

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 80/2

9480 HOUSE TRANSPORTATION

117

AMEND (1)

**SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 85  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTIETH LEGISLATURE - FIRST SESSION**

BY REPRESENTATIVE DAVIS

Introduced:  
Referred:

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act giving notice of and approving the financing and entry into a lease-  
2 purchase agreement for a Soldotna maintenance facility of the Department of  
3 Transportation and Public Facilities."

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

5 \* Section 1. NOTICE AND APPROVAL OF THE FINANCING OF AND ENTRY INTO  
6 A LEASE-PURCHASE AGREEMENT. The State bond committee, created under AS  
7 37.15.110, is authorized to arrange for the issuance of certificates of participation for and the  
8 Department of Administration is authorized to enter into a lease-purchase agreement for a new  
9 maintenance facility in Soldotna to be operated by the Department of Transportation and  
10 Public Facilities. The total construction, acquisition, or other costs of the project shall be less  
11 than \$6,000,000. The annual amount of the rental obligation shall be less than \$1,300,000.  
12 The total lease payments for the full term of the agreement shall be less than \$10,000,000.  
13 The state shall own the facility at the end of the lease term. This section constitutes the notice  
14 and approval required by AS 36.30.085.

# Alaska State Legislature

Interim:

145 Main Street Loop #223  
Kenai, Alaska 99611  
(907) 283-7095  
(907) 283-3075 (fax)  
(907) 262-7574 (h)



Session:

State Capitol  
Juneau, Alaska 99801  
(907) 465-2693  
(fax) (907) 465-3835

Representative Gary L. Davis

## SPONSOR STATEMENT

### HB 85

**"An act giving notice of and approving a lease-purchase agreement with the City of Soldotna for a maintenance facility of the Department of Transportation and Public Facilities."**

This legislation authorizes the State Department of Administration to make annual lease payments to the City of Soldotna to pay-off Bonds the City has sold to build a new DOT/PF Maintenance Facility. The new facility is intended to cost \$5 million, with annual lease payments of roughly \$500,000 for 12 years (+/-).

The citizens of Soldotna have been attempting to have the facility relocated for over 20 years. The current facility is located on a 7+ acre parcel of Kenai River bank property, in the heart of the Soldotna. The bulk of the facility was built over 30 years ago and is considered an eyesore.

The new location is a 15 acre parcel located 2 miles south of the existing site. Local and regional DOT personnel, Borough Planning Dept., and the City of Soldotna officials were all a part of selecting the new site.

Recent environmental concerns related to contaminated soils on the Kenai River property as well as efforts to protect the habitat values along the river banks has drawn the interest of several groups in supporting this move effort. This proposal is long overdue. We feel this lease-purchase option is the only viable option at this time to accomplish the project.

Representing House District 8

Soldotna, Sterling, Funny River, Cooper Landing, Hope, Moose Pass, Seward

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**Representative Gary L. Davis**

**SECTIONAL ANALYSIS OF HB 85  
A BILL FOR AN ACT ENTITLED**

"An act giving notice of and approving a lease-purchase agreement with the City of Soldotna for a maintenance facility of the Department of Transportation and Public Facilities."

**Section 1** gives approval to the City of Soldotna to finance and build a maintenance facility for the Department of Transportation and Public Facilities and be guaranteed of a lease-purchase agreement with the State of Alaska. The state would pay annual rent of roughly \$500,000. and would own the facility after the lease term is up. The total cost will not exceed \$10,000,000.

Representing House District 8

Soldotna, Sterling, Funny River, Cooper Landing, Hope, Moose Pass, Seward



## City of Soldotna

177 North Birch • Soldotna, Alaska 99669 • Phone: (907) 262-9107

October 22, 1996

Honorable Tony Knowles  
Governor, State of Alaska  
Post Office Box 110001  
Juneau, Alaska 99811-0001

Dear Governor Knowles:

Once again I am seeking your help and support for what I assumed the State of Alaska, Kenai Peninsula Borough and the City of Soldotna were all committed to doing—moving the Department of Transportation and Public Facilities to a new home. A new site has been surveyed by the City across from Sky View High School with excellent road access. This land is being conveyed by the Kenai Peninsula Borough.

It is my understanding now that this will not be occurring; that the State will only be cleaning up DOT's existing site and acting in a more environmentally responsible manner?

Will you please inform me as to the current status of the DOT relocation? If the maintenance shop will not be moved, will the salt and sand storage be moved from its current location along the banks of Soldotna Creek?

Your time and attention is greatly appreciated.

Sincerely,

Ken Lancaster  
Mayor

cc: Joseph L. Perkins, Commissioner, DOT/PF, 3132 Channel Drive,  
Juneau, Alaska 99801-7898  
Senator John Torgerson, 145 Main Street Loop, Suite 226, Kenai, AK 99611  
Representative Gary Davis, 145 Main Street Loop, Suite 223, Kenai, AK 99611

# Alaska State Legislature

Representative Gary Davis  
145 Main Street Loop; Ste 223  
Kenai, AK 99611  
(907) 283-7095; Fax 283-3075



Senator John Torgerson  
145 Main Street Loop; Ste 226  
Kenai, AK 99611  
(907) 283-2690; Fax 283-9267

August 14, 1996

The Honorable Ken Lancaster  
Mayor, City of Soldotna  
177 North Birch  
Soldotna, AK 99669

RE: DOT Maintenance Site Clean-up

Dear Mayor Lancaster;

It is with pleasure that we advise you that the funding for the clean-up of the Soldotna DOT Maintenance facility is once again on schedule for approval.

At your council meeting in June, we announced that we were not successful in obtaining funds for the site clean-up. That statement came from a failed amendment to the capitol budget calling for the funding source to be "The balance of the oil and hazardous substance release prevention mitigation account (AS 46.08.020(b)) on June 30, 1996."

The amendment which did pass and was included in SB 136 called for the appropriation of \$600,000 from "470 funds for contaminated sites." The reason for our hesitation in informing you of this appropriation is we were informed that the 470 account was an incorrect funding source and therefore would not be recognized as a proper funding mechanism.

Recently, we were able to confirm with both the Legislative Finance Division and the Governor's office that the moneys were in fact appropriated. We then met with Mr. John Horn, Regional Director for DOT and asked that he initiate the process of requesting the funds so they would be transferred to DOT from the 470 funds.

DEPARTMENT OF ADMINISTRATION

DIVISION OF GENERAL SERVICES

P.O. BOX 110210  
 JUNEAU, ALASKA 99811-0210  
 PHONE: (907) 485-2250  
 FAX: (907) 465-2189

April 24, 1996

The Honorable Gary Davis  
 Alaska State Legislature  
 State Capitol Room 420  
 Juneau, AK 99801

Post-It® Fax Note	7671	Date	# of pages 4
To	Helin	From	Dugan Petty
Co./Dept	Cap. Davis	Co.	
Phone #		Phone #	2250
Fax #	3835	Fax #	2189

Dear Representative Davis:

This confirms a conversation regarding the possible lease or lease purchase of a highway maintenance facility located within the City of Soldotna. As I understand, the City of Soldotna wishes to issue revenue bonds for the construction of a highway maintenance facility that would house the DOT/PF maintenance station at Soldotna.

State procurement laws would not constrain the actions of the City if they wish to build a maintenance facility. It would, however, be prudent of the City to secure a lease purchase agreement with the Department of Transportation and Public Facilities and Department of Administration for the facility prior to undertaking a bonding effort. If necessary, such an agreement could be conditional upon legislative approval.

If the lease agreement will result in ownership by the State at the conclusion of the term or has a term at inception of 75% or more of the facility's economic life, the agreement is subject to AS 36.30.085 as a lease purchase agreement. Prior to entering into a lease purchase agreement, the following actions must be taken in accordance with AS 36.30.085:

- consider criteria set out in AS 36.30.085(b)(1), such as costs and suitability,
- consider if lease purchase is likely to be the least costly means to provide space,
- provide notice to the legislature which includes total cost of the project, anticipated annual rent, total lease payments for the term of the lease, and
- receive approval by the legislature by law.

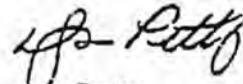
Funding for annual rent must be appropriated from the General Fund. Typically the appropriation is at front of the budget to the Department of Revenue.

Once funds are appropriated and approval has been received in law, an agreement should be executed between the City of Soldotna, the Department of Transportation and Public Facilities and the Department of Administration, and approved by the State Bond Committee.

April 24, 1996

At this point, legislation providing notice and approving the lease purchase agreement in law is most critical. I hope this provides sufficient information and clarification on this project. If I can provide additional assistance, please feel free to call on me.

Sincerely,



Dugan Petty  
Director

DP/nl

cc: Annalee McConnell  
Director  
Office of Management & Budget

Ross Kinney  
Deputy Commissioner  
Department of Revenue

Kurt Parkan  
Deputy Commissioner  
Department of Transportation & Public Facilities

Mark Boyer  
Commissioner  
Department of Administration

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Session:

State Capitol

Juneau, Alaska 99801

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(fax) (907) 465-3535



Representative Gary L. Davis

April 12, 1996

Joseph Perkins, Commissioner  
Department of Transportation  
3132 Channel Drive  
Juneau, Alaska 99801-7898

Re: Soldotna DOT Maintenance Facility

Dear Commissioner Perkins:

Our attempts to promote the construction of a new DOT maintenance facility in Soldotna have come to a critical point. It is my hope, and I am sure yours, to determine what process will be utilized to accomplish our goal in an expeditious manner.

I have come to the conclusion that we have no alternative but to ask the City of Soldotna to promote revenue bonds to fund the project. Our state budget situation will not allow a \$4.5 million distribution for at least two to three years, if then.

I have indicated to the Mayor of Soldotna that he should start the process of the City pursuing revenue bonds to build the new Soldotna DOT/PF maintenance facility. He concurred that this is the most expeditious way to proceed. He indicated he would seek the approval of the City Council during their April 10, 1996 meeting.

Probably the key to this is the agreement by the State to assure the City of Soldotna that payment of the bonds will be provided through a lease payment agreement. Additionally, it would be nice to agree on the disposition of the land at the existing DOT maintenance site.

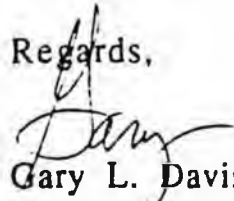
Representing House District 8

Soldotna, Sterling, Funny River, Cooper Landing, Hope, Moose Pass, Seward

In order to pursue and complete this project there needs to be a close working relationship between the City of Soldotna, Kenai Peninsula Borough, State DOT Administration, and the Governor's office. With this in mind, I would like to set up a meeting with those groups and myself.

I will be in contact with your office to determine when the best time for this meeting might be. Thank you for your attention in this matter.

Regards,

  
Gary L. Davis, Representative

dld

cc: DOT/PF Commissioner Joe Perkins  
Mayor of Soldotna, Ken Lancaster  
Kenai Peninsula Borough Mayor, Don Gilman  
Governor Tony Knowles/Special Ass. Marilyn Heiman  
Senator John Torgerson

APR 23 1996

CITY OF SOLDOTNA

RESOLUTION 96-13

A RESOLUTION SUPPORTING THE CONCEPT OF THE CITY ISSUING REVENUE BONDS TO FINANCE THE CONSTRUCTION OF A NEW FACILITY TO ALLOW RELOCATION OF THE STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES MAINTENANCE SHOP

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Whereas, the City has urged the relocation of the State DOT maintenance facility in Soldotna to a site away from the Kenai River and the central traffic area of the City; and

Whereas, relocation of the facility will further the goal of protecting the Kenai River; and

Whereas, vacating the current maintenance facility site opens opportunities in connection with recreational use which will enhance the quality of life in the City of Soldotna; and

Whereas, current or anticipated funding is not available from the State of Alaska to fully cover design and construction costs of a new facility at this time; and

Whereas, the Kenai Peninsula Borough has made arrangements to convey land to the State for a new maintenance facility site near Soldotna; and

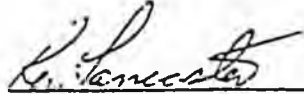
Whereas, the City desires to see the relocation occur as soon as possible;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. The City Council supports the concept of the City issuing revenue bonds of approximately \$4.5 million to finance the construction of a new maintenance facility in the Soldotna vicinity to allow closure of the existing site in Soldotna and developing agreements with the State for use of the site.

Section 2. The City officials will work with the State of Alaska to develop agreements that would allow the financing and construction of the facility subject to the issuance and sale of revenue bonds as may be authorized by the City Council. Repayment of the bonds will come from annual payments from the State.

ADOPTED this 10<sup>th</sup> day of April, 1996.

  
Ken Lancaster, Mayor

ATTEST:

  
Patricia C. Burdick, CMC, City Clerk

# Alaska State Legislature

Interim:

145 Main Street Loop #223  
Kenai, Alaska 99611  
(907) 283-7095  
(907) 283-3075 (fax)  
(907) 262-7574 (h)



Session:

State Capitol  
Juneau, Alaska 99801  
(907) 465-2693  
(fax) (907) 465-3835

Representative Gary L. Davis

April 9, 1996

Ken Lancaster, Mayor  
City of Soldotna  
Soldotna, Alaska 99669

Dear Ken:

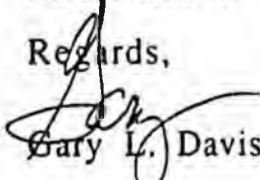
As per our latest discussions relating to the new DOT/PF maintenance facility near Arc lake; it is my recommendation that the City of Soldotna begin the process of pursuing revenue bonds to fund this facility. Recent estimates for the building and appurtenances is \$4.5 million.

Our attempts to fund this through the State Capitol Budget, and other means, does not appear to be practical at this time. The Governor has allotted \$1 million toward this effort for FY '97, and any assistance from the Exxon Valdez Trustee Council could only be utilized on remediation efforts on the existing site. It appears it would take four to five years for the State to fully fund the new facility. Neither I, nor anyone else involved wants to wait that long.

I will contact Commissioner Perkins and the Governor's office relating to the revenue bond approach so everyone is on the same channel. Hopefully we can accomplish this "long awaited" project this year.

Good luck at the city level, and I'll continue to be active on this end. Please call if I can be of further assistance.

Regards,

  
Gary L. Davis, Representative

cc: Commissioner Perkins  
Marilyn Heiman, Special Staff Assistant, Governor's Office  
Senator John Torgerson  
Representative Gail Phillips  
Molly McCammon, Exxon Valdez Trustee Council

Representing House District 8

Soldotna. Sterling. Funny River. Cooper Landing. Hope. Moose Pass. Seward

# STATE OF ALASKA

## DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE  
JUNEAU, ALASKA 99801-7898

TEXT: (907) 465-3652  
FAX: (907) 586-8365  
PHONE: (907) 465-3300

January 19, 1996

The Honorable Gary Davis  
Alaska State Legislature  
State Capitol, Room 420  
Juneau, Alaska 99801-1128

Dear Representative Davis:

I would like to take this opportunity to provide you with the status of the project for the relocation of the Soldotna Department of Transportation and Public Facilities (DOT&PF) maintenance station.

The DOT&PF received \$400,000 in Chapter 103, SLA 95 for the design of a new maintenance station in Soldotna. We will advertise a design/build contract by March of 1996. The first phase of the contract will involve completion of the design. If construction funding is available by July 1, 1996, the construction phase of the project would be awarded to the design/build contractor. If construction funding is not available, the contract will end with the completion of the design phase of the project.

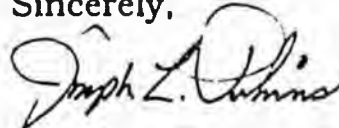
The City of Soldotna plans to use the existing DOT&PF maintenance site as a park. Through an agreement between Governor Knowles, the Kenai Peninsula Borough Mayor Don Gillman and myself the Kenai Peninsula Borough has agreed to provide a site for the new maintenance station. The State will fund the design and construction of the new facility.

The Kenai Peninsula Borough has identified a site that is suitable to the department and the land transfer is in progress.

The current construction cost estimate for the facility is \$4.5 million. This estimate does not include clean-up or rehabilitation of the existing site. We estimate that site cleanup and rehabilitation would cost an additional \$1 million.

If you need additional information or have any questions, please call me.

Sincerely,



Joseph L. Perkins, P.E.  
Commissioner

cc: Marilyn Heiman, Special Staff Assistant, Office of the Governor  
John Horn, Director, Central Region, DOT&PF  
Mayor Don Gillman, Kenai Peninsula Borough  
Pat Pourchot, Legislative Director, Office of the Governor  
Sam Kito III, Legislative Liaison, Office of the Commissioner, DOT&PF

# City of Soldotna

177 North Birch • Soldotna, Alaska 99669 • Phone: (907) 262-9107



**Soldotna**

*By Fax, Three Pages, Including This One*

August 12, 1995

Senator John Torgerson  
Alaska State Senate  
State Capitol  
Juneau, AK 99801-1182  
Fax 465-4779

Representative Gary Davis  
Alaska State Senate  
State Capitol  
Juneau, AK 99801-1182  
Fax 465-3835

Re: Relocation of State Highway M&O Station

Gentlemen:

We were pleased to hear and read that Governor Knowles is willing to endorse relocation of Department of Transportation's Soldotna M&O Station. Enclosed for your reference is the narrative from Soldotna's draft Comprehensive Plan justifying this project.

