

MEMORANDUM

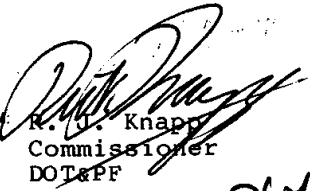
State of Alaska
Department of Transportation & Public Facilities


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SEP 19 1984

SUBJECT: Alaska Railroad
Transfer Project -
Transition Work Plan

DEPARTMENT OF COMMERCE
& ECONOMIC DEVELOPMENT
ADMINISTRATIVE SERVICES

Attached for your review and information is a final draft of the Transition Work Plan for the Alaska Railroad Transfer Project. This document depicts all of the major work tasks that need to be accomplished in the period before or immediately following actual transfer.

Due to the time constraints of the transfer schedule and the complex nature of many of these work efforts, a considerable amount of this work has already been initiated, or in some cases, actually completed. Attachment A to the Overview depicts the overall organization for management of this project. Attachment B provides a general schedule with indications for major milestones and work deadlines.

As can be seen by a quick perusal of the remaining attachments to the Overview, the dynamic nature of much of this work effort requires a flexible and changing work plan. It should also be noted that many of the major work areas or "components" have already been scoped out with considerable detail reflecting the importance and priority of that particular area. Some of the other components have not yet been addressed with the same level of specificity, either because they are of a lower priority or not as time-sensitive as other tasks.

A quick review of the Work Plan Overview should provide policy-makers with a thorough and current understanding of the Alaska Railroad Transfer Project. We would recommend that everyone take the time to review at least that section in order to better understand the schedule and complexity of this new step about to be taken by the State.

If there are any questions regarding this material, or if anyone would like a more detailed briefing on this project, please feel free to call us or Mark Hickey, the State Railroad Coordinator. Thank you for your attention to this matter.

Attachment

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ALASKA RAILROAD TRANSFER PROJECT

TRANSITION WORK PLAN

OVERVIEW

I. Introduction.

On July 5, 1984, Governor Sheffield signed into law an Act establishing the Alaska Railroad Corporation to own and operate the Alaska Railroad (ARR) upon transfer. That event was followed on July 12, 1984, by an exchange of documents between the Governor and John Riley, Administrator of the Federal Railroad Administration (FRA), which provided Secretary Dole's certification that the State of Alaska has agreed to meet all of the conditions of the federal Alaska Railroad Transfer Act of 1982 (ARTA).

The certification ceremony was in direct response to state acquisition legislation enacted and signed into law earlier this year, and is the last major milestone before actual transfer can occur. It represents the culmination of over three years of work by state and federal officials, which formally started on July 17, 1981, when Senate Bill 1500 was introduced in the United States Congress to authorize transfer of the ARR to the State of Alaska.

Under the terms and conditions of ARTA, certification by Secretary Dole means that the State has agreed to meet the following specific conditions:

- (1) to continue operations of the ARR as a rail carrier in intrastate and interstate commerce;
- (2) to assume all rights, liabilities and obligations of the Alaska Railroad on the date of transfer, except for tort claims and legal liabilities which occurred during federal ownership;
- (3) to protect the retirement benefits and other employee interests of all permanent employees for a two-year period following the date of transfer;
- (4) to allow representatives of the Secretary of Transportation adequate access to railroad employees' records when needed in relation to the period of federal ownership; and
- (5) to compensate the United States for the \$22.271 million which has been determined by the United States Railway Association to be the railroad's fair market value.

ARTA requires actual transfer of ownership and responsibility to occur as soon as practical after certification. The State has agreed to set the specific date by October 12, 1984, and if at all possible, to achieve the transfer by the end of this calendar year. Establishment of the transfer date is contingent, in part, on how quickly we can complete the support work necessary to achieve a smooth and orderly transfer of operations; on how long it takes to make proper board appointments; and on how long a period of time is needed for the board to become familiar with their new responsibilities.

The State's Alaska Railroad Corporation Act (Corporation Act) provides for the establishment of the Alaska Railroad Corporation (ARC) as an independent, public corporation within the Department of Commerce and Economic Development (DC&ED) to operate and manage the railroad upon transfer to state ownership. The corporation is to be managed by a seven-person Board of Directors, consisting of the Commissioners of Commerce and Economic Development and Transportation and Public Facilities, plus five public members. The new corporation is charged with carrying out its management responsibilities on a self-sustaining basis according to sound business management practices.

Given these time considerations and the complexity of the overall project, there is a considerable amount of work to be performed within a short period of time. The Alaska Railroad Transfer Team (Transfer Team), which was created by Governor Sheffield in February 1983 to coordinate and direct this project, has been charged with the following mission during the transition period: (1) to ensure a smooth and orderly transfer of operations from federal to state ownership; and (2) to assist with the establishment of the new corporation as it assumes its new duties.

