the financial records of the authority.

Sec. 19.70.170 provides that the authority is subject to the Executive Budget Act, like other state agencies, and that the expenditures of the authority are subject to appropriation by the legislature.

Sec. 19.70.180 provides that the vessels of the authority shall be named by law.

Sec. 19.70.199 sets out the definitions of "authority", "capital improvement", and "ferry".

Sec. 19.70.200 provides that this chapter may be cited as the Alaska Marine Highway Authority Act.

Senator Lloyd Jones

Page 4

April 29, 1989

Sections 3 - 5 of the bill amend AS 35.27 to provide that the Alaska Marine Highway Authority is solely responsible for implementation of the "Hart in public places" program for vessels and facilities of the authority.

Section 6 of the bill amends AS 39.25.110 to provide that the officers and employees of the Alaska Marine Highway Authority are in the exempt service.

Section 7 of the bill amends AS 39.50.200(b) to provide that directors of the authority are subject to the conflict of interest law (AS 39.50).

Sections 8 and 9 of the bill amend AS 40.42.020 in order to transfer the authority of the Department of Transportation and Public Facilities over the planning, design, construction, maintenance, management, and operation of the facilities, vessels, and equipment of the marine highway system to the Alaska Marine Highway Authority.

Section 10 of the bill repeals AS 19.60 (Ferry Terminal Facilities) and AS 19.65 (Alaska Marine Highway System), which have been replaced by AS 19.70 as contained in sec. 2 of this bill.

GU:lmb
L7/082

MEMORANDUM

TO: Lloyd
FROM: Ray
DATE: November 15, 1989
SUBJECT: Marine Highway Budget Figures

The legislature funded the AMHS for a total of \$64,284,800 for FY 90. This figure is up from \$64,040,400 in FY 89.

Same as other years

It is true that in FY 90 about \$1,387,900 of the total figure came in the form of CIP Receipts, so the total funded directly from the GF was \$62,897,100.

A comparison of funding levels is as follows:

FY 89 Authorized \$64,040,400
FY 90 Governor's Amended \$65,327,800
FY 90 Authorized \$64,284,800

The reduction from the Gov's amended figure to the FY 90 authorized is about \$1,043,000, and is comprised solely of non allowance of health care benefit increases. All State agencies took similar cuts in the last session. The net result of all of this is that we are \$244,400 ahead of the FY 89 funding level.

FY 89 Adjusted for CIP \$62,615,800
FY 90 Adjusted for CIP \$62,897,100

Even after adjusting for the CIP portion of the funding, FY 90 is ahead of FY 89 by \$281,300.

ALASKA STATE LEGISLATURE

While in Ketchikan
352 Front Street
Ketchikan, AK 99901
907-225-9675



While in Juneau
P.O. Box V
Juneau, AK 99811
907-465-3743

Senator Lloyd Jones

March 19, 1990

MEMORANDUM

To: Senator Pourchot, Chairman
Senate State Affairs Committee

From: Senator Jones *LJ*

Subj: CSSB 310

The committee substitute bill SB 310 would establish a seven member commission to hire the director of the Alaska Marine Highway System and set long term policies, as well as give advice and recommendations on operation of the ferries. The system would remain within DOT/PF.

This new measure will give the AMHS a more consistent management structure that will be needed to cope with the many challenges and opportunities on the system's horizon. Many serious issues will have to be dealt with in the coming years. Vessel replacement and/or refurbishment, other capital investment necessities, dwindling State revenues that will impact funding for all programs, and long range planning needs are just some of these important concerns.

Replacing the director with every change in the Commissioner of DOT/PF or Governor's office simply does not allow continuity of direction, management or purpose. The director must be assured of the opportunity to not only implement positive changes in the system, but the time and resources to carry them out.

With this in mind, Senator Duncan and I have been working on the draft committee substitute for SB 310. The new bill combines elements of SB 310 and SB 473, different measures that address the problems of disjointed long term policy and inconsistent management of the Alaska Marine Highway System. We feel that this new legislation is a positive and achievable step towards ensuring a better management function for our ferries.

SB310:

I would like to thank the Committee for hearing Senate Bill 310. This is an important measure that, if passed, will help the Alaska Marine Highway System develop a professional and consistent management structure that it badly needs.

When I originally introduced the bill, it called for an autonomous Authority, separate from the Department of Transportation and Public Facilities, as the Akers report in your packets recommends. While I still feel that is a worthy goal, I came to the conclusion that, at this time, it is too drastic a step to be accepted by all of the parties involved. An incremental step towards that goal seems to be a more achievable ambition.

With that thought in mind, I cooperated with Senator Duncan on drafting the bill you now have before the committee, which is comprised of elements of both SB310 and Senator Duncan's SB473. This committee substitute addresses what I consider to be two of the most important aspects of the original bill; giving the system a better sense of direction and long term policy, and separating the system director's position from constant changes in Governor and Commissioner of DOT/PF offices.

The Commission established by this bill would be made up of Alaskans familiar with both operating a maritime operation and our own unique marine highway system. We feel that the criteria put forth for the membership of the Commission would give us a broad based and knowledgeable body that would be of great value to the system.

Constant changes in the director's office have led to a lack of direction and consistent management of the AMHS. A consistent professional presence in the director's office would also go a long way towards putting the system on the right course. Hiring and advising the director would be a large part of the Commission's role. This approach will allow the director to implement and carry out positive changes to benefit both the users and operations of the ferries.

This session we have been working on several important measures that will help us to gain the maximum benefits of this unique transportation system. SB310 is an important part of that package of bills. This system is a plus for not only the residents of those communities that depend on it for their sole surface transportation link, but also for all Alaskans and many of the visitors who come to our state. I urge you to support this effort to improve our marine highway system.

SOUTHEAST CONFERENCE

P.O. Box 22286

Juneau, Alaska 99802

March 8, 1990

The Honorable Jim Duncan
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, AK 99811

Dear Senator Duncan:

The Southeast Conference, an organization representing the cities and towns of Southeast Alaska, is seriously concerned about the status of our Marine Highway.

Once the pride of ALL Alaskans, the highway has experienced a steady decline in service.

The deterioration is excessive with marine highway vessels on a non-active status more than 50% of the time resulting in a 10% "road closure" in some regions compared to the service offered just three years ago. Imagine what impact this would have on residents throughout interior Alaska if their primary highways suffered the same fate.

But at the same time traffic on Alaska's uniquely different highway increased almost ten percent and generated revenues that subsidized almost sixty percent of it's basic costs - making it Alaska's cheapest major transportation system on a per lane mile basis.

The Marine Highway is Alaska's most important intrastate link, knitting together all Alaskan communities to a surface route that spans 3500 miles from the Aleutian Islands, through Southeast Alaska to its termination in the lower 48. More than 34% of the traffic on the highway are folks traveling to and from westward and interior Alaska.

One of the primary mandates to the state is to provide adequate public transportation for its citizens. Alaska's 1990 budget reflects a 19% DECREASE in general funding during the past 5 years to maintain our Marine Highway. We liken this decision to a "death spiral" for the system.

We are seeking your support to "upgrade" the Highway this legislative session and in order to appraise your constituents of the highway's importance have initiated an information campaign throughout the state (copy attached).

Sincerely,



Ted Ferry, President
Southeast Conference

March 8, 1990

Letter to the Editor:

To ALL Alaskans,

The longest state operated highway in the U.S.A. is in a serious state of disrepair and in jeopardy of "emergency" closures.

Once the pride of ALL Alaskans, Alaska Marine Highway service has steadily declined.

The deterioration is excessive with marine highway vessels on a non-active status more than 50% of the time resulting in a 10% "road closure" in some regions compared to the service offered just three years ago. Imagine what impact this would have on residents throughout interior Alaska if their primary highways suffered the same fate.

But at the same time traffic on Alaska's uniquely different highway increased almost ten percent and generated revenues that subsidized almost sixty percent of its basic costs - making it Alaska's cheapest major transportation system on a per lane mile basis.

The Marine Highway is Alaska's most important intrastate link, knitting together all Alaskan communities to a surface route that spans 3500 miles from the Aleutian Islands, through Southeast Alaska to its termination in the lower 48. More than 34% of the traffic on the highway are folks traveling to and from westward and interior Alaska.

One of the primary mandates to the state is to provide adequate public transportation for its citizens. Alaska's 1990 budget reflects a 19% DECREASE in general funding during the past 5 years to maintain our Marine Highway. We liken this decision to a "death spiral" for the system.

Please support our efforts to "save" this vital All-Alaska highway by expressing your concern to your elected state officials during this legislative session.



Ted Ferry, President
Southeast Conference



Grand Camp
Alaska Native Brotherhood

Resolution No. 46

Title: In Support of Senator Jim Duncan's recommendation regarding the Alaska State ferry System

Whereas: Senator Jim Duncan has put together four major recommendations regarding the Alaska Marine Highway system, and

Whereas: Those recommendations will go a long way in the enhancement and improvement of the ferry service in Southeast, Alaska, and

Whereas: Planning for the ferry system needs to occur in order to capitalize on Southeast Alaska's only transportation link to other Alaskan communities and the lower 48, and

Whereas: Senator Duncan's recommendations are:

1. There is a need for long term planning for the Alaska marine highway system,
2. There is a need for adequate level of funding,
3. There is a need to improve ferry service, possibly the establishment of a "fast ferry" program or an increased number of sailings to more adequately serve Southeast, Alaska communities.
4. There is a need to plan for replacement vessels.

Now therefore be it resolved that the Grand Camp Alaska Native brotherhood and the Alaska Native Sisterhood assembled in Hoonah, Alaska strongly support the recommendations of Senator Jim Duncan for improving the Alaska Marine Highway system.

Certification:

I certify that this resolution was adopted at the ANB/ANS convention at Hoonah, Alaska during the week of Nov. 6-11, 1989.

Albert Kookesh
Albert Kookesh
Grand Secretary

Richard Stitt
Richard Stitt
Grand President

Alaska State Legislature

COMMITTEES:
FINANCE
VICE CHAIR -
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT



SENATOR JIM DUNCAN

P.O. Box V JUNEAU, ALASKA 99811-3100

(907) 465-4766

FOR IMMEDIATE RELEASE
February 12, 1990
Contact: Pete Carran
465-4766

ALASKA MARINE HIGHWAY COMMISSION PROPOSED BY SENATOR DUNCAN

The Director of the Alaska Marine Highway System would be appointed by a five member commission established by Senate Bill 473 introduced today by Senator Jim Duncan of Juneau.

"This approach will provide continuity of management in order to promote efficiency in the operation of the system," Senator Duncan says. "Currently, system management changes with each change in the state administration. This measure is intended to provide an overlapping of system management from one administration to the next. This is a necessary step in order to help ensure sound system management."

Under terms of the measure, commission members are appointed by the Governor to five year terms on a staggered basis. At least three members must be from communities served by the Marine Highway System. The duty of appointing a system director is now the responsibility of the Commissioner of the Department of Transportation and Public Facilities.

Senator Duncan feels the management approach proposed in his bill is better equipped to deal with the important issues now facing the system. "There's a need for long term planning, maintaining an adequate level of funding, improving service including establishing a fast ferry program, and developing a plan for replacement of the fleet. Strong and long term management is needed to deal with these issues."

In addition to appointing a system director, the commission is responsible for advising and making recommendations on schedules and tariffs; management, planning and construction of facilities; replacement, refurbishing, and overhaul of vessels; and operating and capital costs. The measure also directs the commission to conduct public meetings on the operation of the system including proposed tariff increases or scheduling changes and to provide an annual report to the Governor and Legislature.

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

Agenda

December 5, 1989

7 p.m. - 9 p.m.

Public Hearing

8 p.m. - 9 p.m.

Ketchikan Legislative Information Office

- I. Call to Order
- II. Chair's General Comments
- III. Members General Comments
- IV. SB 310 - Establishing a Marine Highway Authority
 - A. Introduction of Guests
 - B. Guests Comments
 1. Mr. Patrick Morris, Corporate Secretary
British Columbia Ferry Corporation *B. L. Long*
P. L. Morris
 2. Representative Richard Foster, Chair
House Transportation Committee
 3. Representative Bill Hudson, Member
House Transportation Committee and Former
Director of the Marine Highway System
 4. Jim Ayers, Director
Alaska Marine Highway System
 5. Mike Wilson, Business Agent
Inland Boatmen's Union of the Pacific
 6. Captain Dave Boyle, Business Agent
International Organization of Masters, Mates & Pilots
 - C. Committee Discussion & Questions
 - D. Public Testimony
- V. Old Business
- VI. New Business
- VII. Adjournment

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811
907-465-4921

Senate Transportation Committee

November 29, 1989

MEMORANDUM

To: Mike Wilson and Mark Hutson
IBU-P

From: Glenda Carino *Glenda Carino*

Subj: Labor Negotiations Questions re: SB 310

Attached, please find a copy of a memo from Teresa Cramer, Legislative Counsel. There are several labor negotiation questions pertinent to SB 310 which are answered in that memo.

Specifically, your questions include:

- Are the terms of the Directors staggered?

Under Title 39.05.050, any board with more than 3 people must have staggered terms for its directors.

- Who would represent the Authority during negotiations with the union?

According to Ms. Cramer, AS23.40.040 must be amended if we wish to have the Board or its designee negotiate labor contracts. This would not preclude the Board asking the labor relations division to negotiate. However, the details are yet to be hammered out.

- Does our bill protect PERA rights to negotiate?

Our bill envisions that employees working for the Marine Highway System will continue to be state employees. Again, referencing Ms. Cramer's memo: *Under the definition of public employer, an authority established by law is obligated to bargain collectively with its employees in accordance with PERA.*

If there are further questions, please don't hesitate to call me. I will be leaving Juneau on Sunday December 3 for Petersburg and Ketchikan. If you would like further information on these or any other questions, please call me prior to Friday December 1.