It is suggested this project be implemented in two phases. Seek a General Fund appropriation on the order of \$200,000 in the FY 1996 budget for planning and design. Defer a decision on the construction financing to the FY 1997 budget.

Soldotna is still willing to finance and build a new M&O station to DOT/PF's specifications by selling revenue bonds secured by a lease/purchase agreement with the state. We would ask the state to clean up the site and then convey it to Soldotna for development of a "Town Center" park use. We note the Governor's budget FY 1996 includes \$137,000 for cleaning up the site.

The best site for the new station appears to be property owned by the Kenai Peninsula Borough acquired over the last few years to buffer its sanitary landfill. If you need more information, please just call.

Sincerely,

Handwritten signature of Richard Underkofler in black ink.

Richard Underkofler  
City Manager

Handwritten signature of Ken Lancaster in black ink.

Ken Lancaster  
Mayor

cc: Representative Gail Phillips, Speaker of the House (Fax 465-3472)  
Don Gilman, Mayor, Kenai Peninsula Borough c/o John Torgerson  
John Horn, Regional Director, DOT/PF - Anchorage (Fax 248-1573)

### Relocation of State Highway M&O Station

The state's Maintenance and Operation Station is unattractive, functionally obsolete and an inappropriate land use at the center of the Soldotna commercial district. Originally constructed in the mid 1950's, this facility is located on property which has approximately 800 feet of Kenai River frontage and 300 feet of Sterling Highway frontage. The property adjoins a community park at Soldotna Creek. A river related "town center" park for use by residents and visitors alike would be the highest and best use for this property.

The Soldotna Highway M&O station is located on 8.11 acres and presently consists of a two story structure of approximately 9,000 square feet with minor additions. The building is surrounded by open yards used for fuel dispensing operations and storage of material and equipment.

There have been three (3) underground fuel storage tanks on the property. One tank failed a tightness test and was removed in 1990. There is one 3,760 gallon diesel tank and one 5,760 gallon gasoline tank remaining in the ground which are over 25 years old. Each of these tanks have passed tightness tests, but they have not been provided with leak detection, spill and over-fill prevention or corrosion protection systems.

Surface drainage from the site discharges into the Kenai River. An environmental site assessment completed in 1993 by Dames & Moore disclosed that petroleum hydrocarbon constituents have contaminated the soil and groundwater at the site. PCBs and metals were not detected, but salt storage has resulted in a chloride plume at two locations which may be threatening fish habitat in the river.

Although structural components of the M&O building have withstood the test of time, it clearly does not comply with current building codes. Stairs have deficient rise to run ratios and hand-rails; fire exit doors have thresholds which are too high and are otherwise obstructed; cement asbestos board has been used to finish interior walls; and, the welding area walls do not have a one hour separation as required by the fire code.

Previous state capital improvement plans have failed to acknowledge the need for relocating the maintenance station any time over the next six years despite the city's standing offer to provide land for a new facility and to finance and build a new station (to the Department's specifications) by selling bonds secured by a lease/purchase agreement with the State.

The city has desired to have the M&O station relocated to Soldotna Airport because an investment of this sort could serve as a magnet for other development of the airport property; and, thereby help to make the airport more self sufficient. The Department has not been opposed to relocation of the M&O station, but has decided that it will not give further consideration to Soldotna Airport as the site.

The Department wants a location that will meet four basic criteria:

1. The new location must be situated on a major arterial roadway. Sites that are acceptable must be immediately adjacent to state roads such as the Sterling Highway, Kalfornsky Beach Road or the Kenai Spur Highway.
2. The location must be in close proximity to the communities of Kenai and Soldotna.
3. The site must be served with basic utilities. Natural gas, electric power and telephone are required. Access to a municipal sewer system is desirable, but not required.
4. The site must be of at least 20 acres to accommodate necessary structures and storage of maintenance equipment as well as a wide variety of supplies including sand, guard rail components, luminaire parts, bridge timbers and hazardous materials. It must also provide adequate room for fueling operations and allow heavy equipment to maneuver safely. Sufficient room should be planned to allow for a vegetation screen between the maintenance yard and surrounding properties or highways.

Since the Soldotna Airport site has been rejected, the next best location is a site along the Sterling Highway on property acquired by the Kenai Peninsula Borough to buffer its sanitary landfill. The Borough "owes" the State some property as a term of an agreement executed in the early 1960s in which the Borough acquired a site for the Borough Headquarters Building.

The Department of Transportation & Public Facilities has declined to seek authorization for any proposal that would require debt financing. Instead, it has been suggested that the city should rely upon its state legislators to secure a capital appropriation of about \$6 million from the state's General Fund for this project. But \$6 million is too much money to expect from the Kenai legislative delegation when measured against other needs in the Kenai Peninsula Borough. This project belongs in a Governor's recommended budget.

FROM: JOHN HORN  
 SOLDOTNA MAINTENANCE FACILITY APPROPRIATIONS

2/12/97

123/96/58/25

Title: Soldotna Maintenance Facility Contaminated Site Remediation

Original Allocation: \$600,000

Remaining Balance: ~~-\$600,000~~ 583,000

103/95/55/14

Title: Soldotna Maintenance Shop Excavation/Treatment

Original Allocation: \$137,000

Remaining Balance: \$ 19,085

103/95/55/12

Title: Soldotna Maintenance Shop Design and Preliminary Work

Original Allocation: \$400,000

Remaining Balance: \$329,450 (we have committed this to build an access road and sand storage pad this summer)

Sam - we have done some clean up and are in process of committing to another \$550.0. Even when this is done, we won't be finished.

As I recall, the money we ~~we~~ requested for the new station (about \$6.2M) included about \$1.3M for cleaning up the old site and demolishing old buildings. I don't see reducing that.

P.S. - Tom Hoover @ OMB called. Wants to know:

- (a) what part of \$1.3M is for demolition vs site clean up & remediation
- (b) After we expend the clean up funds we have, how much is left to be done

(continued next page)

I'll tackle (b) first. When current money is gone, the site will still have hydrocarbon and ~~chlorine~~ chloride contamination. Our hope is to convince DEC to ~~we~~ let us install a monitoring system. If DEC doesn't buy this idea, we will probably need the balance of the \$1.3M just for clean up. If we can get by with a monitoring system, then we will need only \$225.0 of the \$1.3M.

For (a). We estimate the non-environmental cleanup of the site to be \$400.0.

So, under an ideal scenario, we may need only \$625.0 of the \$1.3M. But I wouldn't bank on it. And, if more is needed later, it may be harder to get plus there will be hard feelings on the part of City of Soldotna if lack of clean up funds delay the creation of a riverside ~~park~~ park.

J

**HB**

**87**

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. HB 87 |

Revision Date: \_\_\_\_\_ Dept. Affected: DOT&PF  
 Title: Traffic Offenses In Highway Workzones BRU: Commissioner's Office  
 Component: Office of the Commissioner  
 Sponsor: Representative Elton  
 Requester: House Transportation COMPONENT SERIAL NO. 530

**Expenditures/Revenues (Thousands of Dollars)**

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY97) cost: \$ 0.0

**POSITIONS**

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

**ANALYSIS:** (Attach a separate page if necessary)

The department anticipates no additional costs associated with this legislation. The result of passage of House Bill 87 will be increased safety within construction workzones.

Prepared by: Sam Kito III Phone: 465-3900  
 Special Assistant  
 Division: Office of the Commissioner Date: 4/24/97  
 Approved by: *Joseph L. Richardson* Date: 4/27/97  
 Commissioner  
 Agency: Department of Transportation and Public Facilities

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REPRESENTATIVE KIM ELTON

## HB 87 • Traffic Offenses in Construction Zones

### Sponsor Statement

HB 87 doubles the fines for speeding, and for reckless or negligent driving in a highway construction zone. It is a measure designed to lessen the risk to highway work crews and to reduce the number of accidents in highway work zones.

The temporary work zone is an inherently dangerous place for highway work crews. A comprehensive review of highway accidents in construction zones revealed accidents in work zones tend to peak during the day. Sixty-five percent are caused by drivers' negligence or inattention; speeding accounts for about six percent. In addition, surveys indicate almost two-thirds of work zone fatalities occur in rural areas. These figures indicate a lack of driver attention to the special risks and hazards of construction zones.

Although highway work crews use a variety of methods to call drivers' attention to the hazards of a construction zone, none has proven as effective as law enforcement. An increase in the normal fines for traffic offenses occurring in highway work zones will provide an additional inducement to Alaska drivers to slow down and drive carefully in any temporary work zone. New York, Delaware, Iowa and Virginia have passed similar laws.

## HB 87 • Traffic Offenses in Construction Zones

### Sectional Analysis

**Section 1.** Amends current law relating to the supreme court's authority and the authority of a municipality to establish bail schedules for traffic offenses, to double the amount of bail for a speeding offense, reckless or negligent driving offense committed in a highway work zone.

**Section 2.** Adds a new provision to current law doubling the bail or fine for a speeding offense, reckless or negligent driving offense committed in a highway work zone.

**Section 3.** Defines "highway work zone" as an area where road construction, repair or maintenance work is being done on a highway.

provides that "Sections 1-13 and 17-21 of this Act apply only to acts committed on or after November 8, 1996 except that to the extent that the amendments

made by §§ 6, 7, 10, 11, and 18-21 of this Act involve prior convictions, those prior convictions may have occurred before, on, or after November 8, 1996."

### Article 3. Reckless and Negligent Driving.

#### Section

40. Reckless driving  
45. Negligent driving

**Sec. 28.35.040. Reckless driving.** (a) A person who drives a motor vehicle in the state in a manner that creates a substantial and unjustifiable risk of harm to a person or to property is guilty of reckless driving. A substantial and unjustifiable risk is a risk of such a nature and degree that the conscious disregard of it or a failure to perceive it constitutes a gross deviation from the standard of conduct that a reasonable person would observe in the situation.

(b) A person convicted of reckless driving is guilty of a misdemeanor and is punishable by a fine of not more than \$1,000 or by imprisonment for not more than one year or by both.

(c) Lawfully conducted automobile, snowmobile, motorcycle, or other motor vehicle racing or exhibition events are not subject to the provisions of this section. (§ 50-5-4 AC/LA 1949; am § 1 ch 182 SLA 1955; am § 1 ch 70 SLA 1961; am § 2 ch 121 SLA 1967; am § 1 ch 13 SLA 1971; am § 46 ch 32 SLA 1971; am § 6 ch 74 SLA 1974)

#### NOTES TO DECISIONS

**Codification of common-law standard of care.** — This section and AS 28.35.045, defining reckless and negligent driving, do not set forth precise standards of care, but merely codify the usual common-law standard of care. *Bailey v Leonard*, 625 P2d 849 (Alaska 1981).

**Specific conduct not proscribed.** — This section and AS 28.35.045, defining reckless and negligent driving, do not proscribe specific conduct, but rather state that a person shall not drive a motor vehicle in a manner which creates an unjustifiable risk. *Bailey v Leonard*, 625 P2d 849 (Alaska 1981).

**Risks to safety of general public.** — Reckless driving involves risks to the safety of the public at large. *Caldor v State*, 619 P2d 1026 (Alaska 1980).

**A defendant was not placed in double jeopardy by his conviction of the lesser included offense of reckless driving on a felony charge of assault with a dangerous weapon even though a misdemeanor charge of reckless driving had already been adjudicated against him because, although the charges arose out of the same general incidents, they were based on different conduct during that incident.** *Caldor v State*, 619 P2d 1026 (Alaska 1980).

**Lesser included offense of driving while intoxicated.** — Trial court erred in refusing defendant's request, at his trial for driving while intoxicated, for an instruction on the lesser included offense of reckless driving and negligent driving when the issue of defendant's intoxication was in dispute and the state presented evidence from which the jury could have found him guilty of reckless driving or negligent driving even if it acquitted him of DWI. *Concannon v State*, 758 P2d 108 (Alaska Ct. App. 1988).

**Defendant was "in actual physical control" of her vehicle, where she was seated in the driver's seat behind the steering wheel, had possession of the ignition key and was attempting to put the key in the ignition, given these factors of control, it is not neces-**

sary that the engine be running. *State, Dept. of Pub. Safety v Conley*, 754 P2d 232 (Alaska 1988).

**Trooper arriving at accident scene cannot arrest for reckless driving without warrant.** — The Alaska legislature has classified both reckless driving and operating or driving an automobile under the influence of intoxicating liquor as misdemeanors. Thus, a state trooper who arrived at an accident scene could not arrest a driver without a warrant for either reckless driving or drunk driving since neither of these offenses was committed or attempted in his presence. *Layland v State*, 535 P2d 1013 (Alaska 1975), *aff'd*, 549 P2d 1182 (Alaska 1976), overruled on other grounds, *City of Anchorage v Geben*, 92 P2d 1192 (Alaska 1979).

**Sentencing considerations.** — Where it was undisputed at trial that there were three people in the rear of defendant's pickup who were extremely vulnerable in case of any accident, the judge could properly consider this fact at sentencing in evaluating the extent of defendant's recklessness, even though he could not properly consider the fact that they had fled from defendant's recklessness. *Huckaby v State*, 632 P2d 975 (Alaska Ct. App. 1981).

**Considering unconsented moving violations in sentencing held harmless error.** — Any error which might have occurred by reason of the trial court's consideration of two unconsented moving violations in determining the sentence for negligent driving was harmless where the court also considered three consented moving violations and where it did not restrict or suspend defendant's license but imposed a fine of \$100, which was only \$25 above that suggested by defendant's counsel. *McKenzie v State*, 520 P2d 791 (Alaska 1974).

**Sentence upheld.** — Severity of defendant's offense within the crime of reckless driving and the need to deter him, to deter others, and to reaffirm societal norms justified a one-year sentence. *Huckaby*

*v. State*, 632 P2d 975 (Alaska Ct. App. 1981).

**Cited in** *Hood v Smedley*, 408 P2d 120 (Alaska 1972); *Williford v State*, 674 P2d 1329 (Alaska 1983).

**Collateral references.** — 7A Am. Jur. 2d, Automobile and Highway Traffic, §§ 312 to 320.

61A C.J.S., Motor Vehicles, §§ 609 to 624.

**What amounts to reckless driving within statute making reckless driving of automobile a criminal offense.** 52 ALR2d 1337.

*Wilson v. State*, 680 P2d 1173 (Alaska Ct. App. 1984); *Smith v. State*, 787 P2d 1038 (Alaska Ct. App. 1990).

**Reckless driving as lesser included offense of driving while intoxicated or similar charge.** 10 ALR4th 1252.

**Definiteness and certainty of statute prohibiting reckless driving.** 52 ALR4th 1161.

**Sec. 28.35.045. Negligent driving.** (a) A person who drives a motor vehicle in the state in a manner that creates an unjustifiable risk of harm to a person or to property and who, as a result of the creation of the risk, actually endangers a person or property is guilty of negligent driving. An unjustifiable risk is a risk of such a nature and degree that a failure to avoid it constitutes a deviation from the standard of care that a reasonable person would observe in the situation. Proof that a defendant actually endangered a person or property is established by showing that, as a result of the defendant's driving:

- (1) an accident occurred;
- (2) a person, including the defendant, took evasive action to avoid an accident;
- (3) a person, including the defendant, stopped or slowed down suddenly to avoid an accident; or
- (4) a person or property, including the defendant or the defendant's property, was otherwise endangered.

(b) The offense of negligent driving is a lesser offense than, and included in, the offense of reckless driving, and a person charged with reckless driving may be convicted of the lesser offense of negligent driving.

(c) A person convicted of negligent driving is guilty of an infraction as provided under AS 28.40.050.

(d) Lawfully conducted automobile, snowmobile, motorcycle or other motor vehicle racing or exhibition events are not subject to the provisions of this section. (§ 7 ch 74 SLA 1974; am § 6 ch 241 SLA 1976; am § 19 ch 144 SLA 1977; am § 43 ch 21 SLA 1985)

#### NOTES TO DECISIONS

**Codification of common-law standard of care.**

This section and AS 28.35.040, defining reckless and negligent driving, do not set forth precise standards of care, but merely codify the usual common-law standard of care. *Bailey v Leonard*, 625 P2d 849 (Alaska 1981).

**Specific conduct not proscribed.** — This section and AS 28.35.040, defining reckless and negligent driving, do not proscribe specific conduct, but rather state that a person shall not drive a motor vehicle in a manner which creates an unjustifiable risk. *Bailey v Leonard*, 625 P2d 849 (Alaska 1981).

**Negligent driving is an infraction, not an offense for double jeopardy purposes, and pleading in contest to negligent driving does not preclude a subsequent prosecution for the offense of second**

degree assault. *Carlson v State*, 676 P2d 603 (Alaska Ct. App. 1983).