This document has been prepared to provide policy-makers a detailed overview of project activities during this period. There are several additional documents attached to the Overview as Attachment C, which more fully depict the project's organization and schedule, while also providing a more in-depth explanation of individual work tasks.

II. Project Organization.

With passage and enactment of the Corporation Act, the Commissioners of Commerce and Economic Development and Transportation and Public Facilities now share lead responsibility for policy direction of the Alaska Railroad Transfer Project. In order to minimize disruption of project activities, it has been decided to leave the core staff of the Alaska Railroad Transfer Team in the Department of Transportation and Public Facilities (DOT&PF) reporting directly to the DOT&PF Commissioner for performance of their duties. In turn, policy decisions and project direction will be provided on a coordinated basis by the two commissioners.

The Transfer Team, working under the direction of the State Railroad Coordinator, has responsibility for coordination and direction of project activities by all state agencies pertaining to the ARR during the transition period. The Transfer Team also has the responsibility to provide all coordination and interface with federal officials at the ARR and FRA during this period. In addition to the core staff within DOT&PF, the Transfer Team consists of additional resources from the Office of the Attorney General (AG), the Department of Administration (DOA), the Department of Natural Resources (DNR), the Office of Management and Budget (OMB), the Department of Labor (DOL), and the Department of Public Safety (DPS), along with additional outside counsel and consulting expertise as needed.

Attachment A to this document depicts the project's organizational arrangement and highlights each agency's primary responsibilities in the project. It is essential that this organizational arrangement is followed during the transition period in order to ensure timely and responsive performance of work tasks, while also minimizing the potential for conflicting direction to federal officials at the ARR and FRA.

III. Project Schedule.

The project schedule for the transition period extends from the date of certification to a period of time beyond actual transfer. There is no need at this point to specify the end for this period since it will vary depending on the task to be performed. For example, the re-negotiation of all collective bargaining agreements, an effort for which planning needs to begin shortly, will probably not be finished until well after transfer.

The most important milestone at this juncture is the actual date of transfer. Although it has not been officially established as yet, we are working for planning purposes with a date of no later than January 1, 1985. Both the federal and state transfer laws include numerous specific requirements which must be addressed and completed before that date. As a result, all such tasks are identified in the Work Plan as "Immediate/Pre-Transfer," which classifies it as a task with highest priority for staff attention.

There are other tasks, such as budget preparation and capital planning, that need to be initiated pre-transfer because of external scheduling considerations such as the upcoming legislative session, but will continue well beyond transfer as a corporation responsibility. These are identified as "Pre-Transfer/Ongoing," and usually carry secondary priority for attention by the Transfer Team.

Finally, there is another category of tasks which cannot be initiated before the new corporation assumes a legal existence and do

not have to be underway before transfer. These items are designated as "Corporation/Post-Transfer," and carry the lowest priority for staff attention.

Another important milestone during the next month or two is the projected time period for when board appointments for the new corporation will be completed and the new board can begin its work. Although there is some indication that this may be expedited, it is currently anticipated that the first board meeting will not occur prior to October 1, 1984.

Attachment B presents the current schedule for this project, with particular attention focused on the transition period. It is important to reiterate that the specific milestones depicted on this chart are not definitive, but are only Transfer Team estimates for purposes of project planning.

IV. Work Task Components.

This portion of the Overview provides an explanation of the individual work tasks by major topic or "component" area. For purposes of this part of the project, all work has been divided into the following four broad components: (1) Property Transfer Issues; (2) Employee/Personnel Issues; (3) Financial/Administrative Issues; and (4) Corporate Development Issues. Although there is some duplication and overlap between these major components, particularly in the corporate development area, this structure ensures that all work tasks are identified and addressed in a timely manner consistent with the overall transfer schedule.

Each topic or component area is divided into a brief background section that outlines the basic issue, a specific list of work tasks and assigned priorities, and a final section which discusses relevant schedule and deadline considerations. Attachment C provides a more detailed explanation of the individual components and major work tasks identified below.

A. Property Transfer Issues.

Background: This area includes all of the work necessary to obtain acceptable transfer documents for conveyance of the ARR's real and personal property at transfer; to resolve by negotiation or adjudication the ANSCA "3(e)" Native claims against railroad lands; and to ensure proper title recording in coordination with the DNR throughout the transition period. Additional work needs include monitoring of the ongoing cadastral survey work by the Bureau of Land Management (BLM) and resolution of record transfers and the disposition of railroad archives.

Work Tasks: Specific tasks in this area are as follows:

-- Review and acceptance of BLM/FRA conveyance documents (Immediate/Pre-Transfer).