MEMORANDUM

TO: Glenda
FROM: Ray
DATE: October 30, 1989
SUBJECT: Questions regarding AMHS Authority Bill

The following are questions the IBU leadership is concerned with. We should be able to answer them at the Transportation Committee meeting in December. The union is having an executive board meeting at late in November, and it would be nice to address them at this meeting.

- Are the terms of the Directors staggered? Lines 12-18 on page 2 shows 4 year terms for all directors.
- The employees must be able to participate in PERS and SBS. Is this protected under our authority bill?
- Does our bill protect PERA rights to negotiate?
- Who would represent the Authority during negotiations with the union? It can't be the board of directors, can it?

STATE OF ALASKA
THE LEGISLATURE

DOUGH • STATE CAPITOL
BUREAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

November 27, 1989

SUBJECT: Collective bargaining for a Marine Highway Authority (Work Order No. 6-1723 and SB 310)

TO: Senator Lloyd Jones

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested an overview of state employee labor relations and, in particular, you have requested an explanation of how existing law would have to be changed to permit a Marine Highway Authority such as the one established in SB 310 to negotiate directly with its employees rather than negotiating through the labor relations division of the Department of Administration.

The Public Employment Relations Act (PERA) (AS 23.40.070 - 23.40.260) governs collective bargaining for most state employees, as well as for municipal employees. The definition of public employee includes employees whether or not they are in the classified service of the employer. (See definitions of "public employee" and of "public employer" in AS 23.40.250(6) and (7).) Under the definition of "public employer," an "authority established by law" is obligated to bargain collectively with its employees in accordance with PERA. Therefore, unless there are contrary provisions elsewhere in the law, a Marine Highway Authority established under a bill such as SB 310 would be obligated to bargain under PERA with those of its employees who had elected to organize into a bargaining unit.

In addition to PERA, there are specific provisions for collective bargaining by employees of the marine highway system. Under AS 23.40.040, the commissioner of transportation and public facilities or an authorized representative of the commissioner may bargain collectively with employees of the state ferry system. To transfer the power to conduct labor negotiations to the Marine Highway Authority, this section should be amended. PERA itself does not address who con-

*Change
AS 23.40.040
and keep everything
use as SB 310
and you
can hire your
own rep.*

Senator Lloyd Jones

Page 2

November 27, 1989

ducts negotiations for the governmental employer. Assignment of this responsibility to the division of labor relations in the Department of Administration is an internal decision of the executive branch.

The Alaska Railroad retains its own collective bargaining system for its employees. Under AS 42.40.720, PERA does not apply to the railroad. The employees bargain directly with the railroad corporation. Because the structure for conducting labor relations activities set out in PERA is inapplicable, the railroad statutes contain substitute provisions. If you wish the provisions of PERA concerning such issues as the formation of bargaining units, the conduct of negotiations, and unfair labor practices, to apply to the marine highway system labor relations, then the extensive provisions provided for railroad employment relations are unnecessary. If you wish to vary from the standard structure, then the desired variations should be set out in statute.

If I may be of further assistance, please advise.

TBC:lmb
L8/067

But does this mean the division of labor relations must negotiate or can the board of the railroad specify who will negotiate with the employees?

**ALASKA RAILROAD
CORPORATION**



Larry J. Houle
Director, Real Estate

421 W. 1st Ave. / P.O. Box 107500 / Anchorage, Alaska 99510-7500
(907) 265-2465 / Telefax (907) 265-2443

* TRANSMISSION REPORT *

TERMINAL ID.:SEN. JONES9074653922

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To: Larry Wood

Alaska Railroad Corporation

Re: Executive Order #77.

From: LOREN K. STANTON

Sen. Jones FAX # 465-3922



BRITISH COLUMBIA
FERRY CORPORATION

December 19, 1989

Ms. Glenda Carrino
Executive Assistant to
Senator Lloyd Jones
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811
U.S.A.

Dear Ms. Carrino:

Please find enclosed my speaking notes from December 5, 1989.

I apologize for the delay in sending them to you.

Yours very truly,

A handwritten signature in cursive script, appearing to read "P.L. Morris".

P.L. Morris
Corporate Secretary

PLM/lc
encl.

P.L. MORRIS
SPEAKING NOTES
KETCHIKAN, ALASKA
DECEMBER 5, 1989

GOOD EVENING LADIES AND GENTLEMEN. I WOULD LIKE TO BEGIN BY THANKING THE CHAIRMAN, SENATOR JONES AND MEMBERS OF THE COMMITTEE FOR INVITING ME HERE TONIGHT TO SPEAK TO YOUR PROPOSED BILL. THE BRITISH COLUMBIA FERRY CORPORATION HAS ALWAYS CONSIDERED THE ALASKA MARINE HIGHWAY SYSTEM TO BE A PARTNER AT PRINCE RUPERT, AND WE HAVE BENEFITED FROM THE MUTUAL SUPPORT AND ENCOURAGEMENT. ALSO, I WOULD LIKE TO CONVEY BEST REGARDS FROM OUR CHAIRMAN OF THE BOARD, BILL LONG, AND OUR GENERAL MANAGER, ROD MORRISON.

BY WAY OF PREAMBLE, I THINK I SHOULD TELL YOU SOMETHING OF MY OWN POSITION. AS CORPORATE SECRETARY AT THE BRITISH COLUMBIA FERRY CORPORATION, I AM SECRETARY TO THE BOARD OF DIRECTORS, MAINTAINING ITS RECORDS AND ENSURING THAT IT RECEIVES THE BRIEFING MATERIALS IT NEEDS TO EFFECTIVELY DO ITS JOB. THE SECOND MAJOR PART OF MY JOB IS TO ACT AS A POLICY ANALYST, ASSESSING THE IMPACT OF PROPOSED ACTIONS, IN A FORM SUITABLE FOR REVIEW BY THE BOARD OR ITS COMMITTEES. THE THIRD MAJOR FUNCTION IS TO PROVIDE THE DAY-TO-DAY LIAISON BETWEEN SENIOR MANAGEMENT AND THE BOARD. THIS MOSTLY MEANS ADVISING AND ASSISTING THE MANAGEMENT TEAM IN RESPONDING TO THE CONCERNS, LARGE OR SMALL, THAT THE BOARD MAY EXPRESS.

WHEN SENATOR JONES INVITED ME TO SPEAK TO THE COMMITTEE, HE ASKED ME TO ADDRESS 3 MAIN AREAS:

FIRSTLY, THE MOTIVES WHICH THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA HAD IN ESTABLISHING THE BRITISH COLUMBIA FERRY CORPORATION;

SECONDLY, THE CONSEQUENCES OR RESULTS OF OPERATING UNDER THAT STRUCTURE;

AND THIRDLY, HE ASKED IF I MIGHT COMMENT ON ANY PARTICULARS OF THE BILL OR ITS LANGUAGE.

I INTEND TO STRUCTURE MY REMARKS ALONG THESE LINES, BUT I WOULD LIKE TO SAY AT THE OUTSET THAT I WOULD CERTAINLY NOT PRESUME TO ADVISE ON THE PRINCIPLES OF THE BILL.

MOTIVES FOR INCORPORATION

THE GOVERNMENT OF BRITISH COLUMBIA HAD SEVERAL PURPOSES IN MIND FOR ESTABLISHING THE BC FERRY CORPORATION IN 1977. THE FERRY SERVICE WHICH NOW OPERATES UNDER THE CORPORATION ACTUALLY COMMENCED BUSINESS IN JUNE OF 1960, WITHIN THE BRITISH COLUMBIA TOLL HIGHWAYS AND BRIDGE AUTHORITY. IN THIS FORM, THE SYSTEM WAS MORE OR LESS FREE-STANDING. IN 1968 THE BC FERRY AUTHORITY WAS DISBANDED AND THE OPERATIONS OF THE FERRY SYSTEM WERE ROLLED INTO THE DEPARTMENT OF TRANSPORT AND COMMUNICATIONS. IN 1976 THE GOVERNMENT CAME TO THE CONCLUSION THAT MANY OF THE PROBLEMS OF THE FERRY SYSTEM COULD BE BETTER ADDRESSED WITHIN THE STRUCTURE OF A CROWN CORPORATION, AND THIS IS HOW WE HAVE ARRIVED AT OUR CURRENT SITUATION.

THE MINISTER OF THE DAY IDENTIFIED SEVERAL REASONS FOR OPERATING THE FERRY SYSTEM UNDER A CROWN CORPORATION:

- (A) FOR THE CORPORATION TO REPORT AND OPERATE AS A SEPARATE ENTITY WHICH OPERATES SUBSTANTIALLY ALONG BUSINESS LINES.
- (B) FOR THE CORPORATION TO HAVE A REASONABLE DEGREE OF OPERATING INDEPENDENCE.
- (C) FOR THE CORPORATION TO REPORT ITS FINANCIAL RESULTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, AND;
- (D) FOR THE CORPORATION TO BE RESPONSIBLE FOR ITS FUTURE CAPITAL EXPENDITURES (MEANING THAT CAPITAL EXPENDITURES WOULD BE DEPRECIATED AND, GENERALLY, FINANCED THROUGH DEBT).

DURING THE DEBATE IN THE LEGISLATURE, REFERENCE WAS ALSO MADE:

- (A) TO THE CORPORATION'S ABILITY TO TAKE INDEPENDENT ACTION AND TO BE RESPONSIBLE FOR ITS ACTIONS.
- (B) TO UNDERTAKE LABOUR NEGOTIATIONS IN ITS OWN RIGHT
- (C) TO BE MORE ACCOUNTABLE TO THE PUBLIC AND
- (D) TO BE ABLE TO IDENTIFY ITS COSTS OF OPERATION ACCURATELY.

THE LEGISLATURE ALSO LOOKED FORWARD TO GREATER STABILITY, AND A RETURN TO ACCOUNTABILITY. IT WAS A SUBSTANTIAL AIM OF THE GOVERNMENT TO HAVE THE OPERATING RESULTS OF THE CORPORATION IMPROVE TO THE POINT WHERE THE LEVEL OF SUBSIDIZATION WOULD BE, AT LEAST, ACCEPTABLE.

BASICALLY THE GOVERNMENT WAS FACED WITH A SIGNIFICANT FINANCIAL PROBLEM. IT HAD AN OPERATING ENTITY WHICH WAS LOSING SUBSTANTIAL AMOUNTS OF MONEY (APPROXIMATELY \$48 MILLION IN FISCAL 75-76) WITH NO TURNAROUND IN SIGHT. IN ADDITION, EMPLOYEE MORALE WAS POOR, THE LABOUR RELATIONS CLIMATE WAS ALSO POOR AND THE SYSTEM HAD A REPUTATION FOR WILDCAT STRIKES. I BELIEVE FROM LOOKING AT THE RECORDS OF THE DAY, THAT THE GOVERNMENT HOPED THAT BY GIVING THE CORPORATION CONTROL OVER ITS OPERATING PRACTICES, THE DIRECTORS AND MANAGEMENT OF THE NEW CORPORATION WOULD BE ABLE TO TAKE UP THE CHALLENGE AND SOLVE THE PROBLEMS WHICH THE STRUCTURE OF GOVERNMENT WAS NOT ABLE TO ADDRESS. THAT WAS THE BASIC SITUATION IN 1976.

CONSEQUENCES

THERE IS NO QUESTION IN MY MIND THAT THE CORPORATE STRUCTURE HAS BEEN BENEFICIAL FOR THE OPERATION OF A SYSTEM SUCH AS BC FERRIES. THE APPOINTMENT OF AN INDEPENDENT BOARD OF DIRECTORS, COMPOSED OF PRIVATE CITIZENS, HAS GIVEN THE CORPORATION A POLICY-MAKING BODY WHICH ACTS AS A BUFFER BETWEEN MANAGEMENT AND THE POLITICAL SYSTEM, AND ALSO PROVIDES A FILTER FOR PUBLIC INPUT. THIS

INDEPENDENCE ON THE PART OF THE BOARD EMPHASIZES THE INDEPENDENCE OF MANAGEMENT TO CONSIDER AND RECOMMEND POLICIES FOR THE CORPORATION WHICH MAY NEVER HAVE BEEN CONSIDERED BY INDIVIDUAL MINISTERS (AS WOULD HAVE BEEN TRUE UNDER THE "DEPARTMENTAL" STRUCTURE).

PROBABLY THE GREATEST ADVANTAGE THAT HAS ARISEN FROM THIS, HAS BEEN THE ABILITY OF THE CORPORATION TO MANAGE ITS LABOUR RELATIONS MORE EFFECTIVELY. THE CORPORATION HAS NOT LOST TIME DUE TO STRIKES IN THE LAST 10 YEARS AND HAS, GENERALLY SPEAKING, NEGOTIATED ITS LABOUR CONTRACTS SUCCESSFULLY BEFORE THE EXPIRATION OF THE PREVIOUS CONTRACT. WE HAD SOME TENSE MOMENTS IN 1988 WHEN THE DEAL WAS EVENTUALLY SIGNED, I BELIEVE, 36 HOURS AFTER THE PREVIOUS CONTRACT HAD EXPIRED. MANAGEMENT HAS COME TO EXPECT GOOD AND HONEST LABOUR RELATIONS AND I BELIEVE WE HAVE ACHIEVED THAT, PRIMARILY THROUGH GOOD MOTIVATION. BEYOND THE ACTUAL LABOUR RELATIONS ISSUE, THE MOTIVATION OF BOTH MANAGEMENT AND HOURLY EMPLOYEES IS FOSTERED BY A SENSE OF IDENTITY AND A SENSE OF SERVICE THAT WE HAVE SOUGHT TO ENCOURAGE. IT IS INTERESTING TO NOTE THAT ON THE VERY DAY IN 1976 THAT THE LEGISLATION WAS INTRODUCED TO INCORPORATE BC FERRIES, THE GOVERNMENT ALSO ANNOUNCED THE APPOINTMENT OF AN INDUSTRIAL INQUIRY COMMISSIONER TO HELP CALM THE BITTER LABOUR RELATIONS CLIMATE OF THAT TIME. THIS IS GENERALLY CONSIDERED TO BE A VERY SERIOUS STEP AND IS ONE OF THOSE STAGES BEYOND MEDIATION WHEN THE PARTIES HAVE FAILED TO AGREE TO ARBITRATION. AS I SAID, THINGS HAVE PROGRESSED TREMENDOUSLY SINCE THAT TIME.