**Lesser included offense of driving while intoxicated.** — Trial court erred in refusing defendant request, at his trial for driving while intoxicated, for an instruction on the lesser included offense of reckless driving and negligent driving, where the issue of defendant's intoxication was in dispute and the state presented evidence from which the jury could have found him guilty of reckless driving or negligent driving even if it acquitted him of DWI. *Concannon v State*, 758 P2d 108 (Alaska Ct. App. 1988).

**Cited in** *Williford v State*, 674 P2d 1329 (Alaska 1983); *McCallum v State*, 808 P2d 268 (Alaska Ct. App. 1991).

**Collateral references.** — 7A Am. Jur. 2d, Automobile and Highway Traffic, §§ 321, 322.

61A C.J.S., Motor Vehicles, § 612.

**HB**

**88**

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. HB88

Revision Date: \_\_\_\_\_ Dept. Affected: DOT/PF  
 Title: An Act . . . establishing Alaska Marine Highway System Authority BRU: Office of the Commissioner  
 Component: Commissioner's Office  
 Sponsor: Representative Williams  
 Requester: House Transportation COMPONENT SERIAL NO. 530

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES		35.0	40.0	45.0	50.0	55.0
TRAVEL	75.2	121.7	93.0	93.0	93.0	93.0
CONTRACTUAL	451.5	451.5	451.5	451.5	451.5	451.5
SUPPLIES						
EQUIPMENT		300.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>526.7</b>	<b>908.2</b>	<b>584.5</b>	<b>589.5</b>	<b>594.5</b>	<b>599.5</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	526.7	908.2	584.5	589.5	594.5	599.5
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>526.7</b>	<b>908.2</b>	<b>584.5</b>	<b>589.5</b>	<b>594.5</b>	<b>599.5</b>

Estimate of any current year (FY97) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Gary L. Hayden, System Director  
 Division: Alaska Marine Highway System  
 Approved by: *Joseph L. Perkins*  
 Agency: Department of Transportation and Public Facilities  
 Joseph L. Perkins, Commissioner

Phone: 465-3959  
 Date: 3/5/97  
 Date: 3/5/97

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The following assumptions were used:

- (1) On or after 1/1/98, authority directors appointed will begin meetings. Assume 50 business days of meetings during first year of operations, dropping to 30 business days of meetings thereafter.
- (2) Travel and per diem expenses calculated based on 4 of 6 appointed directors traveling to Juneau from Seattle, Ketchikan, Seward and Anchorage. Travel and per diem expenses calculated using existing airfares, lodging and meal allowances; no inflationary increases included.
- (3) Assumes chief executive officer annual compensation at \$150,000 per year (pay and benefits) beginning 7/1/98, with annual increases of \$5.0 thousand per annum thereafter. FY99 expenses are less existing director's personal services costs.
- (4) Assumes requirement of accounting, payroll, revenue and other data management software and hardware to assist the authority in developing business efficient systems and reports not currently available on existing mainframe systems.
- (5) Assumes necessity of leased office space at 1.91 per square foot for 19,700 sq.ft (currently is provided free of charge to AMHS). This is based on current space utilization for Juneau based employees.

This does not include any costs associated with employment of consultants or advisors, which might be contracted by the authority. It does not include any costs that may be associated with performing vessel maintenance repair in Alaska as provided in Section 21. It does not include any warehouse costs which must be absorbed 7/1/99 (est. @ \$60.0 thousand per annum).

# Alaska State Legislature

## Committees:

Transportation, Chairman

Resources

Economic Development

Rules



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Representative William K. Williams  
**Sponsor Statement**

## **House Bill 88- Creation of the Alaska Marine Highway Authority**

House Bill 88 would establish an Alaska Marine Highway Authority to assume management of the Marine Highway System from the Department of Transportation and Public Facilities.

The Authority would be a public corporation of the state as an instrument of DOT&PF, but would have a legal existence independent and separate from the state. The new Authority would be comparable to the Alaska Housing Finance Corporation or the Alaska Industrial Development and Export Authority.

The powers of the authority would rest with a seven member Board, appointed by the Governor. One member would be the Commissioner of Transportation. The six other members would be required to have experience in maritime affairs and would serve staggered five year terms. The Board would hire the system director.

Establishment of such an authority board would bring maritime experience and continuity to the management of the Alaska Marine Highway System.

Sponsor Statement

HB 88

page two

Based on information gathered at public hearings over the interim, the Senate Task Force on the Alaska Marine Highway System concluded that the legislature should consider creation of such an Authority.

Testimony received by the Task Force indicated that DOT management of the Marine Highway lacks focus and that AMHS administration under DOT lacks maritime experience.

Management under DOT has become insular and is unresponsive to input from vessel employees and the general public. Scheduling is chaotic and the fare structure has discouraged ridership. The reservations system has not been user friendly or accurate.

While concerns over funding levels are valid, the naturally bureaucratic mind-set of the Department has tightened what former director Jim Ayers termed a 'death spiral'.

Establishment of the Alaska Marine Highway Authority may not provide all of the answers needed for our ferry system, but will give the system a new perspective.

I ask for your support of House Bill 88.

SB 21/HB 88

ALASKA MARINE HIGHWAY AUTHORITY

COMMENTS BY  
COMMISSIONER JOE PERKINS, DOT&PF  
MARCH 6, 1997

I. THE AUTHORITY CREATES MORE PROBLEMS THAN IT SOLVES.

A. SB 21 DIMINISHES PUBLIC ACCOUNTABILITY.

UNDER THE PRESENT SYSTEM, THE MARINE HIGHWAY SYSTEM MANAGEMENT IS ACCOUNTABLE TO THE PUBLIC. CONCERNS AND REQUESTS ARE RESPONDED TO, QUICKLY AND COMPLETELY. THEY HAVE TO BE. ELECTED OFFICIALS ARE RESPONSIBLE FOR THE MANAGEMENT OF THE MARINE HIGHWAY, AND ELECTED OFFICIALS HAVE TO BE RESPONSIVE TO THE PUBLIC THEY SERVE. SOMETIMES THAT IS TIME-CONSUMING AND CUMBERSOME, BUT IT IS THE MOST RESPONSIBLE WAY TO HANDLE THE PEOPLE'S BUSINESS. THE ESTABLISHMENT OF AN AUTHORITY WILL DIMINISH THE PUBLIC ACCOUNTABILITY OF MARINE HIGHWAY MANAGEMENT BY INSERTING AN APPOINTED BOARD BETWEEN MANAGEMENT AND THE PEOPLE. MARINE HIGHWAY MANAGEMENT WILL NO LONGER WORK DIRECTLY FOR THE ELECTED GOVERNOR OR FOR ANY OTHER ELECTED REPRESENTATIVES. MANAGEMENT DECISIONS WILL BE MADE BY THE BOARD, AND NOT THE GOVERNOR NOR THE LEGISLATURE. ONCE APPOINTED, BOARD MEMBERS WILL NOT BE ACCOUNTABLE TO THE PUBLIC. A BOARD MEMBER MAY BE REMOVED ONLY FOR CAUSE. THE ACCOUNTABILITY OF MARINE HIGHWAY MANAGEMENT TO THE COMMUNITIES THEY SERVE WILL BE SUBSTANTIALLY REDUCED. WE BELIEVE THIS IS NOT DESIRABLE.

B. SB 21 LESSENS PUBLIC INFLUENCE ON DECISION MAKING.

ALASKAN'S NOW KNOW WHO IS IN CHARGE OF THE MARINE HIGHWAY SYSTEM. WHEN THINGS ARE RUNNING WELL, THEY KNOW WHO TO COMPLIMENT. WHEN THINGS AREN'T GOING SO WELL, THEY KNOW WHO TO BLAME. THIS BILL WILL CHANGE ALL OF THAT. WHEN ACCOUNTABILITY OF ELECTED OFFICIALS CHANGES, PUBLIC ACCESS TO THE DECISION MAKING PROCESS ALSO CHANGES. ALTHOUGH A PERSON OR COMMUNITY MAY STILL ASK THE EXECUTIVE DIRECTOR OR BOARD OF DIRECTORS OF THE SYSTEM FOR A SCHEDULE CHANGE OR SPECIAL RUN, THERE MAY BE LITTLE OR NO PRESSURE TO RESPOND. THE MANAGER IS INSULATED FROM THE EFFECT OF PUBLIC PRESSURE. WE BELIEVE ALASKANS APPRECIATE DIRECT ACCESS TO THE PUBLIC SYSTEMS THAT MOST AFFECT THEIR LIVES, AND THIS BILL WILL HAVE A SUBSTANTIAL NEGATIVE IMPACT ON THAT ACCESS.

II. THE ALASKA MARINE HIGHWAY SYSTEM IS NOT BROKEN.

A. (UNRELENTING) NEGATIVE CRITICISM IS DESTRUCTIVE.

THERE IS A LOT THAT IS RIGHT ABOUT THE MARINE HIGHWAY SYSTEM. THE SHIPS HAVE A FINE SAFETY RECORD, GENERALLY RUN ON TIME, AND PROVIDE SIMPLE, ECONOMICAL, COMFORTABLE AND RELIABLE TRANSPORTATION SERVICE TO THE TRAVELING PUBLIC. THE STATE'S ECONOMY RECEIVES APPROXIMATELY \$170 MILLION IN BENEFITS PER YEAR FROM OPERATION OF THE SYSTEM. OF COURSE SOME MISTAKES ARE MADE. THEY ARE INEVITABLE IN AN OPERATION THAT IS AS VULNERABLE TO AS MANY VARIABLES AS IS THE MARINE HIGHWAY SYSTEM. IT IS A SYSTEM THAT HAS A LARGE AND VARIED CONSTITUENCY, AND EVERYBODY HAS AN OPINION AS TO WHAT SHOULD BE DONE AND HOW IT SHOULD BE OPERATED. BUT OVERALL, THE SYSTEM IS DOING WHAT IT WAS DESIGNED TO DO - TRANSPORTING PEOPLE IN SOUTHEAST

AND SOUTHWEST IN THE CONTEXT OF AN INTERMODAL TRANSPORTATION NETWORK.

PAST LEGISLATURES HAVE DETERMINED THAT THE MARINE HIGHWAY SYSTEM IS AN ESSENTIAL PART OF THE STATE TRANSPORTATION SYSTEM THAT WARRANTS CONTINUED AND PREDICTABLE STATE SUPPORT. MANY COMMUNITIES' ECONOMIES ARE DEPENDENT ON ITS STEADINESS AND STABILITY, AND THE STATE'S TOURISM INDUSTRY IS GREATLY ENHANCED BY THE SYSTEM. THOSE ADVANTAGES ARE EVIDENT WHEN THE WHOLE STORY OF THE SYSTEM IS TOLD. BUT WHEN ONLY THE MISTAKES AND DIFFICULTIES ARE DISCUSSED, WHEN ONLY THE NEGATIVES ARE EMPHASIZED, WHEN LEGISLATIVE FUNDING LEVELS ARE REDUCED EACH YEAR AND WHEN THE FUTURE OF THE SYSTEM IS UNDER SIEGE, THOSE ADVANTAGES ARE NOT RECOGNIZED. THE PERCEPTION OF AN INSECURE FUTURE BECOMES A REALITY FOR EMPLOYEES WHOSE LIVES ARE INTRICATELY WOVEN INTO THE SYSTEM'S FUTURE. THE PERCEPTION OF A SHRINKING SYSTEM IS A SOURCE OF CONSIDERABLE ANXIETY FOR COMMUNITIES AND ALASKAN'S WHOSE ECONOMIES AND WAY OF LIFE HAVE BECOME PARTIALLY DEPENDENT ON THE REGULAR ARRIVAL OF THE SHIPS. THE PERCEIVED UNWILLINGNESS OF THE LEGISLATURE TO COMMIT SUFFICIENT STATE RESOURCES TO INSURE AN ADEQUATE FUTURE FOR THE SYSTEM, CANNOT HELP BUT UNDERCUT MORALE, PERFORMANCE, AND HOPE OF THE EMPLOYEES AND THOSE WE SERVE. THIS HAS HAPPENED AND IT IS SAD.

B. SB 21 IS A BAD IDEA.

THE BILL SETS UP A LAYER OF ADMINISTRATION OVER WHICH NEITHER THE GOVERNOR NOR THE LEGISLATURE WILL HAVE CONTROL. WE BELIEVE THAT IS BAD PUBLIC POLICY. BUT EVEN WORSE, IT DOESN'T FIX ANYTHING. THERE IS NOTHING IN THE BILL THAT ENCOURAGES STABILITY OR FINANCIAL SUPPORT BY THE LEGISLATURE. THERE IS NOTHING IN THE BILL THAT ADDRESSES THE INCREASING CAPITAL NEEDS OF AN AGING FLEET.

IF THERE ARE MAJOR PROBLEMS AT MARINE HIGHWAYS, THEY CAN BE HANDLED. ONE OF THE BIGGEST PROBLEMS THAT YOU CAN HELP RELIEVE IS THE TIME AND ENERGY THAT NOW IS BEING SPENT CONTROLLING THE DAMAGE CAUSED BY ANXIETY OVER THE FUTURE. THAT IS A PROBLEM THAT YOU CAN MATERIALLY AFFECT, BY TELLING THE WHOLE STORY OF THIS VERY SUCCESSFUL STATE ADVENTURE, BY DEMONSTRATING YOUR SUPPORT FOR ITS FUTURE AND HELPING US FIX THE PROBLEMS. THE SYSTEM IS 35 YEARS OLD, THE SHIPS ARE AGING, THE SYSTEM IS RUNNING THE SAME TYPE OF SERVICE TODAY IT DID 35 YEARS AGO - IN 1976 SITKA WAS PROVIDED WITH 268 TRIPS AND IN 1996 THE NUMBER WAS 311. TODAY WE ARE RESPONDING TO THE CHALLENGES OF SHRINKING FUNDING AND INCREASING REGULATORY DEMANDS. THE EMPLOYEES WHO YOU HEARD FROM IN THE LAST HEARING ARE EXPERIENCING THE IMPACTS OF THESE DYNAMICS. PEOPLE ARE BEING AFFECTED AND JOBS ARE BEING IMPACTED. HOWEVER, I BELIEVE A FIRM FOUNDATION IS BEING LAID FOR FUTURE STATEWIDE TRANSPORTATION SERVICES TO INCLUDE THE ESSENTIAL MARINE HIGHWAY SYSTEM. COSTS ARE BEING CONTAINED, VESSELS ARE BEING UPGRADED, THE SERVICES ARE BEING USED. IN FACT, WE ARE NOW EXAMINING, WITH THE SOUTHEAST ALASKA MAYORS, THE MARINE HIGHWAY EMPLOYEES AND THE LEGISLATURE THE

POTENTIAL TO DRAMATICALLY CHANGE THE WAY THE SYSTEM IS OPERATED AND TO OFFER IMPROVED AND EXPANDED SERVICE. WE NEED YOUR SUPPORT.

II. AN AUTHORITY WILL BE FURTHER ISOLATED FROM CAPITAL FUNDS.

THE MARINE HIGHWAY SYSTEM IS PRESENTLY MANAGED BY DOT/PF AS AN INTEGRAL PART OF ALASKA'S INTERMODAL TRANSPORTATION SYSTEM. THE MAJORITY OF THE ROUTES HAVE BEEN DESIGNATED BY CONGRESS AS PART OF THE NATIONAL HIGHWAY SYSTEM. AS AN OPERATING ARM OF THE DEPARTMENT, THE SYSTEM RECEIVES FEDERAL HIGHWAY AID FUNDS FROM THE DEPARTMENT. BY SEPARATING THE SYSTEM FROM DOT/PF, AS AN AUTHORITY, OPERATING INDEPENDENTLY FROM THE REST OF THE DEPARTMENT, THE DEBATE FOR FUNDING THE MARINE HIGHWAY SYSTEM CAPITAL IMPROVEMENTS COULD CONCEIVABLY SHIFT MORE TOWARD THE LEGISLATURE FOR RESOLUTION. WE WILL FORCE THE MARINE HIGHWAY SYSTEM TO COMPETE MORE AGGRESSIVELY WITH, INDIVIDUAL COMMUNITIES THROUGHOUT THE STATE, OTHER DOT/PF REGIONS, AND OTHER AGENCIES FOR ITS SHARE OF FEDERAL HIGHWAY FUNDS, RATHER THAN SHARING THEM AS ONE COMPONENT OF ALASKA'S INTERMODAL TRANSPORTATION SYSTEM.

WHILE THE COMMISSIONER OF DOT/PF WOULD SERVE ON THE BOARD OF DIRECTORS OF THIS NEW AUTHORITY, IT IS UNREALISTIC TO THINK THAT AN ORGANIZATIONAL COMPONENT WHICH IS SEPARATE FROM THE REST OF THE AGENCY -- AND FOR WHICH THE COMMISSIONER NO LONGER HAS PRIMARY RESPONSIBILITY -- WILL RECEIVE THE SAME LEVEL OF CONSIDERATION FOR FEDERAL HIGHWAY FUNDS AS IT RECEIVES AS A LINE AGENCY WITHIN THE DEPARTMENT.