THE CORPORATION'S PUBLIC RESPONSIVENESS HAS ALSO IMPROVED TREMENDOUSLY. WHILE THE CORPORATION AVOIDS DISCUSSING WITH THE PUBLIC ISSUES WHICH ARE NOT SOLELY WITHIN ITS CONTROL (WHICH INCLUDES FARE LEVELS), IT CONSULTS ON A REGULAR BASIS WITH THE ISLANDS IN ESTABLISHING SCHEDULES OF SERVICE. THERE ARE LOCAL TRANSPORTATION COMMITTEES THROUGHOUT THE SERVICE AREAS, WITH WHICH MANAGEMENT DISCUSSES ANY CHANGE IN SCHEDULE, WHETHER

MOTIVATED BY THE CORPORATION OR BY THE COMMUNITIES. THE TRANSPORTATION COMMITTEES ARE GIVEN THE OPPORTUNITY TO DISCUSS PROPOSALS WITH THE RESIDENTS AND, WHEREVER POSSIBLE, SCHEDULES ARE PROMULGATED WITH THE APPROVAL OF THE ISLAND TRANSPORTATION COMMITTEES. THIS DOES NOT IMPLY THAT EXCESSIVE CAPACITY IS PROVIDED OR THAT UNAFFORDABLE SERVICE IS PROVIDED. IT DOES, HOWEVER, GIVE LOCAL REPRESENTATIVES OPPORTUNITIES TO UNDERSTAND A LITTLE MORE ABOUT THE CORPORATION'S BUSINESS, AND MAINTAINS THE LINES OF COMMUNICATION ON ISSUES OF MUTUAL CONCERN.

THE FINANCIAL SIDE OF THE EQUATION WAS PROBABLY THE MOST SIGNIFICANT ISSUE FOR THE GOVERNMENT. JUST BEFORE INTRODUCING THE FERRY CORPORATION LEGISLATION IN 1976, THE GOVERNMENT INCREASED FARES BY 100%. AS YOU CAN IMAGINE THIS GENERATED AN ENORMOUS OUTCRY. THESE INCREASES, HOWEVER, HAD COME AFTER 16 YEARS OF NO INCREASES WHATSOEVER. MANY COMMENTS ON THE SITUATION INCLUDED THE FACT THAT, HAD THE GOVERNMENT INCREASED THE RATES YEAR BY YEAR, THERE WOULD HAVE BEEN NOTHING LIKE THE RESPONSE THAT OCCURRED. SO THE FINANCIAL REPORTING ISSUES WERE OF MAJOR SIGNIFICANCE. ONE OF THE COMPONENTS OF THIS IS THE ISSUE OF DEPRECIATION. DEPRECIATION IS NOT A FACTOR IN GOVERNMENT ACCOUNTING, INASMUCH AS EVERY EXPENDITURE, REGARDLESS OF ITS NATURE, IS AN EXPENSE IN THE YEAR IN WHICH IT'S INCURRED. HOWEVER, THE FERRY CORPORATION IS REQUIRED BY ITS ACT THAT, I QUOTE, "IN FIXING FARES, TOLLS AND OTHER CHARGES [IT] SHALL GIVE CONSIDERATION TO THE COSTS OF OPERATING AND MAINTAINING FERRY TERMINALS AND OTHER PROPERTIES AND ASSETS AND THE AMOUNT REQUIRED ANNUALLY TO MEET DEPRECIATION AND INTEREST CHARGES". IN THIS WAY THE CORPORATION IS FIRSTLY REQUIRED TO DEPRECIATE ITS ASSETS, BUT IT IS ALSO REQUIRED TO PAY FOR ITS ASSETS ON ITS OWN ACCOUNT THAT IS, THE GOVERNMENT DOESN'T BUY NEW ASSETS FOR THE CORPORATION. ANOTHER PART OF THE PROBLEM HAD BEEN THAT WITHIN THE MINISTRY ACCOUNTING SYSTEMS, SERVICES THAT WERE PROVIDED BY OTHER MINISTRIES WERE NOT ACCOUNTED FOR, AND THEREFORE, COULD AMOUNT TO

HIDDEN SUBSIDIES. VARIOUS THINGS COULD FALL INTO THIS CATEGORY INCLUDING:

- TRAFFIC CONTROL WORKERS SUPERVISING THE FLOW OF TRAFFIC OUTSIDE THE FERRY TERMINALS,
- THE SERVICES OF PURCHASING OFFICERS WORKING IN THE GOVERNMENT-WIDE PURCHASING COMMISSION,
- THE SERVICES OF THE PERSONNEL OFFICERS EMPLOYED BY THE PUBLIC SERVICE COMMISSION,
- OR THE ENGINEERING AND CONTRACT SUPERVISION SERVICES PROVIDED BY THE MINISTRY OF HIGHWAYS ON THE CONSTRUCTION OF TERMINALS.

IN TOTAL THESE COULD REPRESENT SIGNIFICANT EXPENDITURES WHICH WOULD NOT BE ACCOUNTED FOR IN THE RECORDS OF THE FERRY SERVICE. THERE WAS CONCERN THAT NO ONE REALLY KNEW THE TRUE COST OF OPERATING THE FERRY SERVICE, FIRSTLY BECAUSE OF THE NATURE OF GOVERNMENT ACCOUNTING WITH BOTH CAPITAL AND OPERATING EXPENSES THROWN TOGETHER AND DISTORTING YEAR TO YEAR COSTS, AND THE POSSIBLY SIGNIFICANT HIDDEN SUBSIDIES FLOWING FROM OTHER AREAS OF GOVERNMENT. OF COURSE THE BASIC QUESTION WAS HOW TO SET A REASONABLE PRICING STRUCTURE WHEN THERE WAS NO CLEAR IDEA OF HOW MUCH THE SERVICES WERE COSTING. THE CORPORATION NOW PAYS FOR ALL OF THE SERVICES IT OBTAINS, WHETHER FROM THE PRIVATE SECTOR OR FROM OTHER AREAS OF GOVERNMENT. IN ADDITION, WE HAVE PROGRESSED IN ALLOCATING COSTS TO THE VARIOUS ROUTES OPERATED SO THAT WE CAN UNDERSTAND THAT SOME ROUTES ARE MORE ECONOMIC THAN OTHERS. THAT IS WHERE THE SUBSIDY COMES IN.

WHEN THE CORPORATION WAS FORMED, IT WAS GRANTED AN "ANNUAL HIGHWAY EQUIVALENT SUBSIDY". THIS WAS TO BE BASED ON THE COST OF OPERATING AND MAINTAINING HIGHWAYS IN DIFFICULT COASTAL TERRAIN, AND AMOUNTED IN THE FIRST YEAR TO ABOUT \$25M. OVER THE COURSE OF TIME, IT ROSE WITH THE CONSUMER PRICE INDEX. HOWEVER, THIS SUBSIDY STRUCTURE HAD NO MOTIVATIONAL EFFECT AND IN FACT THE CORPORATION REPORTED SUBSTANTIAL SURPLUSES IN THE LATE 1970'S. WHEN THE RECESSION OF THE EARLY 1980'S STRUCK, THE GOVERNMENT

DETERMINED THAT A CONSTANTLY RISING SUBSIDY WAS INAPPROPRIATE, AND ACCORDINGLY A SUBSIDY LEVEL WAS "NEGOTIATED", AT A SIGNIFICANTLY LOWER LEVEL. THE FINANCIAL PICTURE OF THE CORPORATION IS NOW SUCH THAT A 10-YEAR FINANCIAL PLAN HAS BEEN DEVELOPED. THIS PLAN HAS BEEN ABLE TO ASSURE THE GOVERNMENT OF THE SOUNDNESS OF THE CORPORATION'S SITUATION AND IT HAS BEEN AGREED THAT THE GOVERNMENT WILL PROVIDE A SUBSIDY OF \$51M TO THE CORPORATION IN EACH OF THE NEXT 10 YEARS. AS INFLATION ERODES THE PURCHASING VALUE OF THE \$51M, INCREASES IN OPERATING COSTS WILL HAVE TO BE MET BY FARE-BOX REVENUE ARISING EITHER THROUGH FARES, FOR WHICH WE HAVE PROMISED INCREASES IN LINE WITH INFLATION, OR INCREASES IN TRAFFIC. ANY SHORTFALL IN TRAFFIC WILL HAVE TO BE MET BY OPERATING ECONOMIES. THIS ASSURED SUBSIDY FROM THE GOVERNMENT IS CONSIDERED TO BE A MAJOR STEP FORWARD IN THE SENSE THAT IT REMOVES ONE MORE VARIABLE FROM THE FINANCIAL PLANNING PICTURE; WHILE AT THE SAME TIME MOTIVATING THE CORPORATION TO INFLUENCE THE OTHER VARIABLES POSITIVELY. IT IS ALSO A FEATURE OF THE PLAN THAT ANY SURPLUSES THAT DEVELOP CAN BE RETAINED BY THE CORPORATION AGAINST FUTURE CAPITAL EXPENDITURES. IT HAS BEEN AN EVER-PRESENT FEAR ON THE PART OF BOTH THE BOARD AND MANAGEMENT THAT THE CORPORATION WILL BE EXPECTED TO PAY A DIVIDEND BACK TO THE GOVERNMENT WHENEVER ITS FINANCIAL PICTURE GETS TOO ROSY.

COMMENTS ON THE LEGISLATION

I WOULD LIKE NOW TO MAKE A FEW BRIEF COMMENTS ON THE DRAFT BILL. I AM VERY CAUTIOUS AT THE IDEA OF COMMENTING ON THE NATURE OF YOUR LEGISLATION AS THAT IS FAR BEYOND MY EXPERTISE. I WOULD, HOWEVER, LIKE TO MAKE SOME COMMENTS ON THE NATURE OF YOUR PROPOSED BOARD INASMUCH AS THAT IS A SUBJECT WHICH IS OF PASSING INTEREST TO ME.

THE CORPORATION HAS NINE DIRECTORS, ALL APPOINTED BY THE GOVERNMENT. IN CONTRAST TO YOUR BILL, THERE IS NO LEGISLATIVE CONSTRAINT ON THE QUALIFICATION OF DIRECTORS.

THE DIRECTORS OF BC FERRIES ARE ESSENTIALLY SELECTED TO REPRESENT GEOGRAPHICAL AREAS, ALTHOUGH THIS IS NOT SO SPECIFIC AS TO IMPLY THAT IF SOMEONE MOVES HE IS AUTOMATICALLY INELIGIBLE. WITHIN THE CRITERIA THERE IS A DIVERSITY OF EXPERIENCE AND BACKGROUND.

THE SPECIFICATION IN YOUR ACT OF "A MEMBER OF A MARITIME UNION" WHO IS ALSO A STATE RESIDENT MAY BE SO CLOSELY DEFINED THAT THE NUMBER OF PEOPLE WHO QUALIFY MAY BE ONLY A FEW THOUSAND OUT OF THE 600,000 ODD STATE RESIDENTS. OUR CORPORATION HAS AT THE PRESENT TIME A LABOUR REPRESENTATIVE, WHO WAS APPOINTED BY THE GOVERNMENT AS A RESULT OF THE UNION AGREEMENT MADE IN 1983. THE UNION WAS ASKED TO SUBMIT A NOMINATION LIST OF THREE NAMES FROM WHICH THE GOVERNMENT APPOINTED ONE. THAT PERSON HAS NEVER BEEN A MEMBER OF A MARITIME UNION, IN FACT HE IS FROM THE FOREST INDUSTRY, BUT HE IS TRUSTED BY OUR UNION AND IS ALSO RESPECTED BY HIS FELLOW DIRECTORS.

AT BC FERRIES, THE DIRECTORS SERVE "AT PLEASURE" - THEY HAVE NO DEFINED TERM. IN NOTING YOUR BILL'S SPECIFICATION OF A 4-YEAR TERM, I WOULD SUGGEST, IF IT IS POSSIBLE, THAT THE TERMS BE STAGGERED SO THAT THEY DO NOT ALL END SIMULTANEOUSLY. THE POSSIBILITY OF A WHOLESale CHANGE IN A BOARD PLACES THE NEW BOARD AT A DISTINCT DISADVANTAGE WHILE THE MEMBERS LEARN THE INSIDES OF THE BUSINESS THEY ARE SUPPOSED TO GOVERN.

ON THE ISSUE OF HAVING SPECIFIC OFFICE HOLDERS OF THE GOVERNMENT ON THE BOARD, I CAN SAY THAT THIS IS QUITE A COMMON PRACTICE IN BRITISH COLUMBIA, ALTHOUGH BC FERRIES HAS NEVER HAD ANY "PUBLIC SERVANT" BOARD MEMBERS. ITS MINISTER WAS FOR THE FIRST 4-1/2 YEARS ALSO ITS CHAIRMAN, BUT THIS TENDED TO BLUR THE SEPARATE RESPONSIBILITIES OF THE TWO OFFICES. 8 OF THE 9 DIRECTORS ARE PRIVATE CITIZENS (ONE IS A MEMBER OF THE LEGISLATURE) AND THEY INCLUDE PROFESSIONALS, BUSINESSMEN, RETIREES AND SEMI-RETIRES. THE CHAIRMAN IS RETIRED EXCEPT FOR SOME OTHER DIRECTORSHIPS.

THIS ARRANGEMENT WORKS WELL IN THE SENSE THAT THE CHAIRMAN HAS THE TIME TO COMMIT TO BUSINESS WHENEVER IT IS NECESSARY. I SHOULD NOTE THAT THE MINISTER RESPONSIBLE CONTINUES TO ATTEND FERRY CORPORATION BOARD MEETINGS, BUT THEIR OCCASIONAL ABSENCE HAS NOT DISRUPTED THE ESSENTIAL BUSINESS OF THE BOARD.

SUMMARY

TO SUMMARIZE, I WOULD SIMPLY LIKE TO SAY THAT I BELIEVE THAT THE CORPORATE STRUCTURE HAS BENEFITED BC FERRIES IN GIVING A WELL-DEFINED COMMERCIAL OPERATION (THE FERRY SYSTEM), AN ORGANIZATION STRUCTURE AT THE TOP WHICH PROVIDES AN EFFECTIVE ENVELOPE WITHIN WHICH THAT FERRY SYSTEM CAN GO ABOUT ITS BUSINESS, WITH THE POLITICAL SUPPORT AND FINANCIAL MECHANISMS TO PROVIDE A RESPONSIVE, ECONOMIC SERVICE TO THE PEOPLE OF BRITISH COLUMBIA. I HOPE I HAVE BEEN OF SOME ASSISTANCE IN YOUR DELIBERATIONS.

PLM/LC

12 DEC 89

Text as delivered PM

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PLM/LC

12 DEC 89

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

NEWS...

FOR IMMEDIATE RELEASE

November 27, 1989

Senate Transportation Committee Considers Marine Highway Authority

The Senate Transportation Committee, chaired by Senator Lloyd Jones (R-Ketchikan) will meet in Ketchikan December 5. Jones says the primary purpose of the meeting is to hear Senate Bill 310, which establishes a Marine Highway Authority.

"We seriously need an advocate agency protecting our Marine Highway System," Jones said. "I believe an autonomous Marine Highway Authority could be that advocate," he said. Currently the Marine Highway System is managed by the Department of Transportation and Public Facilities.

Jones has invited a representative from the British Columbia Ferry Corporation, Mr. Patrick Morris. Morris is the Corporate Secretary at B.C. Ferry Corporation. He's expected to talk about the B.C. Ferry Corporation--its history and its function.

The meeting will be held at the Ketchikan Legislative Information Office, 352 Front Street, between 7 p.m. and 9 p.m. December 5. Public testimony will be taken between 8 and 9 p.m. and it will be teleconferenced to various Southeast sites for teleconferenced testimony.

For more information, contact Glenda Carino at Senator Jones' Juneau office at 465-3743.

December 5, 1989

SB 310 -- ALASKA MARINE HIGHWAY AUTHORITY BILL

THE FOLLOWING IS THE TESTIMONY I GAVE TO SENATOR JONE'S HEARING IN KETCHIKAN ON THIS BILL.

My name is Michael Wilson, I am the Regional Director of the Inlandboatmen's Union of the Pacific, Alaska Region.

This proposal has been around for a number of years. Representing unlicensed crew members working aboard the 8 vessels of the ALASKA MARINE HIGHWAY SYSTEM, we have seen many changes in the last twenty-six years of operation. There is no doubt we will see many more in the years to come.

One of the issues this bill attempts to address is the continuity in leadership at AMHS. There have been many different leaders at the helm of the System, under a variety of titles. Our members are only too aware of a change in leadership and the resulting change in direction at that helm. Some of the previous directors have been good to the System and the employees, others have not.

The only thing we see is every four years or so with the change of governors we will see a change in the director and probably a change in the overall direction of the System. If this bill is going to be successful and change the continuity of leadership, the Board of Directors that SB 310 proposes should not serve at the pleasure of the Governor. They should be appointed by the Governor, but should not be removed except for cause. The terms must be staggered, providing the best possible change for continuity of leadership. Under this proposal, it looks to us like the entire Board of Directors could be replaced by a new Governor. This is almost the same problem with the existing system. If there is a wish to 'fix' the current management of the AMHS, there must be continuity on the Board of Directors even through a change in governors.

We are pleased to see a member of a maritime Union serve on the Board. As workers on the System, we are the experts on the day-to-day operation. We must be full partners in the decision making process. We can hemuch more than just workers collecting a paycheck, if one allows our input in the management process. With three maritime Unions working on the System, it will be interesting to see which Union member is chosen. We would of course like to see an unlicensed crew member selected.

As we have discussed with Senator Jones and his staff we also have concerns with our members rights to negotiate term and conditions of our contract under PERA. We would insist that our current collective bargaining rights and benefits under SBS and PERS are protected. We have reviewed Legislative Counsel Teresa Cramer's memo on SB 310. Her review seems to indicate that our PERA rights are protected.

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811


907-465-4921

Senate Transportation Committee

December 5, 1989

MEMORANDUM

To: Senate Transportation Committee Members

From: Senator Lloyd Jones, Chair 
Senate Transportation Committee

Subj: SB 310 - Establishing a Marine Highway Authority

Since introducing Senate Bill 310 last May, there has been discussions both pro and con on establishing a Marine Highway Authority. Over the summer, a report, commonly known as the Akres Report, was circulated in Southeast Alaska which was highly critical of the present scenario. The Toronto-based marine engineering firm strongly urged the creation of a separate autonomous board which oversees the Marine Highway System of Alaska. This report is included in your packet for your perusal.

On the other side of the coin, please read Commissioner Mark Hickey's memorandum to Governor Steve Cowper regarding the Marine Highway Authority. As you may know, the Governor is against changing the current system over to a Marine Highway Authority. However, the Governor is drafting a bill which would allow the Marine Highway System to keep its revenue receipts. I plan to include a similar provision in SB 310, while continuing to promote SJR 22 which calls for a vote of the people on a constitutional amendment allowing dedication of fuel taxes and fees.

Other Informational material included:

- background on the B.C. Ferry Corporation -- Mr. Patrick Morris, corporate secretary of B.C. Ferry Corporation will be available for questions and answers and I thought this information might useful to you.
- 1989 S.E. Conference resolution which supports the idea of a separate management system
- Washington statute which shows how the ferry system is run there

I personally support SB 310 because I think we need a change in the management system for the Marine Highway in Alaska. We lack continuity in upper management at the Department of Transportation. The Commissioner serves at the whim of the governor, and in doing so, the management styles and direction of the system has changed many times over the years, much to the detriment of the Marine Highway System.

Senate Transportation Committee Members
SB 310
Page 2
December 5, 1989

SB 310 is similar to HB 81, however it was modeled more after the railroad authority to give it the maximum amount of management powers. The measure comes as close to setting up a business operation as we can go, while keeping it within state purview.

I expect to hold numerous hearings to gather as much input as we can. There will be new drafts forthcoming as we work through the questions that will surely arise. In the meantime, I ask you to support the concept of Senate Bill 310. It is a catalyst for positive change.

LJ:gmc

CORRECTION

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

December 5, 1989

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As we have discussed with Senator Jones and his staff we also have concerns with our members rights to negotiate term and conditions of our contract under PERA. We would insist that our current collective bargaining rights and benefits under SRS and PERS are protected. We have reviewed Legislative Counsel Teresa Cramer's memo on SB 310. Her review seems to indicate that our PERA rights are protected.

If this bill is to be successful at truly being independent, the authority must be able to negotiate directly with the Unions. The Authority must negotiate without involvement or answering to the Department of Administration, Division of Labor Relations or the Department of Transportation. To be independent the Authority must be able sit down directly with the Unions and negotiate in good faith on the terms and conditions of the contract. The Authority must be the only ones to answer for the settlement of a contract with it's employees, not DQA or DOT.

Of course, to be independent, the Authority would then have to be able fund any increase in their labor agreements. Without that ability they would not be an independent authority, but answering to some other State agency. This is the problem with the current operation.

We are also concerned with the funding for the Authority. We view the biggest problem with the current operation of AMHS as FUNDING.

- Funding for the ability of the System to get enough money in their operation budget to provide acceptable levels of service to Alaskans yeararound.

- Funding to provide for some method to allow for replacement vessels in the years to come.

- Funding to provide for increases in employees' pay.

To be successful, SB310 must answer these financial demands. We believe one answer for these financial questions is thru the AMHS being able to use their revenues they create. We understand there is legislation being proposed this session to provide some method for the System to use their program receipts. If they had their own revenues put back into the operation of the System, we don't believe they would be in the problem they are now in, asking for another supplemental of \$1.8 million for this current year. Every year AMHS needs a supplemental just to provide basic levels of service. The managers of the System should not be blamed. They are only allowed to ask for a certain amount set by the Governor, and that amount is never enough.

If the Authority eliminates this problem, then it might be successful. If the Authority can set their own budget and fund it thru their own receipts and some level of State support, SB 310 might work.

At this point we are neutral on our support of SB 310. Anytime one changes from one management system to another, there is bound to be hesitation and concern. With all of its faults, we know and understand the current management system. This bill would create a whole new playing field with an entire new set of rules.

We believe the best, most immediate fix that would have a direct impact on the operation of AMHS is their use of their program receipts. AMHS would then look at ways to maximize their revenues, which means more service, rather than laying up vessels to save money in their budget.

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

December 5, 1989

MEMORANDUM

To: Senate Transportation Committee Members

From: Senator Lloyd Jones, Chair
Senate Transportation Committee *LJ*

Subj: SB 310 - Establishing a Marine Highway Authority

Since introducing Senate Bill 310 last May, there has been discussions both pro and con on establishing a Marine Highway Authority. Over the summer, a report, commonly known as the Akres Report, was circulated in Southeast Alaska which was highly critical of the present scenario. The Toronto-based marine engineering firm strongly urged the creation of a separate autonomous board which oversees the Marine Highway System of Alaska. This report is included in your packet for your perusal.

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Senate Transportation Committee Members
SB 310
Page 2
December 5, 1989

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I expect to hold numerous hearings to gather as much input as we can. There will be new drafts forthcoming as we work through the questions that will surely arise. In the meantime, I ask you to support the concept of Senate Bill 310. It is a catalyst for positive change.

LJ:gmc

STATE OF ALASKA THE LEGISLATURE

POUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 5, 1990

SUBJECT: Role of the Alaska Marine Highway System in
the State's Federal-Aid Highway Program

TO: Senator Lloyd Jones
Chair, Senate Transportation Committee

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum discusses the role of the Alaska Marine Highway System in the State's federal-aid highway program.

The Alaska Marine Highway System is eligible to participate in the federal-aid highway program under 23 U.S.C. 129(f) and (g). These provisions allow federal funds to be expended for approaches to ferries and for construction of ferries. See attached for full text of 23 U.S.C. 129(f) and (g).

An important condition for use of federal-aid highway funds for ferry projects is that the State dedicate the revenues from ferries to the operation and construction of ferries. The State has thus far received a waiver from this requirement from the federal government. The exact basis for such a waiver is not known but is probably related to the fact that the State is paying more to operate the Alaska Marine Highway System than the system is generating in revenue. In such a case, a dedicated fund would be a futile and unnecessarily bureaucratic requirement.

The Alaska Marine Highway System does not receive a specific allocation of federal-aid highway funds. The Alaska Marine Highway System receives federal-aid highway funds from the State's allocation of federal-aid highway funds based on priorities among competing highway projects developed by the Department of Transportation and Public Facilities. Since 1961 the State has expended over \$100,000,000 of federal-aid highway funds for Alaska Marine Highway System projects.

FEB 05 1990

Approximately 1500 route miles served by the Alaska Marine Highway System have been designated as part of the primary or secondary highway systems in the state. The Alaska-Seattle route and certain in-state routes, such as the Kodiak-Aleutian route, are not designated as part of the primary or secondary highway systems.

The route miles of the Alaska Marine Highway System are not included in the mileage of public roads used to determine the State's allocation of federal-aid highway funds. The State does not receive credit under the federal allocation system for the miles covered by the Alaska Marine Highway System.

The enactment of a marine highway authority such as that proposed by SB 310 should not alter the eligibility of the Alaska Marine Highway System for federal-aid highway funds or the total eligibility of the State for such funds.

Under 23 U.S.C. 129(f) federal funds may be used to construct approaches for ferries provided that the route of ferries using the approach has been designated as part of the State's primary or secondary highway system. The ferries themselves may be publicly or privately owned, but the operating authority and control of fares for passage must be under the control of a state agency and all revenues derived from publically owned ferries must be dedicated to payment of ferry construction and operating costs.

Under 23 U.S.C. 129(g) federal funds may be used to construct a ferry if it is not feasible to construct a road to serve the route served by the ferry, the ferry route is included in the primary or secondary highway system, the ferry is publicly owned, fares for passage are subject to State control, and revenues derived from the ferry are dedicated to payment of ferry operating costs.

The provisions of SB 310 would not change any of the factors that must exist in order for the Alaska Marine Highway System to use federal-aid highway funds. The vessels will still be State-owned and fares will be controlled by the State, because the authority itself will be a State agency. The current waiver from the dedicated fund requirement that the State has received will not be affected by SB 310. If the federal government should ever rescind the waiver, the proposed marine highway authority will be able to comply with such a requirement just as well as the existing marine highway system.

Senator Lloyd Jones

Page 3

February 5, 1990

SB 310 will not affect the amount of federal-aid highway funds received, because the route miles of the Alaska Marine Highway System are not used to determine the State's allocation of funds. Even if they were used to determine the State's allocation, there would not be a change because the proposed authority will still be a State agency that is an element of the State's comprehensive transportation agency.