III. THE AUTHORITY PROVIDES NO MECHANISM OR VEHICLES TO REDUCE SUBSIDIES.

ALTHOUGH NOT EXPRESSLY STATED IN THE PROPOSED LEGISLATION, AN IMPLICIT PURPOSE FOR AN AUTHORITY IS APPARENTLY TO INSULATE THE MARINE HIGHWAY SYSTEM FROM INEXPERIENCED MANAGERS APPOINTED THROUGH THE POLITICAL PATRONAGE PROCESS. IT SHOULD BE NOTED, WE HAVE 16 EMPLOYEES WITH OVER 290 YEARS OF MARITIME EXPERIENCE WHO ARE WORKING IN THE ADMINISTRATION AND MANAGEMENT OF THE SYSTEM; DEDICATED, EXPERIENCED EMPLOYEES. AS ALREADY NOTED, SUCH INSULATION ALSO ISOLATES THE SYSTEM FROM DIRECT ACCOUNTABILITY FROM THE PUBLIC. THIS MIGHT BE ACCEPTABLE IF THE AUTHORITY WAS ESTABLISHED TO RUN THE SYSTEM AS A BUSINESS, DESIGNED TO BE SELF-SUPPORTING THROUGH REVENUES. HOWEVER, THIS IS NOT THE CASE.

THE MARINE HIGHWAY SYSTEM PRESENTLY DERIVES ABOUT 60% OF ITS OPERATING FUNDS FROM REVENUES, WITH THE REMAINING 40% OF ITS OPERATING BUDGET APPROPRIATED FROM THE GENERAL FUND BY THE LEGISLATURE. NOTHING IN THIS PROPOSED LEGISLATION IS DIRECTED TOWARD CHANGING THAT FUNDING RELATIONSHIP. THE PROPOSED AUTHORITY IS NOT DESIGNED TO BE SELF-SUFFICIENT. IT WILL CONTINUE TO REQUIRE ANNUAL LEGISLATIVE APPROPRIATIONS FOR OPERATIONS AND CAPITAL IMPROVEMENTS. WHAT THEN IS THE JUSTIFICATION FOR ESTABLISHING IT AS A STATE CORPORATION? AN AUTHORITY WILL REQUIRE ADDITIONAL SUBSIDY TO FUND ITS INCREASED OVERHEAD COSTS.

IV. ADMINISTRATIVE COSTS ARE LIKELY TO INCREASE.

THE MARINE HIGHWAY SYSTEM IS ALREADY AND UNFAIRLY CRITICIZED FOR THE LARGE SIZE OF ITS CENTRAL OFFICE STAFF. HOWEVER, IF THE MARINE HIGHWAY SYSTEM IS SPLIT FROM THE REST OF DOT/PF INTO AN QUASI-INDEPENDENT AUTHORITY, IT WILL LOSE THE ADMINISTRATIVE SUPPORT PRESENTLY PROVIDED BY THE DEPARTMENT AND ADMINISTRATIVE COSTS FOR AMHS WILL CERTAINLY INCREASE. PERSONNEL AND ACCOUNTING SERVICES WHICH ARE NOW PROVIDED IN PART BY HEADQUARTERS WOULD FALL ENTIRELY ON THE AUTHORITY. SO WOULD ENGINEERING SERVICES NOW BEING PROVIDED BY SOUTHEAST REGION. THE SYSTEM WOULD BE FURTHER REMOVED FROM THE FEDERAL HIGHWAY ADMINISTRATION. THE RELATIONS WITH DOT&PF AND FHWA WOULD BE COMPLICATED SINCE CFR TITLE 23 FOR THE ADMINISTRATION OF FEDERAL HIGHWAY FUNDING PROGRAMS IS THE RESPONSIBILITY OF THE STATE HIGHWAY AGENCY DOT&PF.

SEPARATE ACCOUNTING AND DATA PROCESSING SYSTEMS WILL ALMOST CERTAINLY BE NECESSARY. THE AUTHORITY WILL NOT BE EXEMPT FROM THE EXECUTIVE BUDGET ACT, STATE PROCUREMENT CODE AND OTHER STATE MANDATED RULES AND REGULATIONS.

V. AN AUTHORITY WILL NOT SOLVE THE SYSTEM'S HIGH LABOR COSTS.

LABOR AGREEMENTS FOR MARINE HIGHWAY SYSTEM EMPLOYEES ARE CURRENTLY NEGOTIATED AND ADMINISTERED AS A PART OF THE STATE'S OVERALL LABOR RELATIONS PROGRAM. ALTHOUGH VESSEL EMPLOYEES WERE TEN (10) YEARS AHEAD OF THEIR SHORESIDE PEERS IN COLLECTIVE BARGAINING,

ECONOMIC SETTLEMENTS IN THE LAST TWO (2) DECADES HAVE BEEN REASONABLY UNIFORM AND CONSISTENT FOR ALL STATE EMPLOYEE GROUPS.

AS PROPOSED, ALL EMPLOYEES OF THE AUTHORITY WOULD BE PLACED INTO THE EXEMPT SERVICE BUT REMAIN SUBJECT TO THE TERMS OF EXISTING LABOR AGREEMENTS UNTIL THEIR EXPIRATIONS. THE AUTHORITY IS THEN AUTHORIZED TO NEGOTIATE NEW LABOR AGREEMENTS, ALTHOUGH IT IS SOMEWHAT UNCLEAR WHETHER OR NOT THE TERMS OF THOSE AGREEMENTS MUST BE CONSISTENT WITH THOSE OF OTHER EXECUTIVE BRANCH EMPLOYEES. SINCE THE AUTHORITY'S EMPLOYEES WILL BE IN THE EXEMPT SERVICE, THEY ARE PROHIBITED BY BARGAINING REGULATIONS FROM REMAINING IN THE SAME CLASSIFIED EMPLOYEE BARGAINING UNITS FROM WHICH THEY CAME. THIS MEANS ADDING AT LEAST FOUR (4) MORE BARGAINING UNITS AND CONTRACTS FOR JUST AUTHORITY STAFF (GENERAL GOVERNMENT, SUPERVISORY, CONFIDENTIAL, AND LABOR, TRADES & CRAFTS).

SOME OF THESE UNITS WOULD BE COMPOSED OF ONLY A HANDFUL OF EMPLOYEES, BUT EACH SMALL GROUP HAS THE SAME RIGHTS TO NEGOTIATE AS LARGER EMPLOYEE GROUPS. EACH REQUIRES THE AUTHORITY'S RESOURCES TO NEGOTIATE NEW CONTRACTS, AND EACH HAS THE RIGHT TO ENGAGE IN A STRIKE IF THOSE NEGOTIATIONS FAIL. THE ECONOMIC LEVERAGE WHICH COULD BE EXERTED BY THESE SMALL GROUPS OF EMPLOYEES WOULD BE CONSIDERABLE. EACH HAS THE POTENTIAL TO SHUT THE SYSTEM DOWN IN THE EVENT AN IMPASSE IN CONTRACT NEGOTIATIONS RESULT IN A STRIKE

SMALL BARGAINING UNITS CAN BE PROBLEMATIC FOR JUST THESE REASONS. EVERY SMALL GROUP REQUIRES A LARGE EXPENDITURE OF LABOR RELATIONS RESOURCES, AND EACH HAS LEVERAGE OUT OF PROPORTION TO ITS SIZE. THERE IS NO REASON TO BELIEVE THAT AN AUTHORITY HAS ANY GREATER ABILITY TO NEGOTIATE REASONABLE CONTRACTS. IF ANYTHING, THE REVERSE IS TRUE.

VI. SUMMARY

ALASKA'S LONG-TERM HISTORICAL EXPERIENCE WITH CREATING AND OPERATING AUTHORITIES AND PUBLIC CORPORATIONS HAS NOT BEEN ENTIRELY POSITIVE. CONSIDER THE ALASKA POWER AUTHORITY, OF WHICH I WAS A MEMBER. AT THE TIME OF ITS CREATION, THE APA WAS BILLED AS THE ANSWER TO ALASKA'S NEED FOR CHEAP AND ABUNDANT ENERGY. VISIONS WERE FOR HYDROELECTRIC AND OTHER POWER PROJECTS THROUGHOUT THE STATE, WITH MODERN, POWER GRIDS SERVING THE MAJORITY OF ALASKA. AFTER NUMEROUS LEGISLATIVE CHANGES TO THE AUTHORITY OVER SEVERAL YEARS, IT WAS FINALLY CLOSED DOWN BY THE LEGISLATURE AS AN OPERATIONAL AGENCY. THE ALASKA RAILROAD CORPORATION IS ANOTHER EXAMPLE. IT WAS FORMED BY THE LEGISLATURE JUST OVER A DECADE AGO. TODAY, THE LEGISLATURE IS CONSIDERING RESTRICTING THE OPERATIONS OR POTENTIALLY SELLING THAT CORPORATION. COULD THESE EXAMPLES BE APPLICABLE TO A MARINE HIGHWAY AUTHORITY? THE ANSWER IS YES AS THIS LEGISLATURE CANNOT BIND FUTURE LEGISLATIVE ACTIONS.

THE PROPOSED AUTHORITY WOULD BE A MOVE IN THE WRONG DIRECTION AS FAR AS TRANSPORTATION IN ALASKA IS CONCERNED. SIX (6) YEARS AGO, CONGRESS INITIATED MAJOR CHANGES IN THE NATIONAL TRANSPORTATION INDUSTRY WITH THE ENACTMENT OF THE INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT OF 1991 (ISTEA). "INTERMODAL" IS THE "I" IN ISTEA. THE SIMPLE GENIUS OF ISTEA IS ITS PREMISE THAT TRANSPORTATION CHOICES CANNOT BE EFFICIENTLY OR ECONOMICALLY MADE IN ISOLATION FROM ONE ANOTHER. THIS CONCEPT IS CALLED INTERMODALISM.

A DECISION TO INVEST MORE PUBLIC MONEY IN ROADS, OR IN AIRPORTS, OR IN FERRY VESSELS, REQUIRES A BALANCING OF PUBLIC POLICY ISSUES THAT CANNOT BE COMPLETELY BALANCED IF ONE TRANSPORTATION MODE IS SOMEHOW TREATED DIFFERENTLY. NATIONALLY, THE TREND IS TO BRING MODES TOGETHER TO PROVIDE MORE EFFICIENT TRANSPORTATION SYSTEMS. AS I TRAVEL TO OTHER STATES AND DISCUSS ISSUES WITH MY PEERS, IT IS CLEAR THAT INTERMODALISM IS NOT A PASSING FAD. IT IS HERE TO STAY BECAUSE IT JUST MAKES SENSE. ISTEA WILL BE REAUTHORIZED THIS YEAR BY CONGRESS AS ISTEA II.

WE ALL RECOGNIZE THAT THE MARINE HIGHWAY SYSTEM CANNOT CONTINUE TO OPERATE AS IF IT WERE STILL THE 1960'S. TIMES HAVE CHANGED, AND THE NEEDS OF ALASKA'S COMMUNITIES AND THE TRAVELING PUBLIC HAVE CHANGED, THE TRANSPORTATION NETWORK ALONG ALASKA'S COASTLINE HAS CHANGED. THE CHANGES NEEDED IN THE MARINE HIGHWAY SYSTEM MAY BE DRAMATIC. HOWEVER, SB 21 TAKES US IN THE WRONG DIRECTION. WITH THE HELP OF THE LEGISLATURE, WE NEED TO WORK TO INSURE THAT THE MARINE HIGHWAY SYSTEM TRULY FUNCTIONS AS AN INTEGRAL ELEMENT IN A WELL-

DESIGNED STATEWIDE TRANSPORTATION SYSTEM. THIS ADMINISTRATION WILL CHANGE AND IMPROVE THE SYSTEM BUT THESE CHANGES MUST BE WELL THOUGHT OUT AND HAVE THE SUPPORT OF THE PEOPLE OF ALASKA. THIS TAKES TIME AND THE WORST ACTION WE CAN TAKE NOW IS TO MAKE CHANGES SUCH AS THIS BILL DOES WITHOUT THOUGHTFUL AND DELIBERATE CONSIDERATIONS OF ITS SHORT AND LONG TERM CONSEQUENCES.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

## MEMORANDUM

January 14, 1997

SUBJECT: Sectional Summary of <sup>HB 88</sup>~~SB 21~~; An Act relating to ferries and ferry terminals, establishing the Alaska Marine Highway Authority, and relating to maintenance of state marine vessels. (~~SB 21~~)  
HB 88

TO: ~~Senator Robin Taylor~~

FROM: George Utermohle <sup>GU</sup>  
Legislative Counsel

You have requested a sectional summary of SB 21; An Act relating to ferries and ferry terminals, establishing the Alaska Marine Highway Authority, and relating to maintenance of state marine vessels.

As a preliminary matter, note that a sectional summary of a bill is not 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 relating to the Alaska Marine Highway Authority.

### CHAPTER 55. ALASKA MARINE HIGHWAY AUTHORITY. ARTICLE 1. CREATION AND ORGANIZATION.

Sec. 19.55.010 establishes the Alaska Marine Highway Authority as a public corporation of the state within the Department of Transportation and Public Facilities. The powers of the authority are vested in the board of directors of the authority.

Sec. 19.55.020 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 appointed directors are set out.

The appointed directors serve for staggered five year terms. Appointed directors may only be removed for cause.

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

January 14, 1997

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

Sec. 19.55.040 authorizes the board of directors of the authority to employ a chief executive officer who serves at the pleasure of the board and who may employ additional staff. The officers and the staff of the authority are in the exempt service under AS 39.25.110. The board may also employ consultants and advisors.

## ARTICLE 2. POWERS AND DUTIES.

Sec. 19.55.110 sets out the powers of the authority.

Sec. 19.55.120 sets out the duties of the authority.

Sec. 19.55.130 authorizes the authority to operate a ferry system under the name "Alaska Marine Highway System".

Sec. 19.55.140 requires the authority to prepare a comprehensive 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. 19.55.210 provides that the authority may acquire land and material necessary for the construction, maintenance, or improvement of the marine highway system.

Sec. 19.55.220 provides that the authority may acquire land for the purpose of exchanging the land for other land that the authority needs to acquire.

Sec. 19.55.230 provides that the authority may vacate land or rights in land held by the authority. The authority may transfer its surplus lands to the Department of Natural Resources for disposal. The proceeds of the disposal shall be returned to the source of funds from which the original purchase of the land was made.

## ARTICLE 4. VESSELS AND FERRY TERMINAL FACILITIES.

Sec. 19.55.310 authorizes the authority to construct, purchase, or lease ferry terminal facilities, to connect ferry terminal facilities with local highway systems, and to adopt

January 14, 1997

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regulations regarding the use of ferry terminal facilities by the public and to set fees for the use of terminal facilities. The authority shall repair and maintain the facilities that it owns.

Sec. 19.55.320 provides that the vessels and facilities of the authority shall be named by law.

#### ARTICLE 5. BUDGET AND REVENUE.

Sec. 19.55.410 provides that the authority is subject to the Executive Budget Act and that the expenditures of the authority are subject to appropriation by the legislature.

#### ARTICLE 6. GENERAL PROVISIONS.

Sec. 19.55.910 provides that the board of the authority shall annually submit a report to the governor and legislature regarding its operations, income, and expenditures for the preceding fiscal year.

Sec. 19.55.920 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. 19.55.990 sets out the definitions of "authority" and "ferry".

Sec. 19.55.995 provides that this chapter may be cited as the Alaska Marine Highway Authority Act.

Section 3 of the bill makes a technical amendment to AS 03.53.010(a) relating to the transportation of animals aboard state ferries.

Section 4 of the bill makes a technical amendment to AS 18.65.755(a) relating to the carrying of a concealed handgun on a vessel of the authority.

Sections 5 - 9 of the bill make technical and editorial amendments to AS 19.65 relating to the Alaska Marine Highway System Fund.

Section 10 of the bill amends AS 23.40.040 to provide that the authority shall be responsible for negotiating with the unions representing the employees of the authority.

Section 11 of the bill makes a technical amendment to AS 29.35.722 relating to the transfer of assets of the authority to a port authority.

Sections 12 - 13 of the bill make technical amendments to AS 35.10.015 relating to access to and use of state ferry vessels by handicapped, aged, and infirmed passengers.

January 14, 1997

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Sections 14 - 17 of the bill makes amendments to AS 35.27 to provide that the authority is responsible for the application of the art in public places program to vessels and facilities of the authority.

Sections 18 - 20 of the bill amend provisions of the procurement code (AS 36.30) and set out the responsibilities of the authority under the procurement code.

Section 21 of the bill amends AS 36.90.050(a) relating to in-state maintenance of state-owned marine vessels.

Section 22 of the bill makes technical amendments to AS 37.05.550 relating to the Alaska Marine Highway System Vessel Replacement Fund.

Section 23 of the bill makes a technical amendment to AS 39.20.310(8) relating to the eligibility of ship board employees of the authority to participate in the leave system for state employees.

Sections 24 of the bill amends AS 39.25.110(11) to provide that the employees of the authority are in the exempt state service.

Section 25 of the bill makes a technical amendment to AS 39.30.150(b) relating to the participation of certain employees of the authority in the supplemental employee benefit program (SBS).

Section 26 of the bill makes a technical amendment to AS 39.35.680(21) relating to the participation of certain employees of the authority in the Public Employees Retirement System.