If I may be of further assistance, please advise.

GU:pl
WKP1/096

(f) Notwithstanding the provisions of section 301 of this title, the Secretary may permit Federal participation under this title in the construction of a project constituting an approach to a ferry, whether toll or free, the route of which has been approved under section 103(b) or (c) of this title as a part of one of the Federal-aid systems and has not been designated as a route on the Interstate System. Such ferry may be either publicly or privately owned and operated, but the operating authority and the amount of fares charged for passage shall be under the control of a State agency or official, and all revenues derived from publicly owned or operated ferries shall be applied to payment of the cost of construction or acquisition thereof, including debt service, and to actual and necessary costs of operation, maintenance, repair, and replacement.

(g) Notwithstanding section 301 of this title, the Secretary may permit Federal participation under this title in the construction of ferry boats, whether toll or free, subject to the following conditions:

(1) It is not feasible to build a bridge, tunnel, combination thereof, or other normal highway structure in lieu of the use of such ferry.

(2) The operation of the ferry shall be on a route which has been approved under section 103(b) or (c) of this title as a part of one of the Federal-aid systems

within the State and has not been designated as a route on the Interstate System.

(3) Such ferry shall be publicly owned and operated.

(4) The operating authority and the amount of fares charged for passage on such ferry shall be under the control of the State, and all revenues derived therefrom shall be applied to actual and necessary costs of operation, maintenance, and repair.

(5) Such ferry may be operated only within the State (including the islands which comprise the State of Hawaii and the islands which comprise the Commonwealth of Puerto Rico) or between adjoining States. Except with respect to operations between the islands which comprise the State of Hawaii and operations between the islands which comprise the Commonwealth of Puerto Rico and operations between any two points in Alaska and between Alaska and Washington, including stops at appropriate points in the Dominion of Canada, no part of such ferry operation shall be in any foreign or international waters.

(6) No such ferry shall be sold, leased, or otherwise disposed of without the approval of the Secretary. The Federal share of any proceeds from such a disposition shall be credited to the unprogrammed balance of Federal-aid highway funds of the same class last apportioned to such State. Any amount so credited shall be in addition to all other funds then apportioned to such State and available for expenditure in accordance with the provisions of this title.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
SNEAU ALASKA 99511
907 465 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 15, 1990

SUBJECT: Review of proposed Governor's bill relating to
the funding of the Alaska Marine Highway
System (Work Order No. 6-1904)

TO: Senator Lloyd Jones

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum is in response to the request of Charlie Miller, of your staff, for a review of potential constitutional problems posed by a proposed Governor's bill relating to funding of the Alaska Marine Highway System.

For the most part, the bill does not suggest any constitutional problems. However two provisions of Sec. 19.65.-060(a) do deserve some discussion. Sec. 19.65.060(a) reads:

- (a) There is created, as a special account in the general fund, the Alaska marine highway system fund, into which shall be deposited
- (1) the gross revenue of the Alaska marine highway system
 - (2) money that is appropriated to the Alaska marine highway system fund by the legislature in an amount that is consistent from year to year and is the amount necessary, after consideration of gross revenue, to provide the services to the public consistent with the provisions of AS 19.65.050, which appropriations are not one-year appropriations and the balance of which does not lapse under AS 37.25.010; and
 - (3) any other money that is appropriated to the Alaska marine highway system fund by the legislature, which appropriations are not one-year appropriations and the balances of which do not lapse under AS 37.25.010.

ONE: Paragraph (a)(1) of this subsection requires that the gross revenue of the Alaska Marine Highway System be depos-

Legal Services - Fed. Hwy Funding

ited into the Alaska marine highway system fund. This requirement would potentially violate the Alaska Constitution prohibition against dedicated funds (Article IX, sec. 7), but for the fact that the revenue deposited into the fund must be appropriated out of the fund by the legislature before it can be used. Though the language of Sec. 19.65.-060(b) is useful in that it states that the bill does not dedicate money for a specific purpose, the significant language is contained in Sec. 19.65.080 which states that "the legislature may appropriate amounts from the Alaska marine highway system fund to the Alaska marine highway system." (Emphasis added.) The use of the permissive term "may" allows the legislature to appropriate the revenue for marine highway expenditures, but it does not require the legislature to do so; the legislature may appropriate the revenue for any public purpose. Thus the bill does not create a dedicated fund.

Under the dedicated funds clause of the Alaska Constitution, a dedicated fund exists when the proceeds of any tax or license may be expended only for a specific purpose. The proceeds of a tax or license has been construed by the Alaska Supreme Court to include virtually any state revenue. (Alex v. State, 646 P.2d 203 (Alaska 1982)) The revenue of the Alaska Marine Highway System is among those state revenues subject to the prohibition against dedicated funds. None of the exceptions to the prohibition against dedicated funds (revenue dedicated to the permanent fund, dedicated funds existing at statehood, or dedicated funds required by federal law) apply to revenue of the Alaska Marine Highway System. A dedicated fund does not exist when the funds are placed into the general fund or otherwise available for appropriation by the legislature for any public purpose.

TWO: Paragraph (a)(2) of this subsection is an ambiguous provision requiring that money appropriated to the fund be placed into the fund. The other language of this paragraph relating to the amount to be appropriated to the fund is either one: precatory language suggesting that the legislature should appropriate enough money to the fund to provide the desired degree of ferry service; or two: mandatory language requiring the legislature to appropriate enough money to make up for any shortcoming of marine highway system revenue necessary to provide the desired degree of ferry service. If the latter is intended then the language is an invalid attempt to bind future legislatures to appropriate money for ferry service.

Senator Lloyd Jones
Page 3
January 15, 1990

The primary problem with this paragraph is that it attempts to say too many things. The paragraph should be rewritten. Each issue addressed in the paragraph should be treated separately, so that the intent is clear.

If I may be of further assistance, please advise.

GU:lmb
L9/050

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
707 465 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 16, 1990

SUBJECT: Amendments to SB 310, relating
to the establishment of the Alaska Marine
Highway Authority

TO: Senator Lloyd Jones

FROM: George Utermohle *GU*
Legislative Counsel

Enclosed are the four amendments that you requested.

Also enclosed is a fifth amendment (6-1110Ae) for your consideration. This amendment makes a technical correction to Section 6 of the bill. (Page 9, lines 11 - 13) Section 6 amends AS 39.25.110 in order to establish that the employees of the Alaska Marine Highway Authority are part of the exempt state service. The amendment merely places the exemption of the Authority's employees in an existing paragraph of AS 39.25.110 that contains the list of commissions, boards, and authorities whose employees are in the exempt service and repeals a redundant and obsolete provision of AS 39.25.110 relating to certain employees of the Division of Marine Transportation. The amendment does not change the effect of the bill, but does achieve the goal of the bill in regard to the status of the Authority's employees in a more correct and concise manner.

If I may be of further assistance, please advise.

GU:gc
G13/040

Enclosure

Legal Services - Amendments

A M E N D M E N T # (

OFFERED IN THE SENATE

BY SEN. JONES

TO: SB 310

Page 4, line 6, after "conduct":

Insert "or designate a representative to conduct"

A M E N D M E N T #2

OFFERED IN THE SENATE

BY SEN. JONES

TO: SB 310

Page 8, following line 19:

Insert a new bill section to read:

"* Sec. 3. AS 23.40.040 is amended to read:

Sec. 23.40.040. COLLECTIVE BARGAINING AGREEMENT. The Alaska Marine Highway Authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] or an authorized representative, in accordance with AS 23.40.020 - 23.40.030, may negotiate and enter into collective bargaining agreements concerning wages, hours, working conditions, and other employment benefits with the employees of the authority [DIVISION OF MARINE TRANSPORTATION] engaged in operating the state ferry system as masters or members of the crews of vessels or their bargaining agent. A collective bargaining agreement entered into by the authority is not final without the concurrence of the commissioner of transportation and public facilities. The authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] may make provision in the collective bargaining agreement for the settlement of labor disputes by arbitration."

Renumber the following bill sections accordingly.

A M E N D M E N T

#3

OFFERED IN THE SENATE

BY SEN. JONES

TO: SB 310

Page 10, following line 1:

Insert a new bill section to read:

"* Sec. 10. INITIAL APPOINTMENT OF MEMBERS OF THE ALASKA MARINE HIGHWAY AUTHORITY. Notwithstanding AS 19.70.020(b), enacted by sec. 2 of this Act, the terms of the initially appointed members of the Alaska Marine Highway Authority shall be staggered as set out in AS 39.05.055(4)."

Renumber the following bill section accordingly.

A M E N D M E N T

#4

OFFERED IN THE SENATE

TO: SB 310

Page 9, lines 11 - 13:

Delete all material and insert:

"* Sec. 6. AS 39.25.110(11) is amended to read:

(11) the officers and employees of the following boards, commissions, and authorities:

(A) Alaska Gas Pipeline Financing Authority;

(B) Alaska Permanent Fund Corporation;

(C) [REPEALED

↙ (D)] Alaska Industrial Development and Export Authority;

(D) [(E)] Alaska Commercial Fisheries Entry Commission;

(E) [(F)] Alaska Commission on Postsecondary Education;

(F) Alaska Marine Highway Authority;"

Page 10, line 2:

Delete "and AS 19.65"

Insert ", AS 19.65, and AS 39.25.110(16)"

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

TO: Ron B. Lind, Director
Plans, Programs and Budget

DATE: February 5, 1990

FILE NO:

TELEPHONE NO: 465-2171

FROM: Robin Smith *RS*
Budget Analyst

SUBJECT: AMHS Position Analysis

As requested, I have reviewed the historical changes in the number of Alaska Marine Highway System (AMHS) shoreside positions who provide non-direct services. For this analysis I have excluded all vessel personnel as well as positions budgeted in the Southeast and Southwest Shore components, who are located at ferry terminals throughout the system and provide services directly related to vessel operations. I have also excluded those positions in the Customer Services Management component who perform reservation or traffic services.

The FY82 equivalent positions providing AMHS shoreside non-direct service, was 68 permanent full-time (PFT) and 14 permanent part-time (PPT) positions. Of these, 54 PFT and 7 PPT were general fund positions and 14 PFT and 7 PPT were CIP funded positions. As a comparison, the FY91 Governor's budget for AMHS includes 87 PFT and 1 PPT non-direct service positions. This includes 69 PFT and 1 PPT general fund positions, and 18 PFT CIP funded positions.

There were 21 PFT and 5 PPT positions within AMHS providing non-direct services in FY82. However, at that time all accounting, supply, personnel, planning and engineering services were provided by positions budgeted elsewhere in the Department. In order to make a comparison possible between the current structure of AMHS and that which was in place in FY82, the FY82 figures on the attached worksheet have been adjusted to reflect the functional transfers of responsibilities that occurred in FY85 during a departmental reorganization. This reorganization elevated AMHS to a status equivalent with the Department's regional organizations, headed by a Deputy Commissioner and Division Director's, as well as made AMHS responsible for the system's support functions.

There were two major position transfers in this reorganization. The first was the transfer of 27 PFT and 2 PPT positions from Headquarters and Central Region Administrative Services to perform the accounting, personnel and supply functions. The second transfer was 4 PFT general fund and 14 PFT and 7 PPT Capital Improvement Project (CIP) funded positions from Southeast Region Design and Construction (D&C), Southeast Planning, and Central Planning to perform the planning and design and construction services for AMHS.

To complete the adjustments for functional transfers affecting AMHS positions, the FY82 position count is also adjusted for the recent transfer of 2 PFT positions from Southeast Region Maintenance and

Operations to AMHS to perform the ferry terminal maintenance program.

In an attempt to identify what changes have occurred since the FY85 reorganization, I have identified major position changes since that time. No adjustments were made, since these are additions and deletions to AMHS, as opposed to restructuring of the budget.

FY86: 7 new PFT CIP positions added

FY87: 3 PFT positions deleted by legislature from Marketing Management

FY88-FY89: Departmental restructuring reduces level of management at AMHS to System Director and program managers

FY90: 5 PFT positions deleted as part of legislative miscellaneous Admin and D&C reductions

The number of non-direct service positions increased from 82 positions (68 PFT and 14 PPT) in FY82 to 88 positions (87 PFT and 1 PPT) in FY91, for an overall increase of 6 positions. While it is also an increase of 21 PFT positions, most of those were due to an upgrade in the time status of part-time positions. A number of these time status changes occurred during the FY85 reorganization and also involved the conversion of some CIP funded positions to general fund positions.

Please let me know if additional information is needed.

cc: June Arkoulis-Sinclair, Support Services Manager, AMHS

COMPARISON OF MARINE HIGHWAY POSITIONS FY82 - FY91GOV

COMPONENT	FY82		PAGE/YEAR SHORTFORM BOOK
	PFT	PPT	
ADMINISTRATION	30	5	1 CIP pages 139-141/FY82
ADJUSTMENT SHORE "OPS" #	-9		

	21	5	
FUNCTIONAL TRANSFER *	27	2	

	48	7	
FUNCTIONAL TRANSFER **	4		GF
FUNCTIONAL TRANSFER **	14	7	CIP

	66	14	
FUNCTIONAL TRANSFER ***	2		

EQUIVALENT TOTAL NON-DIRECT SERVICE POSITIONS	68	14	(adjusted for functional transfers in later years)
SE SHORE	26	15	pg 131/FY82
SW SHORE	5	8	pg 137/FY82
SE VESSELS OPERATIONS	541.7	99.8	pg 127/FY82
SE VESSELS OVERHAUL	34		pg 129/FY82
SW VESSELS OPERATIONS	64	44.6	pg 133/FY82
SW VESSELS OVERHAUL	7.8		pg 135/FY82

	678.5	167.4	
ADJUSTMENT SHORE "OPS" #	9		
=====			
EQUIVALENT TOTAL "OPERATIONS" POSITIONS	687.5	167.4	

Traffic Manager, 3 Asst. Traffic Managers, Ferry Services Manager, 4 Reservation Specialists considered "operations" shoreside positions.