Section 27 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 28 - 29 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 authority.

Section 30 of the bill provides for the transfer of the employees, appropriations, and assets of the Division of Marine Transportation in the Department of Transportation and Public Facilities to the Alaska Marine Highway Authority upon enactment of this bill. This section also provides that nothing in this bill terminates or modifies the bargaining representation or bargaining agreements that are in effect at the time of enactment of the bill.

January 14, 1997

Page 5

Section 31 of the bill provides for the terms of the initial appointees to the board of directors of the authority in order to provide for staggered terms.

Sections 32 - 33 of the bill repeal unnecessary provisions of AS 19.65 (Alaska Marine Highway System), which have been replaced by provisions of AS 19.55 as contained in sec. 2 of this bill. AS 39.25.110(16) relating to the exempt status of ship board employees of the division of marine transportation is repealed. Section 5, ch. 94, SLA 1992, which provides for the repeal of AS 36.90.050 (instate maintenance of state marine vessels; see sec. 21 of the bill) is itself repealed.

Sections 34 - 35 provide effective dates for provisions of the bill. Sections 1 (purpose), 21 (instate maintenance of state marine vessels), 31 (initial appointment of members of the board of the authority), and 33 (repeal of sec. 5, ch. 94, SLA 1992) take effect immediately. The remainder of the bill takes effect on January 1, 1998.

GU:pl

97-006.plm

## POINT OF VIEW

# Authority a way to save state ferry system

By ANDREA BARKLEY

Until September of 1996, I had been a bartender on AMHS vessels for more than 18 years. Over those many years, I have witnessed a huge variety of events. Mostly, I have seen foreigners from one end of the planet meet locals from the opposite end of the planet. Without fail, the one (and sometimes only) thing all these people had in common was Alaska.

The bars on the ferries were, in reality, traveling public relations centers for our state. Thousands upon thousands of recommendations, observations, and experiences were exchanged. Restaurants, camp sites, hotels, events, points of interest were endorsed or rejected. Guidance was given on everything from A): Which road to take, to Z): How to best enjoy the Alaskan experience. The one thing everyone could, and did talk about was our state — the beauty of it, the unusual people who populate it, how it remains one of the most unique, pristine environments left in our coun-

try if not on our earth.

Bars on the ferries were a place for exchange — the exchange of ideas, the exchange of money. Over the years, I was only one of many bartenders who participated in the revenue intake of untold hundreds of thousands, into millions, of dollars for our state. AMHS vessels were paid for in full years ago by public bonds. This reality, along with several other unique factors, allowed the state to possess and profit from a previously unheard-of remarkable business opportunity.

The state sold this service in a low overhead-cost environment, enjoyed the singular privilege of purchasing the cheapest liquor in the state through duty-free Canadian sea-stores, and had the extraordinary opportunity of benefiting from a monopoly of sales of this service to a captive audience; literally hundreds of thousands of people who could not go "across the street" for their next drink.

A major source of good will and good revenue for the State of Alaska came crashing to a halt with the arbitrary decision of one man. Who exactly was that one man? Gary Hayden? Joe Perkins? Jim Ayers? Tony Knowles? Perhaps we'll never really know the answer to that question; perhaps it really doesn't matter. What does matter is the fact that today AMHS vessels exist under an organizational structure in which one man, or two, can literally make disastrous economic decisions resulting in tremendous loss of revenue and good will for our state, without any accountability, let alone identity.

The Alaska Marine Highway Authority bill, while not the "end-all-be-all" answer to our problems, would change that. Under this new authority, not only the commissioner of D.O.T, but also a board of directors, a group of six people all with maritime background, would collectively make decisions. This group of seven would be collectively account-

able for those decisions and the impact on the system they govern and the state they serve.

Today, because of misadministration, AMHS is heading for the rocks. I feel strongly that only through our mutual efforts and intervention will the Alaska Marine Highway System be able to survive.

I implore you, in the strongest sense, as a voting citizen who does not wish to have our choices arbitrarily taken away, to please support Senate Bill 24. I believe this bill offers the best hope to put our unique Southeastern and Southwestern Alaskan transportation system back into the realm of doing business: the business of making money for our state, and the business of promoting hospitality and good will for our ever-increasing numbers of visitors.

Thank You.

*(Andrea Barkley works for the Alaska Marine Highway System.)*

## REPORTER'S NOTEBOOK

## Garbage has its place — and it's not the street

By ALISON WATKINS  
Daily News Staff Writer

There are worse things than being a recycling nag.

I am known in the newsroom for my recycling enthusiasm. With a look, I encourage a colleague to place their office paper or newspaper in the appropriate box, instead of putting it in a trash can.

And no, I don't think picking recyclable paper out of trash cans is excessive. Someone has to do it when wayward journalists forget to put it in the proper receptacle.

Recently a colleague told me that my

Recycling has other benefits besides the obvious environmental ones.

I have to carry the boxes of office paper and newspaper downstairs to the recycling bin. So once a week, I have additional cardiovascular activity and also weight training.

Recycling is part of a larger theme: We only have one Earth and if we don't take care of it, who will?

The expression "think globally, act locally" fits this situation. Ketchikan is a beautiful place and it is a shame to mar its natural resources with garbage. We all live here and don't want to see cans, bottles and other garbage on our streets and yards. Carrying one's trash to the

kan Creek and garbage on Ketchikan streets.

One day while looking out on the creek from my home, I saw a mattress in the creek. It appeared to be lodged on a rock. I have speculated on how the mattress got in the water.

Maybe someone was putting it in a truck that was parked next to the creek, missed the truck and tossed it in the water. Or maybe someone was cleaning, a window was open and while turning the mattress, it inadvertently flew out the window. Or maybe someone was playing Huck Finn, tried to use the mattress as a raft, realized it wouldn't work and jumped off.

creek.

Other unnatural objects that have appeared in the creek are bicycle and bicycle parts and steel drums. Something resembling a VCR also floated by once.

It's fun and educational to watch the wildlife on the creek. I have learned about American dippers, mergansers and have observed eagles. Having a mattress or bicycle in the middle of the creek puts a damper on the experience.

I have a solution for getting rid of some of the trash on the streets. People who are given community service when they appear in court should pick up trash as part of their activities. Plenty of areas in Ketchikan need attention. Youth

**report of the**

**SENATE TASK FORCE ON**

**THE ALASKA MARINE HIGHWAY**

**SYSTEM**

**TO THE SENATE TRANSPORTATION**

**COMMITTEE OF THE**

**20TH ALASKA STATE LEGISLATURE**

**Senator Robin L. Taylor, Chairman**  
**Senator Drue Pearce**  
**Senator John Torgerson**



Official Business

# Alaska State Legislature

## SENATE

State Capitol  
Juneau, AK 99801-1182

### Senate Task Force On The Alaska Marine Highway

#### Report to the Senate Transportation Committee

The Senate Task Force on the Alaska Marine Highway was established by Senate President Drue Pearce in July, 1996 to examine the efficiency of internal operations. Senator Pearce appointed Senator Robin L. Taylor as chairman and named Senator John Torgerson and herself to the panel.

The Senate Task Force held public hearings in Ketchikan on July 19, in Seward on August 19 and in Sitka on October 14. At the Sitka meeting, Chairman Taylor announced that the record of the task force would remain open after the public hearings to allow for receipt of additional written testimony.

Based upon the written and oral testimony, The Senate Task Force on the Alaska Marine Highway System, has identified several key management policies and decisions the Task Force feels are representative of the type of policies that bring the current management of the AMHS into question

Current management practices have resulted in a growing lack of confidence in the Alaska Marine Highway System on the part of elected officials and the general public they represent.

It is the recommendation of the Senate Task Force on the Alaska Marine Highway System that the Twentieth Alaska State Legislature consider moving AMHS management from DOT/PF to a semi-autonomous Marine Highway Authority.

The key issues examined by the Task Force include:

- Arbitrary and repeated changes in the days crew rotate on the fleet. These decisions are estimated to have cost the system more than \$250,000 in unnecessary overtime and other expenses.
- Scheduling and passenger fare policies that discourage ridership, despite constant recommendations from the communities served by the system and from the crews and line officers who are responsible for the actual operation of the fleet.
- A reservations system that has been an abject failure and what appears to be a wasted attempt to computerize vessel maintenance.
- The decision to close the cocktail bars and eliminate a revenue source. This came despite recommendations from the employee/management committee which would have led to the same cost savings without elimination of the revenue generating positions and the passenger service connected with operation of the bars.
- Continued additions to the staff at the Juneau Central Office, despite a strong and critical public perception that AMHS management is already top heavy.

- Arbitrary and repeated changes in the days crew rotate on the fleet. These decisions are estimated to have cost the system more than \$250,000 in unnecessary overtime and other expenses.

As the appended documentation attests, AMHS management decisions to change the days when vessel crew rotations take place can be costly.

Using the M/V Taku as an example, changing the crew rotation schedule by even a single day can result in well over \$25,000 in additional operating expenses.

When crew rotations occur out of the scheduled sequence, the cost in both overtime and straight time on the Taku total nearly \$23,000. Other factors bring that total to over \$25,000.

In one example using the M/V Taku, a crew which had been scheduled to rotate off the vessel had to stay on duty. Members of the relief crew were notified of the unscheduled rotation change after they had flown from Juneau to Ketchikan.

The Task Force received testimony indicating that at least ten such arbitrary changes in crew rotation occurred in 1996, at a cost exceeding \$250,000.

Information provided to the Task Force indicates that the Central Office was advised of the potential cost of these decisions and provided with an alternative which would have reduced the fiscal impact. This advice was apparently ignored.

This issue is a prime example of the Central Office ignoring input from the fleet, resulting in unnecessary costs to the system.

**Memorandum**

**State of Alaska**

Department of Transportation & Public Facilities

Page 1 of 2

*Straight Time Day*

TO: George M. Brereton  
Master  
M/V Taku  
"A" Crew

DATE: January 9, 1997

FROM: Edward E. Marksheffel  
Chief Purser  
M/V Taku  
"A" Crew

SUBJECT: Crew list beginning  
in Juneau 1/8/97

*EM*

*Straight Time*

Station Bill	Name	Position	Position #	Life Boat	HCT	Change Port	Remarks
31.49	A George M. Brereton	Master	271101	Yes	Yes	Ktn	377.88
26.20	1 Scott B. Hendrickson	Chief Mate	271104	Yes	Yes	Ktn	Montez-Vac. 314.40
22.94	2 Thomas O. Moore	Second Mate	271106	Yes	Yes	Ktn	275.28
22.94	3 John A. O'Brien	Third Mate	271107	Yes	Yes	Jnu	275.28
	4	Pilot Observer					
20.72	16 Edward E. Marksheffel	Chief Purser	271125	Yes	Yes	Ktn	248.64
18.37	17 Jeanne M. Orr	S/A Purser	271128	Yes	Yes	Jnu	220.44
18.51	5 Douglas J. Thompson	Boatswain	271134	"U"	Yes	Ktn	Kanaar-Uffid 222.12
16.94	9 Dorney D. L. Mullins	A/B	271137	"U"	Yes	Ktn	203.28
16.94	7 James Holzenberg	A/B	271138	"U"	Yes	Ktn	203.28
16.94	6 Nicholas G. Kollars	A/B	271139	"U"	Yes	Ktn	203.28
16.94	8 Kenneth C. Fenn	A/B	271140	"U"	Yes	Jnu	203.28
15.87	11 Gifford J. Peratrovich	O/S	271145	Yes	Yes	Ktn	190.44
15.87	10 Donald M. Hamilton	O/S	271146	Yes	Yes	Ktn	190.44
15.87	12 Petrus B. Van Aart	O/S Porter	271148	Yes	Yes	Ktn	190.44
15.87	15 Beverly J. George	Watchman	271150	Yes	Yes	Ktn	190.44
15.87	14 Sverre Jonassen	Watchman	271151	Yes	Yes	Ktn	190.44
22.94	18 Allan F. Lee	Chief Engineer	271110	Yes	Yes	Ktn	347.28
24.95	19 Dale H. Malmberg	1 <sup>st</sup> Engineer	271115	Yes	Yes	Ktn	299.40
23.92	20 John A. Larson	2 <sup>nd</sup> Engineer	271118	Yes	Yes	Ktn	279.60
21.86	21 Michael D. McRoberts	3 <sup>rd</sup> Engineer	271121	Yes	Yes	Jnu	262.72
18.63	22 Mark Hutson	Jr. Engineer	271153	Yes	Yes	Ktn	223.56
17.09	23 Laurance J. Murphy	Oiler	271156	Yes	Yes	Ktn	205.08
17.09	24 Thomas L. Binder	Oiler	271157	Yes	Yes	Jnu	205.08
15.99	25 Fred T. Coleman	Wiper	271160	Yes	Yes	Jnu	191.28

O.T. DAY + Straight Day = 22,641.48

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Wages Per Day:  
with Co.A. for MNP & MESA & 7500/DAY  
5713.56  
WELL OVER (H)

# Memorandum

Page 1 of 2

*c/p*  
*DAY*  
*O.T.*  
*OVERTIME WAGES*

## State of Alaska

### Department of Transportation & Public Facilities

TO: George M. Brereton  
Master  
M/V Taku  
"A" Crew

DATE: January 9, 1997

FROM: Edward E. Marksheffel  
Chief Purser  
M/V Taku  
"A" Crew

SUBJECT: Crew list beginning  
in Juneau 1/8/97

*EDM*

Station Bill	Name	O.T.	Position	Position #	Life Boat	HC	Remarks
31.49	A George M. Brereton	47.24	Master	271101	Yes	Yes	566.88
26.20	1 Scott B. Hendrickson	34.39	Chief Mate	271104	Yes	Yes	Montez-Vac 471.42
22.94	2 Thomas O. Moore	34.41	Second Mate	271106	Yes	Yes	412.92
22.94	3 John A. O'Brien	34.41	Third Mate	271107	Yes	Yes	412.92
	4		Pilot Observer				
16	Edward E. Marksheffel	31.42	Chief Purser	271125	Yes	Yes	372.96
17	Jeanne M. Orr	27.56	S/A Purser	271128	Yes	Yes	330.72
5	Douglas J. Thompson	27.77	Boatswain	271134	"U"	Yes	Kanar-Uff 333.24
9	Domey D. L. Mullins	25.41	A/B	271137	"U"	Yes	304.92
7	James Holzenberg	25.41	A/B	271138	"U"	Yes	304.92
6	Nicholas G. Kollars	25.41	A/B	271139	"U"	Yes	304.92
8	Kenneth C. Fenn	25.41	A/B	271140	"U"	Yes	304.92
11	Gifford J. Peratrovich	23.81	O/S	271145	Yes	Yes	285.72
10	Donald M. Hamilton	23.81	O/S	271146	Yes	Yes	285.72
12	Petrus B. Van Aart	23.81	O/S Porter	271148	Yes	Yes	285.72
15	Beverly J. George	23.81	Watchman	271150	Yes	Yes	285.72
14	Sverre Jonassen	23.81	Watchman	271151	Yes	Yes	285.72
28.94	18 Allan F. Leo	43.41	Chief Engineer	271110	Yes	Yes	520.92
24.95	19 Dale H. Mahmberg	37.42	1 <sup>st</sup> Engineer	271115	Yes	Yes	449.00
21.30	20 John A. Larson	34.95	2 <sup>nd</sup> Engineer	271118	Yes	Yes	419.00
21.86	21 Michael D. McRoberts	32.79	3 <sup>rd</sup> Engineer	271121	Yes	Yes	393.42
	22 Mark Hutson		Jr. Engineer	271153	Yes	Yes	335.16
	23 Laurance J. Murphy		Oiler	271156	Yes	Yes	307.00
	24 Thomas L. Binder		Oiler	271157	Yes	Yes	307.00
	25 Fred T. Coleman		Wiper	271160	Yes	Yes	287.00

*12 hrs*

*Per Day O.T.*

8571.2

O.T. Day + Strick Day = 22,641.48

WITH COLLECTIVE AGREEMENT 200/DAY

(2)

Memorandum

State of Alaska

Department of Transportation & Public Facilities

Page 2 of 2

OVERTIME WAGES

TO: George M. Brereton  
Master  
M/V Taku  
"A" Crew

DATE: January 9, 1997

FROM: Edward E. Marksheffel  
Chief Purser  
M/V Taku  
"A" Crew

SUBJECT: Crew list begining  
in Juneau 1/8/97

O.T.