* FY85 transfer of financial/personnel/supply functions from HQ and Central Admin to AMHS.

** FY85 transfer of design & construction and planning functions from SE D&C, SE Planning, and Central Planning.

** FY91 transfer of shoreside maintenance function from SE M&O.

COMPARISON OF MARINE HIGHWAY POSITIONS FY82 - FY91GOV

COMPONENT	FY91GOV			PAGE/YEAR SHORTFORM BOOK
	PFT	PPT		
ADMINISTRATION	46	1	1 CIP	pg 102/FY91
CUSTOMER SERVICES MANAGEMT	15	17		pg 104/FY91
ADJUSTMENT SHORE "OPS" #	-11	-17		
	-----	-----		
	4	0		
OPERATIONS MANAGEMENT	15			pg 106/FY91
MARINE FACILITIES ENGR MGT	5			pg 110/FY91
MFE CIP PROGRAM	17		CIP	pg 112/FY91
	=====	=====		
EQUIVALENT TOTAL NON-DIRECT SERVICE POSITIONS	87	1		
SE SHORE	19	15		pg 202/Fy91
SW SHORE	3	2		pg 204/FY91
SE VESSELS OPERATIONS/OVER	518	109		pg 208/FY91
SW VESSELS OPERATIONS/OVER	63	35		pg 210/FY91
	-----	-----		
	603	161		
ADJUSTMENT SHORE "OPS" #	11	17		
	=====	=====		
EQUIVALENT TOTAL "OPER- ATIONS" POSITIONS	614	178		

2 Asst Traffic Managers, 2 Ferry Services Managers, 19 Clerks (reservations), and 5 Reservations Specialists considered "operations" shoreside positions.

STATE OF ALASKA THE LEGISLATURE

AGENCY STATE CAPITAL
BUREAU ALASKA 99504
907 465 3600

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

May 1, 1989

SUBJECT: SB 310; An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority

TO: Senator Lloyd Jones, Chairman
Senate Transportation Committee

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum contains a sectional summary of SB310, as requested by Terry Orness of your staff.

A summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill sets out the purpose of the bill.

Section 2 of the bill amends AS 19 by adding a new chapter creating the Alaska Marine Highway Authority.

CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

ARTICLE 1. CREATION AND ORGANIZATION.

Sec. 19.70.010 establishes the Alaska Marine Highway Authority as a public corporation of the state within the Department of Transportation and Public Facilities.

Sec. 19.70.020 relates to the directors of the authority. There are seven directors of the authority: the commissioner of transportation and public facilities and six other persons appointed by the governor. The qualifications for the directors are set out.

The directors appointed by the governor serve at the pleasure of the governor for four year terms.

Senator Lloyd Jones
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May 1, 1989

The directors of the authority are subject to conflict of interest laws under AS 39.50.

The appointed directors of the authority are entitled to compensation in the amount of \$300 for each day they are engaged in the business of the authority. The directors also receive travel and per diem expenses.

Sec. 19.70.030 provides for the election of officers by the directors of the authority and sets the quorum for meetings of the directors.

Sec. 19.70.040 authorizes the authority to employ executive and administrative officers who serve at the pleasure of the authority. All executive and administrative officers and other employees of the authority are in the exempt service. The authority may also employ consultants and advisors.

ARTICLE 2. POWERS AND DUTIES.

Sec. 19.70.050 sets out the powers of the authority.

Sec. 19.70.055 sets out the duties of the authority.

Sec. 19.70.060 authorizes the authority to operate a ferry system under the name "Alaska Marine Highway System".

Sec. 19.70.070 requires the authority to prepare a long-range plan for development and improvement of the ferry system, in cooperation with the Department of Transportation and Public Facilities, at least every five years.

ARTICLE 3. ACQUISITION OF PROPERTY.

Sec. 19.70.080 provides that the authority may acquire land and material necessary for the construction, maintenance, or improvement of the marine highway system.

Sec. 19.70.090 provides that the authority may acquire land for the purpose of exchanging the land for other land that the authority needs to acquire.

Sec. 19.70.100 provides that the authority may vacate land or rights in land held by the authority. The authority may also transfer its surplus lands to the Department of Natural Resources for disposal. The proceeds of the disposal shall

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be returned to the source of funds from which the original purchase of the land was made.

ARTICLE 4. FERRY TERMINAL FACILITIES.

Sec. 19.70.111 authorizes the authority to construct, purchase, or lease ferry terminal facilities and to maintain these facilities.

Sec. 19.70.120 authorizes the authority to connect ferry terminal facilities with local highway systems.

Sec. 19.70.130 authorizes the authority to adopt regulations regarding the use of ferry terminal facilities by the public.

Sec. 19.70.140 exempts ferry terminal facilities that were in existence on January 1, 1959 from AS 19.70.110 - 19.70.140.

ARTICLE 5. GENERAL PROVISIONS.

Sec. 19.70.150 provides that the authority shall annually submit a report to the governor and legislature regarding its operations, income, and expenditures for the preceding fiscal year.

Sec. 19.70.160 provides that the authority shall have its financial records audited annually and that the legislative auditor may prescribe the form and content of the financial records of the authority.

Sec. 19.70.170 provides that the authority is subject to the Executive Budget Act, like other state agencies, and that the expenditures of the authority are subject to appropriation by the legislature.

Sec. 19.70.180 provides that the vessels of the authority shall be named by law.

Sec. 19.70.199 sets out the definitions of "authority", "capital improvement", and "ferry".

Sec. 19.70.200 provides that this chapter may be cited as the Alaska Marine Highway Authority Act.

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May 1, 1989

Sections 3 - 5 of the bill amend AS 35.27 to provide that the Alaska Marine Highway Authority is solely responsible for implementation of the "art in public places" program for vessels and facilities of the authority.

Section 6 of the bill amends AS 39.25.110 to provide that the officers and employees of the Alaska Marine Highway Authority are in the exempt service.

Section 7 of the bill amends AS 39.50.200(b) to provide that directors of the authority are subject to the conflict of interest law (AS 39.50).

Sections 8 and 9 of the bill amend AS 44.42.020 in order to transfer the authority of the Department of Transportation and Public Facilities over the planning, design, construction, maintenance, management, and operation of the facilities, vessels, and equipment of the marine highway system to the Alaska Marine Highway Authority.

Section 10 of the bill repeals AS 19.60 (Ferry Terminal Facilities) and AS 19.65 (Alaska Marine Highway System), which have been replaced by AS 19.70 as contained in sec. 2 of this bill.

GU:kb
wkk4/067

As you want
 I have taken the liberty to outline *important*
 a few issues which you should be ~~aware~~ *made aware.*
~~These are~~ *I have been* these will be included
 in my legislative agenda this coming session
 and I will need your help to get them
 accomplished

September 14, 1989

All Mayors, Southern
 Southeast Mayor's Conference
 #1 Freeman Drive
 Thorne Bay, Alaska 99919

Dear Mayors:

It is good to know you have all taken the time to meet prior to the upcoming Southeast Conference in order to derive the maximum benefit from next week's meeting. There are several current issues of particular importance to us in Southern Southeast that I have been working on. Perhaps this is a good time to let you know of my progress.

Tongass National Forest
 1. *Revenues*

Currently, approximately 31% of the money returned to the State of Alaska by the federal government from revenues generated by the Tongass National Forest is allocated back to the organized boroughs which are within the forest. This percentage is based on the geographic area of the forest contained within the boundaries of the organized boroughs. The remainder of these funds go directly to the general fund to be allocated to roads and schools in the unorganized boroughs state-wide. I would like to see these funds focused more on the areas from which the timber is harvested. I have been working with the department of community and regional affairs, which administers these funds, the department of revenue, the forest service, and our congressional delegation to seek a more equitable solution to the distribution of these monies. In addition, legislative legal counsel has indicated there may possibly be a legislative answer available on the state level. Should legislation be developed to change current law, it will certainly be necessary for us all to be involved in convincing the legislature to take action.

Marine Hwy. Revenue

Our Marine Highway system, which is so basic to our way of life in Southern southeast, suffers from chronic budgetary and scheduling problems. One solution I have proposed is to return the revenues earned by the ferry system back to the marine highway. This will provide an incentive for the system to be run more efficiently and will give management an additional incentive to provide more comprehensive, and cost-effective scheduling. I have also introduced legislation to create a marine highway authority which would be charged with providing comprehensive marine transportation for all of Southeast and Southwest Alaska. The Marine Highway is our only road system used for both commerce and pleasure, and it is imperative that it be run like the \$65 million transportation system that it is. The authority concept would provide some autonomy to the management of the system while keeping the entire system a public entity. That the public nature of the system be retained is absolutely necessary to allow for the continuation of federal dollars to be used for operation and maintenance of the system, and to provide for continuity of employment for the employees of the system.

I am also hopeful that the southeast conference will reach a consensus on power issues such as priority funding for the southeast intertie project. In addition to the intertie, I have been working with local officials and our congressional delegation to emphasize the need to pass federal legislation which would allow us to tap Lake Grace in the Misty Fjord national monument to allow additional hydro generation capability at Swan Lake near Ketchikan. It has been suggested that this proposal could come as part of an overall economic diversification package for our region of the state. This economic diversification package may be tied to Tongass legislation now pending in Congress.

It is obvious that each of these subjects can be gone into in much greater detail. However, I will be seeing most of you in Skagway next week and will look forward to speaking with you about these projects personally. Thank you for taking the time to focus on these important issues.

Sincerely,

Lloyd Jones
Alaska State Senate

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FILE

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WASHINGTON STATE FERRIES

State Toll Bridges, Tunnels, And Ferries

47.56.010

- 47.56.652 Bridging lower Columbia river in vicinity of Astoria-Megler—Procedure for this state paying deficiency in tolls and fees for Oregon bond issue.
- 47.56.655 Bridging lower Columbia river in vicinity of Astoria-Megler—Washington liability for costs—Maintenance and repair—Approaches.
- 47.56.658 Bridging lower Columbia river in vicinity of Astoria-Megler—Financial responsibility of Pacific county—Prior commitment required.
- 47.56.659 Bridging lower Columbia river in vicinity of Astoria-Megler—Contractual obligations of Pacific county terminated.
- 47.56.661 Bridging lower Columbia river in vicinity of Astoria-Megler—Deposit of contribution of Pacific county in motor vehicle fund—Use.
- 47.56.667 Bridging lower Columbia river in vicinity of Astoria-Megler—When toll free.
- 47.56.700 Columbia river, Vernita bridge and highway approach from Richland—Authorized.
- 47.56.701 Columbia river, Vernita bridge and highway approach from Richland—Revenue bonds—Tolls and charges.
- 47.56.702 Columbia river, Vernita bridge and highway approach from Richland—Pledge of excise taxes imposed on motor vehicle fuels.
- 47.56.703 Columbia river, Vernita bridge and highway approach from Richland—Continued imposition of such taxes.
- 47.56.704 Columbia river, Vernita bridge and highway approach from Richland—Repayment of motor vehicle fund money—Continuation of tolls.
- 47.56.705 Columbia river, Vernita bridge and highway approach from Richland—Facility to be part of highway system—Operation, collection of tolls.
- 47.56.706 Columbia river, Vernita bridge and highway approach from Richland—Laws applicable—Construction of 1963 statute.
- 47.56.711 Spokane river toll bridges—Refunding bonds authorized—Contract with retirement systems.
- 47.56.712 Spokane river toll bridges—Refunding bonds—Amount, determination by state finance committee—Maturity date—Interest rates—Signatures—Registration—Statement describing nature of obligation—Negotiable instruments—Sources of payment—Account created in highway bond retirement fund—Deposit of revenue—Repayment procedure—Pledge of excise taxes—Legislative covenant—Amount and duration of tolls—Priority of payments—Trust fund—Covenants by state finance committee.
- 47.56.713 Spokane river toll bridges—Liquidation of existing bond and revenue funds—Redemption of outstanding bonds—Transfer of moneys.
- 47.56.714 Spokane river toll bridges—Exemption from prohibition against construction of other bridges—Conditions.
- 47.56.715 Spokane river toll bridges—Repayment of motor vehicle fund—Continuation of tolls.
- 47.56.716 Spokane river toll bridges—Refunding bonds—Lien against fuel tax revenues.
- 47.56.720 Puget Island—Westport ferry—Payments for operation and maintenance to Wahkiakum county—Toll free operation and provision of rest room facilities, when.
- 47.56.725 Ferry systems operated by Pierce, Skagit, and Whatcom counties—Deficit reimbursements.
- 47.56.730 "No Smoking" areas on ferries—Establishment directed.
- 47.56.740 Columbia river bridge at Horn Rapids—Authorized—Approach routes.
- 47.56.741 Columbia river bridge at Horn Rapids—Agreements with local governments.
- 47.56.742 Columbia river bridge at Horn Rapids—Bonds—Agreements with local governments required.
- 47.56.743 Columbia river bridge at Horn Rapids—Bonds—Plans for funding obligations of local governments required.
- 47.56.744 Columbia river bridge at Horn Rapids—Agreements with United States—Acceptance of public or private funds.
- 47.56.745 Columbia river bridge at Horn Rapids—General obligation bonds authorized—Additional bonds authorized, restriction.
- 47.56.746 Columbia river bridge at Horn Rapids—Bonds—Issuance, sale, retirement supervised by state finance committee.
- 47.56.747 Columbia river bridge at Horn Rapids—Bonds—Term—Terms and conditions—Signatures—Registration—Where payable—Negotiable instruments—Legal investment for state funds—Bond anticipation notes.
- 47.56.748 Columbia river bridge at Horn Rapids—Bonds—Bond proceeds—Deposit and use.
- 47.56.749 Columbia river bridge at Horn Rapids—Bonds—Statement describing nature of obligation—Sources of payment.
- 47.56.750 Columbia river bridge at Horn Rapids—Bonds—Account created in highway bond retirement fund—Deposit of revenue—Pledge of excise taxes—Repayment procedure—Legislative covenant.
- 47.56.751 Columbia river bridge at Horn Rapids—Operation by department of transportation—Amount and duration of tolls—Use of motor vehicle fund moneys—Priority of payments—Trust fund—Covenants by state finance committee.
- 47.56.752 Columbia river bridge at Horn Rapids—Toll revenue trust fund—Transfer of surplus moneys.
- 47.56.753 Columbia river bridge at Horn Rapids—Repayment of motor vehicle fund money—Continuation of tolls.
- 47.56.754 Columbia river bridge at Horn Rapids—Ferries, urban arterials, Spokane river toll bridges, bonds—Lien against fuel tax revenues.
- 47.56.755 Columbia river bridge at Horn Rapids—When toll free—Conveyance to city or counties. Additional bridge at Columbia point authorized.
- 47.56.756 First Avenue South bridge in Seattle—Study by commission—Bonds, tolls—Additional funding.
- 47.56.761 First Avenue South bridge in Seattle—Study by city—Tolls—Revenues.
- Bridges across navigable waters. RCW 79.91.090 through 79.91.120.*
- Port districts, toll facilities: Chapter 53.34 RCW.*
- Toll bridge bonds authorized, adjoining counties: RCW 36.76.140.*
- Traffic violations and unlawful acts on toll facility or ferry: RCW 46.61.690.*
- Viaducts, bridges, elevated roadways, tunnels, etc., authority of cities to construct: Chapter 35.85 RCW.*
- 47.56.010 Definitions. "Toll bridge" means a bridge constructed or acquired under this chapter, upon which tolls are charged, together with all appurtenances, additions, alterations, improvements, and replacements thereof, and the approaches thereto, and all lands and interests used therefor, and buildings and improvements thereon.
- "Toll road" means any express highway, superhighway, or motorway at such locations and between such termini as may be established by law, and constructed or to be constructed as a limited access highway under the provisions of this chapter by the department, and shall include, but not be limited to, all bridges, tunnels, overpasses, underpasses, interchanges, entrance plazas, approaches, toll houses, service areas, service facilities, communications facilities, and administration, storage, and other buildings that the department may deem necessary for the operation of the project, together with all property, rights, easements, and interests that may be acquired by the department for the construction or the