Station Bill	Name	O.T.	Position	Position #	Life Boat	HCT	Change Port	Remarks
26	Charles P. Kiel	31.48	Chief Steward	271161	Yes	Yes	Ktn	372.96
27	Raymond L. Caldwell	27.56	Second Steward	271165	Yes	Yes	Jnu	330.72
28	Bernadeth T. Suson	24.32	Chief Cook	271166	Yes	Yes	Jnu	339.84
29	Pamela L. Kadake	21.92	Second Cook	271167	Yes	Yes	Ktn	298.80
30	Mario C. Malacas	24.96	Second Cook	271168	Yes	Yes	Jnu	298.80
31	Audrey K. Berggren	23.64	2nd/A Cook	271169	Yes	Yes	Jnu	283.12
32	Arletta M. Hjort	23.51	Gift Shop	271172	Yes	Yes	Ktn	282.12
33	Edward W. Ezru	23.51	Cashier	271173	Yes	Yes	Jnu	282.12
34				271174				
35	Elizabeth F. McFarlane	23.61	Head BR	271176	Yes	Yes	Ktn	283.12
36	Nola E. Wilcox	23.34	Officer's Mess	271177	Yes	Yes	Ktn	280.08
37	Commie L. Howard	23.34	Crew Mess	271178	Yes	Yes	Ktn	280.08
38	Serguis F. Sheakley	23.34	Officer's BR	271179	Yes	Yes	Jnu	
39	Eileen D. Lucky	23.34	Steward	271181	Yes	Yes	Ktn	
40	Karl J. Ashenbrenner	23.34	Steward	271182	Yes	Yes	Jnu	
41	Gilberto Padron	23.34	Steward	271183	Yes	Yes	Jnu	
42	Douglas R. Kendall	23.34	Steward	271184	Yes	Yes	Jnu	
43			Steward	271185				
44	David E. Douglas	23.34	Steward	270079	Yes	Yes	Ktn	
45			Steward	270080				

2772.00

2240.64

280.08

Test Paper 5012.64

O.T. Day  
WAGE only  
+ Page ONE 8571.90

Department	# crew	# L.B. tickets
Deck	35	14
Purser	2	2
Engine	8	8
Steward	17	17
Totals	41	41

13583.64

24 Lifeboat tickets required

## MEMORANDUM

## State of Alaska

Department of Transportation and Public Facilities

TO: Masters  
All S.E. Vessels  
A.M.H.S.

DATE: February 26, 1996

FILE NO: VM 0 187-96

TELEPHONE: (907) 465-8801

FROM: *Kelly Mitchell*  
Captain Kelly J. Mitchell  
Port Captain  
Port Captain's Office  
Alaska Marine Highway System

SUBJECT: Crew Change Days  
Summer 96

Crew change days for the vessels of the Southeast Alaska/Bellingham routes of the A.M.H.S. shall be as follows:

<u>VESSEL</u>	<u>PORT</u>	<u>DAY</u>	<u>TRIP</u>	<u>REMARKS</u>
<u>M/V COLUMBIA</u>	Ketchikan	Sunday	N/B	Currently scheduled on M/V Mat. schedule
	Juneau	Monday	N/B	Currently scheduled on M/V Mat. schedule

Note: Vessel is currently in revenue service on the Bellingham service route through the end of September.

M/V MATANUSKA

Ketchikan	Sunday	N/B	Beginning w/ "B" crew	5/05/96
Juneau	Monday	N/B	Beginning w/ "B" crew	5/06/96

Note: The M/V Matanuska is currently in project/layup status at the Todd's Seattle shipyard. The vessel is expected to return to service earlier than shown on the 95-96 operating plan to accommodate early excursion sailings in Southeast Alaska during the week of May 5-12. The exact scheduling details are yet to be finalized, however the first operational work week will begin on May 5-6 with "B" crew coming on board. Ketchikan "B" crew will begin working on 5/5/96 and then work a long week to be relieved southbound in Ketchikan on 5/13/96. The Juneau "B" crew will work from 5/6/96 until being relieved on Sunday 5/12/96 southbound in Juneau. (This will be the only southbound change day in May.) The crews will then continue on the YPR Wednesday/Sunday routing until mid-June. "A" crew will be relieved on Sunday 5/19 (Ktn) and Monday 5/20 (Jnu) northbound.

Summer 1996  
Crew Change Memo  
page 2

(M/V Matanuska continued)

Change to:

Ketchikan	Monday	N/B Beginning w/"B" crew 6/17/96
Juneau	Tuesday	N/B Beginning w/"B" crew 6/18/96

Note: The vessel will change from the Wednesday/Sunday YPR routing to Monday/Thursday YPR sailings with the following transition. Ketchikan "A" crew will board on 6/9/96 (Juneau "A" crew 6/10/96) for a long work week. The vessel will follow the printed schedule and begin Sitka service both Northbound (Thurs. 6/13) and Southbound (Sat. 6/15), then only Fridays Northbound thereafter. The vessel will arrive into YPR on Monday 6/17/96 to begin the Monday/Thursday routing. The vessel will continue on the YPR Monday/Thursday service until Mid-August.

Change to:

Ketchikan	Sunday	N/B Beginning w/"A" crew 8/12/96
Juneau	Monday	N/B Beginning w/"A" crew 8/19/96

Note: The vessel will change from the Monday/Thursday YPR routing to a Wednesday/Sunday YPR routing with the following transition. "B" crew will board on 8/12-13 (Ktn-Jnu) for a short work week. The vessel will follow the printed schedule arriving YPR on Wednesday 8/14/96 at 1815, and assume the Wednesday/Sunday YPR routing. The crew changes will then be on Sunday(Ktn)/Monday(Jnu) Northbound until the end of the vessel's operating schedule.

M/V MALASPINA

Ketchikan	Tuesday	N/B	Currently scheduled
Juneau	Wednesday	N/B	Currently scheduled

Note: The vessel is currently operating on the YPR Tuesday/Friday routing until the end of May.

Change to:

Ketchikan	Saturday	N/B Beginning w/"B" crew 6/01/96
Juneau	Sunday	N/B Beginning w/"B" crew 6/02/96

Summer 1996  
Crew Change Memo  
page 3

(M/V Malaspina continued)

Note: The M/V Malaspina "B" crew will board 5/21-22 for a short work week being relieved by Juneau "A" crew southbound on Sunday 5/26 and Ketchikan "A" crew southbound on Monday 5/27. The vessel will operate on the printed schedule arriving into YPR Saturday 06/01/96 to begin the Tuesday/Saturday YPR routing through the summer until ending service in Mid-September. "B" crew will relieve "A" crew northbound on 06/01/96 (Ktn) and 06/02/96 (Jnu).

M/V TAKU

Juneau	Wednesday	<u>S/B</u> Beginning w/"B" crew 06/05/96
Ketchikan	Thursday	<u>S/B</u> Beginning w/"B" crew 06/06/96

Note: Vessel is scheduled to resume service on the YPR Monday/Thursday routing. "A" crew is scheduled to bring the vessel out of the yard and resume service from YPR on Thursday May 30. A separate transition memo will follow as the end of the project/overhaul is nearer. "A" crew will work and be relieved by "B" crew Southbound on Wed./Thurs. (Jnu/Ktn) 6/05-06.

Change to:

Ketchikan	Wednesday	N/B Beginning w/"B" crew 06/19/96
Juneau	Thursday	N/B beginning w/"B" crew 06/20/96

Note: "A" crew will board on a southbound change for Juneau and Ketchikan on 06/12-13 and work until being relieved by "B" crew on a 06/19-20 with a northbound Ktn-Jnu change. The vessel will be changing to a YPR Wed./Sun. routing during the workweek of 6/12-20 by following the summer printed schedule arriving into Juneau on Sat. 6/15 then proceeding south on the printed schedule arriving YPR on Sunday 6/18 to resume on the Wed./Sunday YPR routing.

Change to:

Juneau	Wednesday	<u>S/B</u> Beginning w/"B" crew 08/14/96
Ketchikan	Thursday	<u>S/B</u> Beginning w/"B" crew 08/15/96

Note: The operational routing of the vessel will be changed from the YPR Wed./Sunday sailings to Mon./Thurs. YPR departures beginning on Monday, Aug. 12. This transition will take place during the workweek beginning Aug. 7. The routing of the vessel will include three (3) north end "double-shuffles" to accommodate the S.E. Alaska State Fair, then the vessel will proceed southbound toward YPR arriving Monday, Aug. 12 to operate on the Monday/ Thursday routing.

- Scheduling and passenger fare policies that discourage ridership, despite constant recommendations from the communities served by the system and from the crews and line officers who are responsible for the actual operation of the fleet.
- A reservations system that has been an abject failure and what appears to be a wasted attempt to computerize scheduling for vessel maintenance.

Lew Williams, Jr., Publisher Emeritus of the Ketchikan Daily News, concluded in a column published October 19, 1996 that the main problem with the Alaska Marine Highway System is "the inability to provide service".

Williams cited arrivals and departures at most major ports in Alaska that were either late at night or early in the morning, discouraging Alaskans from traveling. His comments echo those made to the Task Force during public hearings.

He pointed to a schedule that had ships running in the same direction within an hour or two of each other. That means the first ship is often crowded and the next has a small load. Testimony submitted to the Task Force cited situations where two ships waited for a third to dock, load and depart.

Williams also concluded it is now cheaper for a family to drive from Seattle to Prince Rupert and then take the ferry to Ketchikan than to use the AMHS from Bellingham to Ketchikan. A couple with two children under 11 pay \$937 for their passage and vehicle. A stateroom for four is an additional \$210.

The reservations system is such a shambles that on several occasions in July, 1996 the M/V Taku left Skagway with as few as 60 passengers because the reservations system computer showed the ship was full and people were turned away.

Communities on Prince of Wales Island have been so discouraged by the lack of response from the Marine Highway for more dependable service that they are considering establishing a Port Authority and operating a ferry of their own.

AMHS has eliminated such popular promotions as the "driver rides free" winter program and the free passage offered to Alaskan veterans. When a discount is offered, it is not promoted so the only people taking advantage of the discount are people who planned to book passage on the ferry anyway.

Scheduling Issues  
Page Two

Director Hayden told the Task Force the system is working on a "new" reservations system.

The Task Force can only ask why the state finds it necessary to re-invent the wheel when airlines and other modes of public transportation seem to operate efficient reservations systems with computer programs that are basically off the store shelf.

Line officers repeatedly told the Task Force that they have offered suggestions on scheduling that would avoid the late-night, early-morning arrivals and departures, only to be ignored by the Central Office.

The state is apparently also attempting to computerize a maintenance schedule for vessels of the fleet. On October 14, 1996, Mr. Hayden was asked to report on information received by the Task Force that a state employee has been working from his out-of-state home for the past four years on such a project. As of February 12, 1997, Mr. Hayden had not provided the Task Force with a report on the status of this project, including information on its cost.

# Sailing, but for how long

By LEW M. WILLIAMS, JR.

For the Daily News

Few seem to worry about the state ferry system.

Less than two dozen people attended three hearings of the State Senate Task Force on the Alaska Marine Highway System. The first was July 19 in Ketchikan; the second Aug. 19 in Seward and the third, Oct. 14 in Ketchikan. A fourth will be held in Juneau after the Legislature convenes in January. A report is promised by the end of January.



Among those testifying were mayors or city administrators and several candidates for office. Most of those at hearings were state ferry system administrators, from Transportation Commissioner Joe Perkins on down, and crew members representing various unions.

Users of the system were noticeably absent. Sad for a system that is so vital yet seems so unappreciated. More sad is that the system has been described by one prominent state official as in a death spiral.

State Sen. Robin Taylor, R-Wrangell, Sen. John Torgerson, R-Kasilof, and Senate President Drue Pearce, R-Anchorage, conducted the hearings.

Those who dismiss the task force as a re-election ploy by Taylor ignore distress signals coming from the fleet.

Despite the keel being laid next week on a new ferry, there are problems with the system that the new ship won't solve. The first is that there is no plan on what to do with the oldest ship, the Malaspina, which has been allowed to deteriorate. Management is alleged to have nine options for the future of the Malaspina, although we can think of only two: fix it and run it, or sell it.

One idea is to remodel it and use it as a day boat between Juneau and Haines-Skagway. That run is the bottleneck in the system. It needs more service than the ships on the long runs from Bellingham or Prince Rupert provide. Unions fear the dayboat idea in spite of the jobs the new ship will bring. Any system change raises the specter of job loss because of past service reductions. More ships are tied up longer each winter.

The main trouble with the system — inability to provide service — has induced Prince of Wales Island residents to seek their own system to run to Ketchikan and Wrangell-Petersburg. Lack of service encouraged Gold Belt Native Corp. to consider providing a dayboat between Juneau and Haines.

It's the silly things bureaucratic management piles up that are killing the system, as much as union intransigence. In fairness to the unions, it is bureaucratic bumbling over the years that has led to their reactions.

The latest silly idea brought to the attention of the Senate task force is the decision to close the cocktail bars on the ships. They provide revenue, along with the cafeterias and gift shops.

The new \$80 million vessel, which can carry up to 750 passengers and 120 cars, will be built without a bar facility. Not that drinking should be a priority for any ferry. But if the system hits bottom (excuse the term) it might be necessary to sell the ship. It has many other features that make it highly marketable, aside from being new.

Unlike all of the state ferries except the smaller Tustumena, it will be capable of ocean service. It will have 112 staterooms, of which five comply with the American Disabilities Act. It will be built to Safety of Life at Sea Treaty (SOLAS) requirements for international marine operations.

More than that, it is designed as an emergency response command center in case of disasters similar to the Exxon Valdez oil spill or the Good Friday Earthquake. It will have a helicopter pad, decontamination showers, a 15-ton cargo crane and a floating dock that can be deployed off the stern to serve as mooring for small vessels.

An 8-channel satellite system boosts its communications.

So the cocktail bar isn't important in the overall design of the vessel except that a future owner or a future state administration might decide to install one for revenue purposes. It would be cheaper to install it when built even if it is not used by the current state administration.

Several years ago, the bar was closed on the ferry Aurora at the request of Prince of Wales Island residents. They feared that vehicle drivers traveling from Ketchikan would get off drunk at Hollis and drive to other points on Prince of Wales. Bar closure might be a good idea for that short run.

Now Commissioner Perkins and

system director Gary Hayden are closing bars on all of the vessels. That denies Bellingham- and Prince Rupert-board ing passengers, and those making long trips between Southeast towns, their relaxation. It won't work. Passenger who drink will take booze aboard. The can pick it up at any port. Within 1,500 feet of the Ketchikan terminal is a liquor store appropriately called the Kaptain's Keg.

The state will miss the revenue. It won't save much money by getting rid of eight bartenders and will increase the cost of policing the ship. The bartenders have enough seniority to move into other jobs in the stewards' department and bounce prospective or part-time workers at the bottom of the list who make considerable less money.

When the disagreement arose between labor and management over closing the bars, a Labor-Management Advisory Committee formed with Stephanie Rainwater of Ketchikan, a 1 year employee of the system, as chairman.

The Senate task force was told the union members have come up with an alternative plan that would have kept the bars open — continue the revenue flow — and still provide the salary reduction. Specifically, the officers' bedroom stewards would be eliminated as those duties handled by the steward serving the rest of the ship. The administration said no.

The bar fight (excuse the term) is only the latest in a shipload of problems loaded on the ferry system.

First off, the Senate Task Force and the Labor-Management Committee are the latest in a long list of committees and consultants who have reviewed the system over the years. They all made recommendations that were shelved.

Among the small things, of which bar closure is the latest, which add up big problems:

- Arrivals and departures at major ports in Alaska last summer were late at night or early in the morning, discouraging Alaskans from traveling.

- During the summer when all ships are running, several ships were running the same direction within an hour or two of each other. That means the ferry is crowded. The next has a small load. The second ship should have called on a different day, providing more service over a week.

- On several occasions in July, the busiest month for the ships, the ferry left Skagway with as few as 60 passengers because of a foul-up with the reservation system. The computer said there was no room on the ship when there was plenty. The Taku's passenger capacity is 496. That happens regularly throughout the system.

Ketchikan Daily News  
10-19-86

KDN  
10-19-96

• It is now much cheaper for a family to drive from Seattle to Ketchikan than it is to take the car on the ferry from Bellingham. A couple with two children under 11 pay \$937 for their passage and vehicle fare. The cheapest inside state-room for four is another \$210. Driving from Seattle, using 60 gallons of gasoline, with two nights in a motel (one in Prince Rupert), plus ferry fare from Prince Rupert is less than \$500, or less than one-half the ferry cost.

• Although ferry workers received a pay raise this year, they earn less than the officers and crew running Puget Sound ferries. So the system is losing skilled workers, especially engineers.

• Ferry system managers have yet to respond to requests for information made by the task force at its August meeting.

The list goes on as Sens. Taylor, Torgerson and Pearce found, but no one offers a solution, either labor or management.

.....

Sen. Taylor is considering a plan offered by his predecessor in the Senate, Lloyd Jones of Ketchikan. Jones left the Senate in 1992 to become chief of staff for Congressman Don Young. This isn't a new idea.

The Jones plan created an authority to operate the system and take it out of politics. The authority would hire system management. The authority would consist of a board of about nine members, including one representing labor. Appointed board members would serve staggering terms. A requirement for board service would be expertise in marine transportation and related fields.

The system would receive an appropriation from the Legislature, as it now does to subsidize the operation. But it would keep its revenue (an inducement to make more) and be operated like an efficient marine transportation business.

Union opposition killed Jones' legislation. Disaster warning signals might change marine unions' thinking. But the 165 headquarters staff (enough to crew the three biggest ships) belong to other state employee unions and might frown on working for an authority.