47.56.010

Title 47 RCW: Public Highways and Transportation

operation of the project, all of which shall be conducted in the same manner and under the same procedure as provided for the establishing, constructing, operating, and maintaining of toll bridges by the department, insofar as those procedures are reasonably consistent and applicable. [1984 c 7 § 246; 1961 c 13 § 47.56.010. Prior: 1953 c 220 § 1; 1937 c 173 § 1, part; RRS § 6524-1, part.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.56.030 Department in charge of toll facilities including ferries for enumerated purposes. The department of transportation shall have full charge of the construction of all toll bridges and other toll facilities including the Washington state ferries, and the operation and maintenance thereof. The transportation commission shall determine and establish the tolls and charges thereon, and shall perform all duties and exercise all powers relating to the financing, refinancing, and fiscal management of all toll bridges and other toll facilities including the Washington state ferries, and bonded indebtedness in the manner provided by law. The department shall have full charge of design of all toll facilities. The department shall proceed with the construction of such toll bridges and other facilities and the approaches thereto by contract in the manner of state highway construction immediately upon there being made available funds for such work and shall prosecute such work to completion as rapidly as practicable. The department is authorized to negotiate contracts for any amount without bid in order to make repairs to ferries or ferry terminal facilities or removal of such facilities whenever continued use of ferries or ferry terminal facilities constitutes a real or immediate danger to the traveling public or precludes prudent use of such ferries or facilities. [1977 ex.s. c 151 § 66; 1969 ex.s. c 180 § 3; 1961 c 278 § 8; 1961 c 13 § 47.56.030. Prior: 1937 c 173 § 10; RRS § 6524-10.]

47.56.032 Authority of department and commission relating to state ferries. All powers vested in the toll bridge authority as of September 21, 1977, relating to the acquiring, operating, extending, designing, constructing, repairing, and maintenance of the Washington state ferries or any part thereof and the collecting of tolls and charges for use of its facilities, shall be performed by the department. The commission shall determine all fares, tolls, and other charges for its facilities and shall directly perform all duties and exercise all powers relating to financing, refinancing, and fiscal management of the system's bonded indebtedness in the manner provided by law. [1984 c 7 § 247; 1961 c 278 § 9.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.56.040 Toll bridges authorized—Investigations. The department is empowered, in accordance with the provisions of this chapter, to provide for the establishment and construction of toll bridges upon any public highways of this state together with approaches thereto wherever it is considered necessary or advantageous and

practicable for crossing any stream, body of water, gulch, navigable water, swamp, or other topographical formation whether that formation is within this state or constitutes a boundary between this state and an adjoining state or country. The necessity or advantage and practicability of any such toll bridge shall be determined by the department, and the feasibility of financing any toll bridge in the manner provided by this chapter shall be a primary consideration and determined according to the best judgment of the department. For the purpose of obtaining information for the consideration of the department upon the construction of any toll bridge or any other matters pertaining thereto, any cognizant officer or employee of the state shall, upon the request of the department, make reasonable examination, investigation, survey, or reconnaissance for the determination of material facts pertaining thereto and report this to the department. The cost of any such examination, investigation, survey, or reconnaissance shall be borne by the department or office conducting these activities from the funds provided for that department or office for its usual functions. [1984 c 7 § 248; 1961 c 13 § 47.56.040. Prior: 1937 c 173 § 3; RRS § 6524-3; prior: 1913 c 56 § 2; RRS § 6525.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.56.042 State boundary bridges—Investigations—Agreements with counties or states. The department is authorized to enter into agreements with any county of this state and/or with an adjoining state or county thereof for the purpose of implementing an investigation of the feasibility of any toll bridge project for the bridging of a river forming a portion of the boundary of this state, and the adjoining state. The department may use funds available to it to carry out the purposes of this section. These agreements may provide that if any such project is determined to be feasible and is adopted, any advancement of funds by any state or county may be reimbursed out of any proceeds derived from the sale of bonds or out of tolls and revenues to be derived from the project. [1984 c 7 § 249; 1961 c 13 § 47.56.042. Prior: 1955 c 203 § 1.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.56.050 Purchase of bridges and ferries authorized—Provisions applicable. (1) The department, whenever it is considered necessary or advantageous and practicable, is empowered to provide for the acquisition by purchase of, and to acquire by purchase (a) any bridge or bridges or ferries which connect with or may be connected with the public highways of this state (b) together with approaches thereto.

(2) In connection with the acquisition by purchase of any bridge or bridges or ferries under subsection (1) of this section, the department, the state treasurer, any city, county, or other political subdivision of this state, and all of their officers:

(a) Are empowered and required to do all acts and things provided for in this chapter to establish and construct toll bridges and operate, finance, and maintain

State Toll Bridges, Tunnels, And Ferries

47.56.090

such bridges insofar as the powers and requirements are applicable to the purchase of any bridge or bridges or ferries and their operation, financing, and maintenance; and

(b) In purchasing, operating, financing, and maintaining any bridge or bridges or ferries acquired or to be acquired by purchase under this section, shall act in the same manner and under the same procedures as are provided in this chapter to establish, construct, operate, finance, and maintain toll bridges insofar as such manner and procedure are applicable to the purchase of any bridge or bridges or ferries and their operation, financing, and maintenance.

(3) Without limiting the generality of the provisions contained in subsections (1) and (2) of this section, the department is empowered: (a) To cause surveys to be made for the purpose of investigating the propriety of acquiring by purchase any such bridge or bridges or ferries and the right of way necessary or proper for that bridge or bridges or ferries, and other facilities necessary to carry out the provisions of this chapter; (b) to issue, sell, and redeem bonds, and to deposit and pay out the proceeds of the bonds for the financing thereof; (c) to collect, deposit, and expend tolls therefrom; (d) to secure and remit financial and other assistance in the purchase thereof; and (e) to carry insurance thereon.

(4) The provisions of RCW 47.56.220 apply when any bridge or bridges or ferries are acquired by purchase pursuant to this section. [1984 c 7 § 250; 1973 c 106 § 25; 1961 c 13 § 47.56.050. Prior: 1945 c 266 § 1; Rem. Supp. 1945 § 6524-3a.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.56.060 Toll bridges—General powers of department and officials—Financial statements. The department, the officials thereof, and all other state officials are empowered to act and make agreements consistent with law as may be necessary or desirable in connection with the duties and powers conferred upon them respectively by law regarding the construction, maintenance, operation, and insurance of toll bridges or the safeguarding of the funds and revenues required for such construction and the payment of the indebtedness incurred therefor. The department shall keep full, complete, and separate accounts of each toll bridge, and annually shall prepare balance sheet and income and profit and loss statements showing the financial condition of each such toll bridge, which statement shall be open at all reasonable times to the inspection of holders of bonds issued by the department. [1984 c 7 § 251; 1961 c 13 § 47.56.060. Prior: 1937 c 173 § 17; RRS § 6524-17.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.56.070 Toll facilities authorized—Provisions applicable—Restrictions. The department of transportation may, with the approval of the transportation commission, provide for the establishment, construction, and operation of toll tunnels, toll roads, and other facilities necessary for their construction and connection with

public highways of the state. It may cause surveys to be made to determine the propriety of their establishment, construction, and operation, and may acquire rights of way and other facilities necessary to carry out the provisions hereof; and may issue, sell, and redeem bonds, and deposit and expend them; secure and remit financial and other assistance in the construction thereof; carry insurance thereon; and handle any other matters pertaining thereto, all of which shall be conducted in the same manner and under the same procedure as provided for the establishing, constructing, operating, and maintaining of toll bridges by the department, insofar as reasonably consistent and applicable. No toll facility, toll bridge, toll road, or toll tunnel, shall be combined with any other toll facility for the purpose of financing unless such facilities form a continuous project, to the end that each such facility or project be self-liquidating and self-sustaining. [1977 ex.s. c 151 § 67; 1961 c 13 § 47.56.070. Prior: 1953 c 220 § 3; 1937 c 173 § 3 1/2; RRS § 6524-3 1/2.]

47.56.075 Toll roads, facilities—Legislative authorization or local sponsorship required. The department shall approve for construction only such toll roads as the legislature specifically authorizes or such toll facilities as are specifically sponsored by a city, town, or county. [1984 c 7 § 252; 1961 c 13 § 47.56.075. Prior: 1953 c 220 § 7.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.56.077 Concessions to operate private business on toll road right of way prohibited. The department shall not grant concessions for the operation or establishment of any privately owned business upon toll road rights of way. [1984 c 7 § 253; 1961 c 13 § 47.56.077. Prior: 1953 c 220 § 8.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.56.080 Construction of toll bridges and issuance of bonds authorized. Whenever in the judgment of the transportation commission it is considered in the best interest of the public highways of the state that any new toll bridge or bridges be constructed upon any public highway and across any stream, body of water, gulch, navigable water, swamp, or other topographical formation and operated by the state the commission shall adopt a resolution declaring that public interest and necessity require the construction of such toll bridge or bridges and authorizing the issuance of revenue bonds for the purpose of obtaining funds in an amount not in excess of that estimated to be required for such construction. The issuance of bonds as provided in this chapter for the construction of more than one toll bridge may at the discretion of the commission be included in the same authority and issue of bonds. [1977 ex.s. c 151 § 68; 1961 c 13 § 47.56.080. Prior: 1937 c 173 § 6; RRS § 6524-6.]

47.56.090 Authority to acquire right of way in constructing a toll bridge. The department of transportation is empowered to secure right of way for toll bridges and

Puget Sound Ferry And Toll Bridge System

47.60.010

- 47.60.140 System as self-liquidating undertaking—Powers of department—Concessions.
- 47.60.145 Historic ferries—Acquisition by qualified persons or organizations.
- 47.60.150 Fixing of charges—Deposit, segregation, and disbursement of revenues.
- 47.60.160 Reimbursement of motor vehicle fund
- 47.60.170 Ferries revolving fund authorized—Deposit of excess funds.
- 47.60.200 Consent to liability not general liability of state.
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- Credit permits for vehicular passage: RCW 47.56.247, 47.56.248*
- Sale, lease of unneeded toll facility, ferry system property—Franchises for utility, railway purposes: RCW 47.56.253 through 47.56.257.*
- Traffic violations and unlawful acts on toll facility or ferry: RCW 46.61.690.*
- 47.60.010 Ferry system, toll bridges, and facilities authorized—Power to contract, sell and lease back. The department is authorized to acquire by lease, charter, contract, purchase, condemnation, or construction, and partly by any or all of such means, and to thereafter operate, improve, and extend, a system of ferries on and crossing Puget Sound and any of its tributary waters and connections thereof, and connecting with the public streets and highways in the state. The system of ferries shall include such boats, vessels, wharves, docks, approaches, landings, franchises, licenses, and appurtenances as shall be determined by the department to be necessary or desirable for efficient operation of the ferry system and best serve the public. The department may in like manner acquire by purchase, condemnation, or construction and include in the ferry system such toll bridges, approaches, and connecting roadways as may be deemed by the department advantageous in channeling traffic to points served by the ferry system. In addition to the powers of acquisition granted by this section, the department is empowered to enter into any contracts,

agreements, or leases with any person, firm, or corporation and to thereby provide, on such terms and conditions as it shall determine, for the operation of any ferry or ferries or system thereof, whether acquired by the department or not.

The authority of the department to sell and lease back any state ferry, for federal tax purposes only, as authorized by 26 U.S.C., Sec. 168(f)(8) is confirmed. Legal title and all incidents of legal title to any ferry sold and leased back (except for the federal tax benefits attributable to the ownership thereof) shall remain in the state of Washington. [1984 c 18 § 1; 1984 c 7 § 296; 1961 c 13 § 47.60.010. Prior: 1949 c 179 § 1; Rem. Supp. 1949 § 6584-30.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.60.013 Emergency powers of governor to insure continued operation of ferry and toll bridge system—Cost reimbursement. The governor is authorized to take such actions as may be necessary to insure the continued operation of the Puget Sound ferry and toll bridge system under any emergency circumstances which threaten the continued operation of the system. In the event of such an emergency, the governor may assume all the powers granted by law to the transportation commission and department of transportation with respect to the ferry system. In addition, notwithstanding the provisions of chapters 47.60 and 47.64 RCW, the governor may contract with any qualified persons for the operation of the Washington state ferry system, or any part thereof, or for ferry service to be provided by privately owned vessels. Administrative costs to the office of the governor incurred in the exercise of this authority shall be reimbursed by the department. [1981 c 341 § 1.]

Severability—1981 c 341: "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [1981 c 341 § 2.]

47.60.015 "Washington State Ferries"—Name authorized. The department is authorized to operate its ferry system under the name: "Washington State Ferries." [1984 c 7 § 297; 1961 c 13 § 47.60.015. Prior: 1953 c 33 § 1.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.60.017 State ferry system a public mass transportation system. The legislature finds and declares that the state ferry system is a public mass transportation system. [1974 ex.s. c 105 § 1.]

47.60.020 Eminent domain—Condemnation proceedings. For the purpose of carrying out any or all of the powers granted in this chapter, the department has the power of eminent domain for the acquisition of either real or personal property used or useful for the Puget Sound ferry system. Condemnation pursuant to this chapter shall be the procedure set out in chapter 8.04 RCW. The department may institute condemnation proceedings in the superior court of any county or other

court of competent jurisdiction in which any of the property sought to be condemned is located or in which the owner of any thereof does business, and the court in any such action has jurisdiction to condemn property wherever located within the state. It shall not be necessary to allege or prove any offer to purchase or inability to agree with the owners thereof for the purchase of any such property in the proceedings. It is the intention of this section to permit the consolidation in one action of all condemnation proceedings necessary to acquire a ferry system and every type of property incident thereto, irrespective of its location within the state or diversity of ownership. Upon the filing of a petition for condemnation as provided in this section, the court may issue an order restraining the removal from the jurisdiction of the state of any personal property sought to be acquired by the proceeding during the pendency thereof. The court further has the power to issue such orders or process as are necessary to place the department into possession of any property condemned. [1984 c 7 § 298; 1961 c 13 § 47.60.020. Prior: 1949 c 179 § 2; Rem. Supp. 1949 § 6584-31.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.60.030 Existing contracts—Prior negotiations and bids validated. In any case where the department takes over any property or properties which are under lease, contract, or concession, or where the department has heretofore entered into any contract or negotiation or received any bid for any of the purposes set forth in this chapter, the department is authorized to continue in effect and carry out any such contract, lease, or concession or complete any such negotiation or accept any such bid or any modification of any of them which appears advantageous to the department without regard to any limitations or directions as to the manner thereof contained in this chapter. However, this section shall not be construed as requiring the department so to act, but this section is permissive only and then only in respect to contracts, leases, concessions, negotiations, or bids existing, entered into, or received prior to April 1, 1949. [1984 c 7 § 299; 1961 c 13 § 47.60.030. Prior: 1949 c 179 § 7; Rem. Supp. 1949 § 6584-36.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.60.040 Survey by department. For the purpose of obtaining information for the consideration of the department upon the acquisition of any ferries or ferry facilities or the construction of any toll bridge under this chapter, the department shall make any examination, investigation, survey, or reconnaissance for the determination of material facts pertaining thereto.

The cost of any such examination, investigation, survey, or reconnaissance, and all preliminary expenses leading up to and resulting in the issuance of any revenue bonds including, but not being limited to expenses in making surveys and appraisals and the drafting, printing, issuance, and sale of bonds under this chapter shall be borne by the department out of the motor vehicle fund. All such costs and expenses as well as any thereof

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warrants shall be payable solely out of part or all of the revenues derived from the operation of the Puget Sound ferry system as shall be provided in the resolution authorizing their issuance, and shall be drawn upon, and the principal thereof and interest thereon shall be payable out of, such fund or funds as shall be created in and provided by the resolution. The warrants may be interest-bearing coupon warrants with a fixed maturity date, or may be interest-bearing registered warrants payable in order of their issuance whenever there is sufficient money in the fund upon which they were drawn to redeem any of them. [1984 c 7 § 308; 1961 c 13 § 47.60.122. Prior: 1953 c 159 § 1.]

Severability—1984 c 7: See note following RCW 47.01.141

47.60.124 Revenue refunding bonds to redeem interim warrants. If it is deemed advisable or found necessary to redeem any or all of such warrants, the department is authorized to issue its revenue refunding bonds for that purpose. The bonds shall constitute obligations only of the department, and shall not be obligations of the state of Washington. The refunding bonds shall be payable solely out of part or all of the revenues derived from the operation of the Puget Sound ferry system as shall be provided in the resolution authorizing their issuance. [1984 c 7 § 309; 1961 c 13 § 47.60.124. Prior: 1953 c 159 § 2.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.60.126 Interim warrants and refunding bonds— Laws applicable. All provisions of chapter 47.60 RCW pertaining and applicable to the revenue bonds of the department authorized in that chapter are applicable to the warrants and revenue refunding bonds authorized herein except insofar as otherwise provided by RCW 47.60.122 through 47.60.126. [1984 c 7 § 310; 1961 c 13 § 47.60.126. Prior: 1953 c 159 § 3.]

Severability—1984 c 7: See note following RCW 47.01.141

47.60.130 Unit or combined operation—Continuous project—Rental, charter, lease, of system property—Sale of unneeded property. Such ferry system, including any toll bridges, approaches, and roadways incidental thereto, may be financed and operated in combination or separately as one or more units as the department of transportation may determine, and such ferry system together with any toll bridge hereafter constructed by the department upon or across the waters of Puget Sound or Hood Canal, or any part of either, replacing one or more presently operated ferry routes, is declared to be a continuous project within the meaning of RCW 47.56.070. The department is empowered to rent, lease, or charter any property acquired under this chapter. If the department determines that any real property (including lands, improvements thereon, and any interests or estates) originally acquired for the ferry system is no longer required for the purposes of the ferry system, the department shall offer it for sale in the manner and with the authority authorized to the department by RCW 47.12.063 or 47.12.283. The secretary of

transportation may adopt rules further implementing this section. The proceeds of all such sales shall be paid into the separate trust fund of the state treasury established pursuant to RCW 47.60.150. [1979 ex.s. c 189 § 6; 1973 1st ex.s. c 177 § 5; 1961 c 13 § 47.60.130. Prior: 1955 c 22 § 1; 1953 c 32 § 1; 1949 c 179 § 3, part; Rem. Supp. 1949 § 6584-32, part.]

Effective date—1979 ex.s. c 189: See note following RCW 47.12.283.

47.60.140 System as self-liquidating undertaking—Powers of department—Concessions. (1) The department is empowered to operate such ferry system, including all operations, whether intrastate or international, upon any route or routes, and toll bridges as a revenue-producing and self-liquidating undertaking. The department has full charge of the construction, rehabilitation, rebuilding, enlarging, improving, operation, and maintenance of the ferry system, including toll bridges, approaches, and roadways incidental thereto that may be authorized by the department, including the collection of tolls and other charges for the services and facilities of the undertaking. The department has the exclusive right to enter into leases and contracts for use and occupancy by other parties of the concessions and space located on the ferries, wharves, docks, approaches, and landings, but, except as provided in subsection (2) of this section, no such leases or contracts may be entered into for more than five years, nor without public advertisement for bids as may be prescribed by the department. However, except as provided in subsection (2) of this section, the Colman Dock facilities may be leased for a period not to exceed ten years.

(2) As part of a joint development agreement under which a public or private developer constructs improvements on ferry system property, the department may lease such property and improvements to such developers for that period of time, not to exceed fifty-five years, or not to exceed thirty years for those areas located within harbor areas, which the department determines is necessary to allow the developer to make reasonable recovery on its initial investment. Any lease entered into as provided for in this subsection that involves state aquatic lands shall conform with the Washington state Constitution and applicable statutory requirements as determined by the department of natural resources. That portion of the lease rate attributable to the state aquatic lands shall be distributed in the same manner as other lease revenues derived from state aquatic lands as provided in RCW 79.24.580. [1987 c 69 § 1; 1984 c 7 § 311; 1965 ex.s. c 170 § 58; 1961 c 13 § 47.60.140. Prior: 1951 c 259 § 1; 1949 c 179 § 5, part; Rem. Supp. 1949 § 6584-34, part.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.60.145 Historic ferries—Acquisition by qualified persons or organizations. (1) An "historic ferry" is any vessel in the Washington state ferries fleet which has been listed in the Washington state register of historic places.

Severability—1984 c 7: See note following RCW 47.01.141.

47.60.275 Authority and jurisdiction of local law enforcement officers at state ferry terminals and upon ferries. Law enforcement officers of cities, towns, and counties which are served by state ferries shall have, and are hereby authorized to exercise, concurrent jurisdiction and authority with state law enforcement officers in the enforcement of laws of the state and local governmental divisions at those state ferry terminals located within the respective governmental division served by such local law enforcement officers and on state ferries at the terminals and throughout the ferry runs, notwithstanding that the ferry may not be in the officer's governmental division. [1969 ex.s. c 13 § 1.]

47.60.277 "No Smoking" areas on state ferries—Establishment directed. See RCW 47.56.730.

47.60.280 Ferry service—Lummi Island to Orcas Island—Limitation on operation. The department is authorized and directed to establish and operate a ferry service from a suitable point on Lummi Island in Whatcom county to a suitable point on Orcas Island in San Juan county by the most feasible route if and when Whatcom county constructs a bridge from Gooseberry Point on the mainland to Lummi Island. The actual operation of the ferry service shall not begin until Whatcom county has completed the construction of such bridge. [1984 c 7 § 322; 1961 c 13 § 47.60.280. Prior: 1959 c 198 § 1.]

Severability—1984 c 7: See note following RCW 47.01.141

47.60.282 Ferry service between Port Townsend and Keystone—Operation authorized, when. The department is authorized to operate a ferry service between Port Townsend and Keystone on Admiralty Inlet if the certificate of convenience and necessity for the ferry operation is theretofore surrendered, rights thereunder are abandoned, and the ferry service is discontinued. In no event may the department undertake such a ferry service preceding events as set forth herein or before April 1, 1973. [1984 c 7 § 323; 1972 ex.s. c 44 § 1.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.60.283 Ferry service between Port Townsend and Keystone—Purpose. The purpose of RCW 47.60.282 and 47.60.283 is to provide service on the ferry route between Port Townsend and Keystone to be determined by the department. Operation of this route is necessary for the economic health, safety, and welfare of the people of the state. Additionally, state operation of this route will further benefit the people of the state by providing better access to important installations maintained by the United States Navy and the United States Coast Guard. [1984 c 7 § 324; 1972 ex.s. c 44 § 2.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.60.290 State ferries—Review of tariffs and charges. Subject to the provisions of RCW 47.60.326,

the department is hereby authorized and directed to review tariffs and charges as applicable to the operation of the Washington state ferries for the purpose of establishing a more fair and equitable tariff to be charged passengers, vehicles, and commodities on the routes of the Washington state ferries. [1983 c 3 § 136; 1972 ex.s. c 24 § 6; 1961 c 13 § 47.60.290. Prior: 1959 c 199 § 1.]

47.60.300 State ferries—Scope of review—Periodic reviews required. The review shall include but not be limited to tariffs for automobiles, passengers, trucks, commutation rates, and volume discounts. The review shall give proper consideration to time of travel, distance of travel, operating costs, maintenance and repair expenses, and the resultant effect any change in tariff might have on the debt service requirements of the department as specifically provided in existing financing programs. The review shall also include the allocation of vessels to particular runs, the scheduling of particular runs, the adequacy and arrangements of docks and dock facilities, and any other subject deemed by the department to be properly within the scope of the review. The department is further authorized and directed to make a like review within every three-year period. [1984 c 7 § 325; 1961 c 13 § 47.60.300. Prior: 1959 c 199 § 2.]

Severability—1984 c 7: See note following RCW 47.01.141.

47.60.310 State ferries—Local expressions—Local advisory committees. (1) The department is further directed to conduct such review by soliciting and obtaining expressions from local community groups in order to be properly informed as to problems being experienced within the area served by the Washington state ferries. In order that local representation may be established, the department shall give prior notice of the review to the legislative authority of Clallam, Island, Jefferson, King, Kitsap, Pierce, San Juan, Skagit, and Snohomish counties.

(2) Each such county legislative authority shall appoint a committee to consist of five members to serve as an advisory committee to the department or its designated representative in such review.

(3) The members of each county ferry advisory committee shall be appointed for four-year terms. The initial terms shall commence on July 1, 1982, and end on June 30, 1986. Any vacancy shall be filled for the remainder of the unexpired term by the appointing authority. At least one person appointed to each advisory committee shall be representative of an established ferry-user group or of frequent users of the ferry system, at least one shall be representative of persons or firms using or depending upon the ferry system for commerce, and one member shall be representative of a local government transportation planning body or its staff. Every member shall be a resident of the county upon whose advisory committee he or she sits, and not more than three members shall at the time of their appointment be members of the same major political party.