This writer called Hayden's office Thursday for information and traffic figures. We understand ridership is down. Hayden wasn't in. He won't be back until Monday because Friday was a holiday (Alaska Day). We tried Commissioner Perkins. He also was enjoying a four-day weekend. As we say, no one seems to be worrying about the ferry system, which is a disaster in itself.

- The decision to close the cocktail bars and eliminate a revenue source. This decision came despite recommendations from the labor/management committee which would have led to the same cost savings without elimination of the revenue generating positions and the passenger service connected with the operation of the bars.

The decision to close the cocktail bars on the Alaska Marine Highway and to convert the space into "adult day rooms" with no revenue generating capacity is among the most troublesome issues investigated by the Task Force.

The Task Force was unable to determine who exactly made the decision. Director Hayden said it came from "higher up" and Commissioner Perkins said the decision was "internal".

Regardless of who made the decision, the Task Force has determined that the decision was made while the second session of the 19th State Legislature was still meeting and that the Legislature was not told such a decision had been made.

In addition closing the bars, the administration also directed that bar facilities on the new AMHS vessel be eliminated. This decision was also made without informing the Legislature.

According to testimony at the October 14 hearing in Sitka, the IBU's Management & Labor Advisory Board developed several alternative solutions for cutting costs rather than closing the bars. Ultimately the employee group identified eight other non-revenue generating positions for elimination, thereby saving the revenue generating bar positions.

Incredibly, on December 17, Commissioner Joe Perkins, meeting with AMHS staff aboard the M/V Columbia, indicated he had not heard of the employee proposal.

An analysis provided by AMHS indicates that bar revenue totaled nearly \$674,000 in FY'92. That figure had fallen to \$479,000 by FY'95, despite a reduction in expenditures including wages and benefits.

Bar Closure  
Page Two

Bar revenue exceeded wages in benefits for three of the four years from FY'92 to FY'94. What happened?

The Task Force concludes that the decrease in bar revenue is the result of poor scheduling decisions made by the Central Office, and not the cost of personnel.

The figures reported by AMHS fail to take into account the 40% portion of wages and benefits funded from the general fund. Revenue generated by the bar staff greatly exceeds their cost when bar wages are discounted by the same amount of GF dollars attributed to all AMHS positions, including non-revenue generating positions.

**REVISED AMHS BAR ANALYSIS TO INCLUDE ACTUAL WAGES AND BENEFITS  
VERSUS AVERAGE WAGE & BENEFITS BY POSITION  
24-Jul-96**

<b>FY YEAR</b>	<b>VESSEL</b>	<b>LIQUOR</b>	<b>LICENSE</b>	<b>ACTUAL WAGE &amp; BENEFITS</b>	<b>TOTAL EXPENDITURE</b>	<b>REVENUE</b>	<b>OVER (UNDER)</b>
<b><i>SUMMARY SE/SW BY FISCAL YEAR</i></b>							
92	SE/SW	117,514	4,132	551,581	673,227	673,849	622
93	SE/SW	123,800	4,132	534,114	662,046	664,738	2,692
94	SE/SW	108,967	4,132	544,239	657,338	595,703	(61,635)
95	SE/SW	86,851	4,132	531,696	622,679	484,654	(138,025)
96 YTD(6/30)	SE/SW	86,393	3,682	514,672	604,747	478,512	(126,235)
<b>GRAND TOTAL SE/SW 92-96</b>		<b>523,525</b>	<b>20,210</b>	<b>2,676,302</b>	<b>3,220,037</b>	<b>2,897,456</b>	<b>(322,581)</b>

**NOTE:** PERSONAL SERVICES ARE ACTUAL WAGES PAID TO EMPLOYEES WORKING AS BARTENDER.  
WAGES ARE DERIVED FROM THE STATE PAYROLL SYSTEM (AKPAY)

EXPENDITURES ARE ACTUAL AS RECORDED IN THE STATE ACCOUNTING SYSTEM (AKSAS)  
The expenditures do not include any overhead cost associated with procurement, warehousing, etc.

REVENUES ARE ACTUAL AS VERIFIED THROUGH AUDIT OF CASH REGISTER RECEIPTS AND BANK  
DEPOSITS. REVENUES ARE RECORDED IN THE STATE ACCOUNTING SYSTEM (AKSAS)

Vessels Aurora & Leconte - 40% of the actual wage as recorded in the State Payroll System was used,  
since these positions routinely perform other duties. Percentage modified based on employee input  
as to actual time spent tending bar.

The bar service on the Aurora was eliminated, but there were still wages for a portion  
of FY95.

Vessel M/V TUSTUMENA - this is not a bid position but a summer dispatch position. In the Southwest  
System an employee receives a minimum of 1/2 day off for every day on board the vessel  
and up to a maximum of 1 day off for each day on the vessel

Vessel M/V BARTLETT - there is no assigned bartender to the Bartlett. Wages used reflect  
5% of 1 steward's wage.

STATE OF ALASKA  
DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES

Alaska Marine Highway System/Vessel Operations

P.O. Box 25535

Juneau, Alaska 99802-5535

Telcx: 45-312

Phone: (907) 465-3955

*Can't  
Remember  
if I sent  
you a  
copy of  
this or  
not -*

To: Joe Perkins  
Commissioner  
Department of Transportation & Public Facilities

Date: 12/20/96

FROM: John Ritterbach  
Purser  
Alaska Marine Highway System

Subject: AMHS Operations  
and Management

I would like to thank you for the opportunity of meeting with you aboard the M/V COLUMBIA on December 17, 1996. I feel we need meetings like this at least once a quarter. As you can see from the number of employees attending, many of us are interested and concerned about what is happening to the Alaska Marine Highway. I believe, as do many others, that AMHS is at a crossroads. In order to grow and prosper in times of economic shortages, we must pull together and do more with less. However, I firmly believe that a cycle of higher prices and less services, can only result in a spiral of failure. We must use what resources we have wisely, find ways to give the public more reason to use our services, not less. Let me give you some examples.

Bar closures—In short, I believe this to be the single worst AMHS management decision made in at least eight years. In the meeting aboard the M/V COLUMBIA, you stated it was your decision to close the Cocktail Lounges. However, in reading comments made by Senator Robin Taylor at the Senate Task Force on the Alaska Marine Highway System in Sitka, Alaska on October 14, 1996, he says "...during the recent Southeast Conference, he met with Commissioner Perkins, who told him it was not his decision to take the bars off the ferries, that it was an internal decision." In the meeting aboard the M/V COLUMBIA, you stated that you were not aware of the IBU-P offer to reduce non-revenue jobs in order to save an equal number of revenue producing bartender positions. It seems that Mr. Hayden, according to you, did not bring forward the offer by the IBU-P to eliminate certain steward positions to save the revenue bartender positions. However, in that same Sitka meeting with Senator Robin Taylor, it was stated "...that a program was brought forward that allowed the administration to achieve the cost savings they were looking for without having to eliminate the actual bar service." Frankly, I don't know what to believe here. I'll take you at your word that you were not aware of all the offers on the table. So, let's go over it one more time.

As I understand it, the IBU-P was willing to give up eight Officer BR positions at \$15.56 to save eight bartender positions at \$15.74. The Officer BR positions generate no revenue and the bartender positions generate \$460,000.00 in gross sales for AMHS. In our meeting, you claim that counting wages and other overhead, the Cocktail Lounges lose \$155,000.00, or as you put it, we subsidize each drink about .40cents. If you take away the wage, as this offer in effect does, the issue of losing money is no longer valid. All that was needed was a .40cent per drink price increase in the first place to break even. It was also disturbing to hear Mr. Hayden reveal that the decision to close the Cocktail Lounges was made prior to Labor/Management Committee meetings to suggest ways to increase revenue in the bars and keep them open. Is this to say that this exercise was doomed from the start, and that the decision was already made regardless of what suggestions were offered? That these meetings were made to pacify labor into thinking that we could make a difference? As you will remember, I asked Mr. Hayden if he had implemented any of the suggestions brought to him. His answer was that the decision was already made to close the lounges.

My concern is why we eliminate a position that generates revenue, and provides a service to the public? In light of the offer made by the LBU-P, it is very clear that if your decision is not reversed that this is not about money. You must consider that your decision to eliminate the Cocktail Lounges aboard the new vessel is not easily reversed by the next commissioner. Is it fair to cost the State of Alaska tens of thousands of dollars to refit a Cocktail lounge in the new vessel at a later date?

It is my belief that we need to provide more service to the public to attract more business, not less. Live Satellite TV in the Cocktail Lounges with a cover charge, Laser disk juke boxes, and telephone service. The principle here is that sometimes it takes money to make money. These are investments that would take very little time to recover the cost, and provide much better services to our passengers.

We need a schedule that provides service to communities when they want it, not in the middle of the night.

We need a printed schedule of our own, not something printed in someone else's publication.

We need to advertise our specials and promotions. If we don't advertise, the only passengers to take advantage of lower prices are passengers that were going to travel with us anyway. We don't attract any new business.

I believe that we are going down the road to the ultimate failure of the system. If the solution to money shortages is a constant reduction in services, and each of these decisions makes travel on the Alaska Marine Highway a little less attractive, we are indeed in need of a change in course. We need to be looking into ways to generate revenue as well as ways to cut costs.

Employees of AMHS understand there is a shortage of funds and that we all need to contribute to the effort to reduce costs. However, it seems that we, and service to the public, are the ones who are suffering the brunt of the cost cutting measures. No effort seems to be made to reduce costs at the JCO or make efforts to generate more revenue.

I am looking forward to hearing from you in the near future.

cc: Governor Tony Knowles  
Senator Robin Taylor  
Gary Hayden - System Director

(12)

- Continued additions to the staff at the Juneau Central Office, despite a strong and critical public perception that AMHS management is already top heavy.

The appended directories of Key Personnel for the Alaska Marine Highway System from 1975 and 1996 speak volumes. It takes four pages of names and positions today to list "key" personnel accommodated on one page in 1975.

A comparison of operating expenditures shows that in FY'90, 14% of the budget went to shoreside administration. The FY'95 budget shows shoreside administration as 17% of the operating budget. The percentage of increase has been at the expense of vessel operations in Southeast and Southwest Alaska. Between FY'90 and FY'95, this increase in administration amounts to \$2,455,670.

These increases in administration have occurred during a period when the percentage allotted to vessel operations decreased.

In his response to questions regarding staff levels at administration, Director Hayden maintains the administration component has one less position today than it had in FY'85.

Office staff has quadrupled since 1971, when less than 50 employees oversaw the operation of seven ships. Now, 160 employees staff administration, with only a handful having maritime experience.

The Marine Engineering staff is made up of primarily civil engineers. As of September, 1996, only two employees in the entire division had maritime experience.

The appended letter from John Hunnewell, Chief Engineer on the M/V Matanuska, goes into greater detail on these issues.

SAVE

STATE OF ALASKA  
DEPARTMENT OF PUBLIC WORKS  
DIVISION OF MARINE TRANSPORTATION  
Pouch "R" Juneau, Alaska 99811

DIRECTORY OF KEY PERSONNELCENTRAL OFFICE - JUNEAU

Mailing Address: Pouch "R", Juneau, Alaska 99811  
Telex Number: 45-312  
Telephone Numbers: 465-3941 (Reservations & Information)  
465-3952 (Operations)  
465-3951 (Administration)  
465-3953 (Passenger Services)

<u>TITLE</u>	<u>NAME</u>	<u>HOME PHONE</u>
Director	W. R. Hudson	789-0561
<u>OPERATIONS</u>		
Marine Superintendent	William Bendixen	586-2672
Port Captain	Captain Robert E. Lee	586-3786
Port Engineer	A. H. McDonald, Jr.	789-0185
Assistant Port Engineer	Bert Bennett	364-2203
<u>TRAFFIC</u>		
Traffic Manager	Doug Burton	789-9247
Assistant Traffic Manager	W. H. O'Shea	364-3306
Reservations Specialist	Lee Jimmy	789-7237
Reservations Specialist	Wally Cady	586-3449
Reservations Specialist	Dennis Simonsen	364-3418
Reservations Specialist	Jim Funk	364-3417
Ferry Services Manager	Dave Mitchell	586-2894
<u>ADMINISTRATION</u>		
Administrative Officer	Frank Cashen	586-2229
Personnel Officer	Sam C. Little	586-3069
Accountant	Sharon Trimble	No Phone
Supply Officer	Larry Smith	789-9147
Labor Relations Analyst	Bill Barlow	789-0214
Public Works Planner	Keith Hart	789-7663
Information Officer	Ginger Johnson	586-3968
<u>PASSENGER SERVICES</u>		
Port Steward	Bert Kleinenberg	789-0788
Steward Inspector	James Stansbury	586-2763
<u>PASSENGER SERVICES SUPPLY</u>		
Location: Subport Building		
Phone: 586-3266		
Storekeeper	David Adams	789-7504

# ALASKA MARINE HIGHWAY SYSTEM

## DIRECTORY OF KEY PERSONNEL



ALASKA MARINE HIGHWAY

A Proud Tradition

APRIL 1996

## SYSTEM DIRECTOR'S OFFICE

Title	Name	Work Phone	Home Phone
System Director	Gary Hayden	465-3959	789-7293*
Secretary II	Teresa Newcomb (Acting)	465-8827	

**System Director FAX Number**  
465-2474

**System Director MODEM**  
465-2751

## SUPPORT SERVICES

### MANAGER'S OFFICE

Manager	Brenda Markey	465-3954	789-4946*
Administrative Assistant	Teresa Newcomb	465-8827	
Administrative Clerk	Leona Lear	465-3951	
Administrative Clerk	Allan Swaggerty	465-3953	

### FINANCE

Finance Officer	Raydene Garrison	465-8828	
Accounting Supervisor	Liz Blecker	465-8829	

### Accounts Payable

Accountant II	Vacant	465-8834	
Accounting Technician	Delilah Librando	465-4056	
Accounting Clerk	George Messerschmidt	465-8832	

### Accounts Receivable

Accountant II	Chip Mixson	465-8830	
Accounting Technician	Carmen Engen	465-8835	
Accounting Technician	Edna Mueca	465-8833	
Accounting Clerk	Luvis Solanoy	465-8837	
Accounting Clerk	Mark Insteness	465-8836	

### HUMAN RESOURCES

Labor Relations Specialist	Bruce Cummings	465-8838	
Personnel Officer II	Ginger Griffin	465-8839	
Personnel Officer I	Anita McGhee	465-8840	
Administrative Clerk	Tammy Lee	465-4051	

### Dispatching

Personnel Assistant II	Lori Lebert	465-8843	
Personnel Assistant II	Betty Seguin	465-8842	
Personnel Assistant I	Edna Sivertsen	225-6266	

\* Indicates an UNLISTED or employee HOME number. Please do not give these numbers out to the public.

## SUPPORT SERVICES CONTINUED

### Payroll/Personnel

Payroll Supervisor	Dianne Kiesel	465-8845
Personnel Assistant II	Christina Ibias	465-8844
Personnel Assistant	Debbie Reamy	465-8841
Personnel Assistant	Michele Michaud	465-8846
Personnel Assistant	Miki Cole	465-4042
Accounting Clerk	Michael Kuecker	465-8848
Accounting Clerk	Shawnda Lee	466-4041
Accounting Clerk	Shirley Penrose	465-8847

### SUPPLY

Procurement Specialist V	Mark O'Brien	465-8850
Purchasing Agent III	Glen Alt	465-8852
Procurement Specialist III	Bob Carrier	465-8854
Procurement Specialist I	Cyndi Brown	465-8853
Procurement Specialist I	Joe Crowley	465-8856
Procurement Specialist I	Charlie Deinenger	465-8855
Procurement Specialist I (KTN)	Steve Gruber	225-7919
Supply Technician II (BEL)	Audrey Hess	(360) 647-8056

### Juneau Warehouse

Storekeeper WG54	Nick Cashen	465-4032	463-5161*
Stockhandler WG57	Bob Nelson	465-4032	364-2672*
Stockhandler WG57	Fred Wigg	465-4032	789-4787*

### MANAGEMENT INFORMATION GROUP

Chief of Planning	Vacant	465-8864
Analyst Programmer	Dean VanDusseldorp	465-8861
Analyst Programmer	Susan Krogstad	465-8859
Analyst Programmer	John Gerrish	465-8860
Planner III	Vacant	
Management Analyst	Colleen Brown	465-8863
Reservations Specialist	Chuck Van Kirk	465-8862
Administrative Clerk	Mindy Holst	465-8858
Administrative Clerk	Jerry Gomez	465-2431

#### Support Services FAX Numbers:

Juneau Supply:	465-2024
Bellingham Supply:	(360) 671-7939
Ketchikan Supply:	225-9398
Juneau Warehouse:	465-4027
Human Resources:	465-2469

#### Support Services MODEM Numbers:

Manager:	465-3956
Analyst/Programmer:	465-8865
MIG Manager:	465-4975
Support Services Manager:	465-3956

## MARINE ENGINEERING

### MANAGER'S OFFICE

Marine Engineering Manager	Michael Downing	465-8869	
Administrative Assistant	Jan McCarty	465-8874	
Administrative Clerk	Donna Zahina	465-2734	

### CONSTRUCTION ENGINEERING

Construction Manager	Ira Rosen	465-8878	
Naval Architect	Hemant Bhayde	465-8867	
Project Coordinator/New Vessel	Gerry Egan	465-8866	
Contract Manager	David Tran	465-8876	
Engineering Associate	Gary Franzen	465-8871	
Engineering Associate	Gary Swan	465-8879	
Engineering Associate	A. Tim Polasky	465-8873	
Project Manager I	Larry Woolford	465-8872	
Engineering Assistant II	Jody Bjerkeset	465-8877	

### PORT ENGINEER'S OFFICE

Senior Port Engineer	Damon Jorgensen	465-8805	463-4615*
Administrative Officer	<del>Eric King</del> <i>GENL 7-96</i>	465-8806	
Administrative Clerk	Dana Zimmerman	465-8870	

### SHORE MAINTENANCE

Maintenance Manager	Cliff Cole	465-8807	789-7236*
Maintenance Worker I	Vacant - Seasonal	463-8808	
Maintenance Worker II	Ray Marciniak	463-8808	

### SOUTHEAST REGION DESIGN AND CONSTRUCTION

Engineering Manager	Vern Hirsch	465-8885	
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### KETCHIKAN SHIPYARD MAINTENANCE FACILITY

P.O. Box 7580  
Ketchikan, AK 99901

Port Engineer	Barry Manning	225-8911	225-8169*
Warehouse Manager	Glenn Lervick	225-8911	225-4533*
Administrative Clerk	Wendy Mackie	225-8911	
South Berth		225-8844	

#### Engineering FAX Numbers

Marine Engineering	465-2746
Port Engineer	465-2746
KSMF	228-8913

#### Engineering MODEM Numbers

Administrative Assistant	465-2449
Administrative Officer	465-3638
Construction Manager	465-2063
Port Engineer	465-3634

## VESSEL OPERATIONS

### MANAGER'S OFFICE

Manager	George Reifenstein, Jr.	465-8815	789-9759*
Administrative Assistant	Fabienne Peter-Contesse	465-8898 8988	
Administrative Clerk	Helen Schanz	465-3957 3955	

### RESERVATIONS AND MARKETING

Marketing Manager	Linda Mickle	465-8809	
Reservation Specialist	Dona Saylor	465-8817	
Reservations Supervisor	Alois Seagrave	465-2063	
Reservations Supervisor	Joanne Admire	465-2063	
Administrative Clerk	Russ Dixon	465-8857	
Reservation Clerks		465-2079**	

### Traffic and Business Development

Traffic Manager	George Foster	465-8816	789-3833*
Administrative Clerk	Virginia Waterhouse	465-3946	
Administrative Clerk	Tracy Lee	465-8849	

### Customer Service

Customer Service Manager	Barbara Fairbanks	465-8818	789-9805*
Ferry Services Manager I	Lynda Holmes	465-8820	
Administrative Clerk	Mark Page	465-2081	

### Ticket Counter

Ferry Services Manager	Linda Lewis	465-8819	
Administrative Clerk	Jocelyn Yadao	465-8822	
Administrative Clerk	Vacant	465-8823	

### TERMINAL AND SHIP SERVICES

Ship Services Manager	Joe Ver	465-8812	789-7826*
Passenger Services Inspector	Mike Young	465-8814	780-6052*
Passenger Services Inspector	Mike Wilson	465-8813	789-2720*
Assistant Traffic Manager	Lachlan MacKinnon	465-8811	789-3311*
Ferry Services Manager	Shirley Luse	465-8880	

#### T&S Services FAX Numbers

Operations	465-2474
Reservations/Information	465-2476
Anchorage Reservations	277-4829

#### T&S Services MODEM Numbers

Reservations/Marketing	465-8824
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### PORT CAPTAIN'S OFFICE

Port Captain	Kelly Mitchell	465-8801	789-1774
Assistant Port Captain	Matt Wilkens	465-8802	463-3436
Safety Officer	Vacant	465-8804	
Personnel Assistant II	Dee Dutra	465-8803	

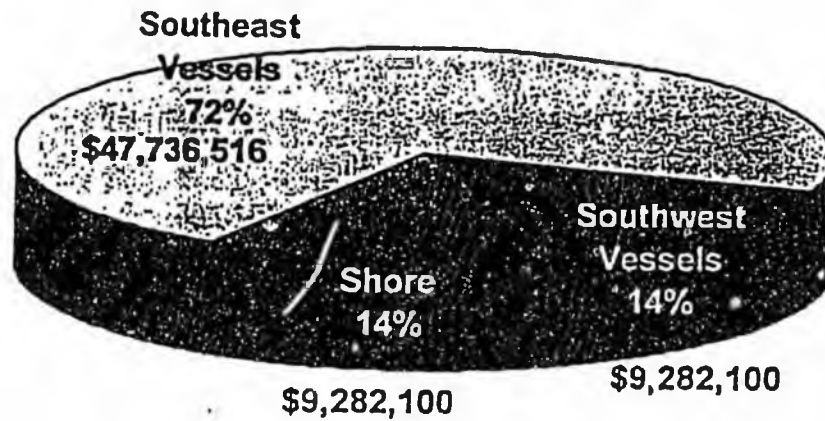
Port Captains FAX Number	465-2474
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Port Captain MODEM Number	465-3115
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\* Indicates an UNLISTED nr employee HOME number. Please do not give these numbers out to the public.  
 \*\* Indicates a message phone.

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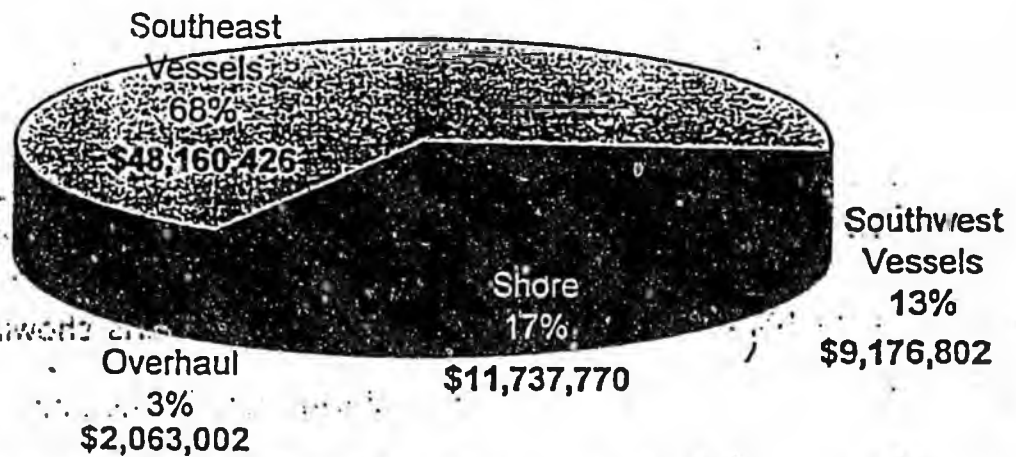
**AMHS Operating Expenditures**  
**FY90 Actuals**



**Total = \$66,300,716**

**AMHS Operating Expenditures FY 90 Actuals**

## Operating Expenditures FY95



**Total = \$71,138,000**

## Operating Expenditures FY 95

**Erosion of a Highway**

**ALASKA MARINE HIGHWAY SYSTEM  
BUDGETED POSITIONS  
COMPARISON FY85 VS. FY97**

The following is in response to the statements that shoreside employees have grown in numbers while vessel positions have decreased. The table below shows that the vessels have not lost any budgeted positions during this period even with one (1) less vessel(Chilkat) during the same period. The marine administration component on the other hand is comprised of the Director's office, procurement, finance, labor relations, personnel/payroll and management information, it has one (1) less position in FY97 than FY85. The point needs to be made that over this period of time there has been increasing statutory, regulatory and contractual requirements for accomplishment of administrative functions.

BUDGET UNIT	PFT/PPT FY85	PFT/PPT FY97
Administration	51	50
Vessel Operations	9	15
Reservations & Marketing	14	28
Engineering	20	29
Subtotal	94	122
SE Shore	39	34
SW Shore	12	5
Subtotal	51	39
<b>Total Shoreside</b>	<b>145</b>	<b>161</b>
SE Vessel Ops	627	632
SW Vessel Ops	98	98
<b>Total Vessel</b>	<b>725</b>	<b>730</b>
<b>Grand Total</b>	<b>870</b>	<b>891</b>

Assertions have been made that:

A) "...shoreside or administrative employees keep working while vessel workers are laid off..."It was stated in error during the hearing that shoreside employees do not experience layoffs, which is not the case. Of the 161 FY97 positions budgeted, 30 positions are seasonal or part time and either are required to work reduced hours or in the case of seasonal positions take

AMHS  
BUDGETED POSITIONS  
FY85 VS. FY97  
PAGE 2

at a one to two month layoff. The employees do not receive wages and must pay for their health insurance during layoff periods. It is also important to note that due to required vacancy factors and funding constraints, typically there are 5 to 11 positions left vacant for all or part of the fiscal year. There are currently 15 vacant positions in the non-terminal shoreside components. We do not have this option available with the marine employees on the vessel side of the operation. In fact, there is no approval required through the OMB Position Authorization Control System (PACS) for adding vessel employees. Filled vessel positions in the summer exceed authorized positions by 40 to 60 positions.

B) "...21 administrative employees in the past in AMHS and there are 100 less vessel employees..." Prior to FY84, the dispatch, personnel/payroll, procurement, labor relations, management information and finance were performed as a part of other agencies and finally by DOT/PF. The DOT/PF transferred the functions and personnel performing those duties to AMHS. The marine engineering functions were performed by Southeast Region Design and Construction, and Harbors Design and Construction. The chart above shows that vessel budgeted positions have not decreased over the last ten years. Again, it must be pointed out that budgeted positions for vessel employees is not reflective of the numbers actually employed.

C) "...administrative/shoreside employees do not earn the system any revenue..." Revenue generated through on board sales amounts to only 15.3% of revenue generated. The balance is generated by shoreside employees, i.e., reservation clerks, commercial sales through traffic manager and reservation specialist, travel agents, and commission agents. The FY95 revenue generated by non-vessel employees amounted to \$35.9 million. In addition, credit card sales on the vessel must be processed for payment by the AMHS fiscal section and in the case of NSF credit cards collection must be attempted by them.

D) "...how many administrative employees have experience working on a vessel..." Employees hired on shore must meet minimum qualifications for the classified position they are filling. There are no requirements or points given in the system for time served on an AMHS vessel for clerical and administrative personnel. The administrative positions may require a college degree with one or more years of work experience in a particular field, such as accounting or business or public administration. Obviously, there are a number of the engineering positions that require marine/shipyard experience and/or a professional engineering license. We do have three management level employees that came to the office after spending a number of years onboard the vessels. There are two other positions that have had previous maritime experience.

If there are other specific questions, we would certainly provide any available information.

M/V MATANUSKA  
Ketchikan, Alaska  
September 22, 1996

The Honorable Senator Robin L. Taylor  
Alaska State Legislature  
Juneau, Alaska

Dear Senator Taylor;

I am a Chief Engineer serving on the M/V MATANUSKA. I have over twenty-five years of service as a Licensed Engineer Officer with the Alaska Marine Highway. Being a non-resident employee, I have been hesitant to speak up with my concerns as I feared they be might thought of as unimportant. Please be assured that I seek the welfare of AMHS and the traveling public just as much any of your constituents. Times are too desperate to remain silent.

When I was hired in 1971, there were anywhere from 42 to 49 shoreside employees operating seven ships; all of the senior management came from the maritime industry. We now have 160 plus shoreside employees operating eight ships. A quadrupling of the office staff is asinine even allowing for the dramatic increase in state and federal regulations over the last fifteen years. Only a handful of people currently remain in the office who have a maritime background.

We now have a huge unresponsive shore staff that barely functions, in my view, because of at least four reasons:

- 1.) Very, very few office staff have any maritime experience or background.
- 2.) A majority of the office staff are interested only in protecting their own "turf" at the expense of the efficient running of the vessels. They are indifferent (at best) and often hostile when called upon to assist the shipboard personnel.
- 3.) The bloated size of the office coupled with all of the micro-managers who meddle (instead of assist) in day-to-day vessel operations make the system barely able to overcome its' own inertia.
- 4.) From my perspective, the office staff expends more of its' energy waging war on the shipboard personnel than it does operating the ships and serving the traveling public.

During the upcoming investigative hearing in Sitka, you may want to pose some or all of the following questions to the administrative staff:

- 1.) Why is "Marine Engineering" (certainly a misnomer) staffed to the hilt with civil engineers and bureaucrats?
- 2.) Why are there only two people in the whole department with a maritime background?



John H. Hunnewell  
Chief Engineer, "B" Crew  
M/V MATANUSKA

cc: Master  
Chief Engineer File

***Senate Task Force On  
The Alaska Marine Highway System***

**Appendix**

- **Minutes of Task Force Meetings held in Ketchikan, Seward and Sitka.**
- **Director Hayden's response to questions submitted by Senator John Torgerson.**
- **"Erosion of a Highway" submitted by Fred Ross, Second Engineer on the M/V Matanuska and former project engineer at the Juneau Central Office, AMHS.**

SENATE TASK FORCE ON THE ALASKA MARINE HIGHWAY SYSTEM  
Ketchikan, Alaska  
July 19, 1996  
3:00 p.m.

TASK FORCE MEMBERS

Senator Robin Taylor  
Senator Drue Pearce  
Senator John Torgerson

ALSO IN ATTENDANCE

Representative Bill Williams, Ketchikan  
Representative Gary Davis, Kenai  
Myrna Maynard, Staff to Senator Pearce, Anchorage  
Marveen Coggins, Staff to Representative Toohy, Anchorage

WITNESS REGISTER

Gary Hayden, System Director  
Alaska Marine Highway System  
Department of Transportation & Public Facilities  
3132 Channel Drive  
Juneau, AK 99801-7898

Michael Downing, Marine Superintendent  
Alaska Marine Highway System  
Department of Transportation & Public Facilities  
3132 Channel Drive  
Juneau, AK 99801-7898

Ms. Andrea Barkley  
P.O. Box 1037  
Ward Cove, AK 99928

Captain Jan Sande  
5237 Shoreline Drive  
Ketchikan, AK 99901

Ms. Stephanie Rainwater  
926 Jackson  
Ketchikan, AK 99901

TAPE 1, SIDE A

SENATOR ROBIN TAYLOR, chairing the meeting in the Ketchikan Legislative Information Office, called the first meeting of the Senate Task Force on the Alaska Marine Highway System to order at approximately 3:00 p.m. He stated Senator Torgerson would be participating in the meeting via teleconference from Kenai and Senator Pearce would be represented by Myrna Maynard via

teleconference from Anchorage.

It was noted written testimony was received for the record from Captain William Hopkins of Ketchikan; Wynn Hopkins of Ketchikan; and Sebastian Biagi of Ward Cove.

SENATOR TAYLOR said it was his intent to begin the meeting with testimony from the administration to give them the opportunity to present an overview on how their mission statement is being met, as well as their plans for their immediate future, especially as concerns both internal operations and external operations, and better utilization of the fleet in the future.

SENATOR TORGERSON expressed his interest in information on the scheduling of the Tustemena, as well the interchange of the ferry being built and how it will affect the communities in his area. He also expressed his interest in the task force holding a future meeting in Seward.

[AT THIS POINT IN THE TAPING OF THE MEETING, GARY HAYDEN, SYSTEM DIRECTOR, ALASKA MARINE HIGHWAY SYSTEM, SPEAKING VIA TELECONFERENCE FROM FAIRBANKS, BEGAN HIS OVERVIEW. HOWEVER, DUE TO RECORDING DIFFICULTIES GARY HAYDEN'S ENTIRE OVERVIEW WAS INDISCERNIBLE AND NOT TRANSCRIBABLE]

TAPE 2, SIDE A

[DIFFERENT TAPING EQUIPMENT WAS STARTED AT APPROXIMATELY 50 MINUTES INTO THE MEETING WHEN THE RECORDING PROBLEM WAS DISCOVERED]

GARY HAYEN related that in terms of the costs of operations in 1987, the system spent \$64 million and brought in revenues of \$33 million. The general fund support at that time was \$31.2 million. Expenditures peaked in 1993 at \$71.9 million with a revenue collection of \$40.9 million and general fund support of \$30 million. In 1997 the system is looking at expenditures of \$67.6 million. He said if you took those dollars and used the producer priced index and deflated those dollars so that they re consistent, the '87 dollars would be \$64 million and the '96 dollars would be \$57 million, so the system is providing about the same weeks of service and they are collecting more revenue with less expenditures.

SENATOR TORGERSON requested he be provided with a copy of the two-year scheduling plan Mr. Hayden had spoken to earlier, as well as the suggested scheduling plan for 1998.

SENATOR TAYLOR commented it appears the two-year scheduling plan is for summer schedules only. He expressed his frustrations at the lack of consistent schedules for the ferries, as well as trying to get schedules for the fall and winter season a few months in advance. MR. HAYDEN explained the winter schedule is driven by a number of factors. That is when they do their refurbishment and