-- Resolve outstanding real property issues with the BLM, the Departments of Defense and Agriculture, and the National Park Service (Immediate/Pre-Transfer).

-- Prepare and obtain an acceptable bill of sale for transfer of all personal property (Immediate/Pre-Transfer).

-- Continue negotiations with affected Native Village and Regional Corporations (Immediate/Pre-Transfer -- Ongoing).

-- Prepare state filings and participate in the "3(e)" adjudication process (Immediate/Pre-Transfer -- Ongoing).

-- Monitor ongoing BLM cadastral survey of all ARR real property (Pre-Transfer/Ongoing).

-- Locate, catalog and procure railroad records other than personnel records and resolve other ARR archival issues (Pre-Transfer/Ongoing).

-- Resolve miscellaneous personalty matters such as the GSA motor vehicle fleet and ARR Seattle Office (Pre-Transfer/Ongoing).

-- Coordinate work by corporation and DNR to record real property conveyance transfer and establish a land record management system (Pre-Transfer/Ongoing).

-- Coordinate work by corporation and DNR to resolve overlapping title issues. (Corporation/Post-Transfer).

Schedule: As indicated by the priority assignments, almost all of these efforts have to occur or at least begin during the pre-transfer period. A considerable amount of this work is well underway and on schedule. Although there is no statutory deadline for the preparation of the real and personal property conveyance documents, ARTA requires that they must be basically finished in order for actual transfer to occur. Accordingly, the federal government is on schedule to have these documents completed in draft form by early September, which should allow sufficient time for the State to complete its in-depth review process.

In the area of Native claims against railroad lands, the State is required to have its "3(e)" submissions filed with the BLM by October 15, 1984, and ARTA establishes that final administrative adjudication of these claims must occur by January 14, 1985, unless resolved sooner by negotiation.

B. Employee/Personnel Issues.

Background: The Transfer Team must ensure that the employee protection provisions of ARTA are met, and that all personnel/administrative functions are transferred to the new corporation in an orderly manner. To accomplish this mission, employee benefit systems must be designed and implemented for transferring employees. Assistance must also be given to the corporation on the issue of new hires after transfer. Other work areas include ensuring that employee records are available to the new corporation, and providing assistance for transition-related labor relations activities. Finally, the Railroad Labor Relations Agency must be established in order to properly serve its mission after transfer.

Work Tasks: The major tasks in this work area are as follows:

- Monitor determinations by the U.S. Office of Personnel Management (OPM) of federal personnel questions that arise under ARTA (Immediate/Pre-Transfer).
- Ensure that non-retirement benefits (i.e., health insurance programs; annual/sick leave requirements; etc.) are provided to transferring employees by appropriate systems established prior to transfer (Immediate/Pre-Transfer).
- Ensure that retirement benefits are provided to transferring employees in systems selected and/or established prior to transfer (Immediate/Pre-Transfer).
- Resolve the status of ARR recipients of workers compensation benefits (Immediate/Pre-Transfer).
- Coordinate establishment of the Railroad Labor Relations Agency as required by the Corporation Act (Immediate/Pre-Transfer).
- Address personnel questions pertaining to new hires following transfer (Immediate/Pre-Transfer -- Ongoing).
- Provide ongoing communications with railroad employees during the transition period (Pre-Transfer/Ongoing).

SECTION 5 -- TRANSITION PERIOD

This section sets forth the activities which are to occur, or are not to occur, during the period of enactment of the legislation and the date of transfer. Subsection (a) provides for joint submission by the Secretary of Transportation and the Governor of Alaska, no later than six months after enactment, of a report that describes in detail the rail properties of the Railroad, the liabilities and obligations to be assumed by the State, and the sum of money, if any, in the Alaska Railroad Revolving Fund to be used by the Federal Government in carrying out its remaining responsibilities.

Finally, subsection (d) provides that within nine months after the date of enactment the United States Railway Association must determine the fair market value of the Railroad applying generally accepted procedures, methods and standards. This determination must include an appraisal of the real and personal property to be transferred to the State which considers the current fair market value and potential future value of this property if used in whole or in part for other purposes. The determination must also take into account all obligations imposed by this act and other applicable law upon operation and ownership of the Railroad.

SECTION 6 -- LANDS TO BE TRANSFERRED

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This section sets forth the status of the rail properties to be transferred and provides for the orderly adjudication of claims of valid existing rights to those properties. Subsection (a) specifies that the property to be transferred is excluded from selection or conveyance provided under amendments to ANCSA relating to the Cook Inlet Region, Inc., the Chugach Natives, Inc. and certain future Eklutna Village Corporations selections provided for ANILCA.

Subsection (b) reinforces the Department of the Interior's existing responsibility to adjudicate third party claims and to issue written opinions and appropriate documents of title. Specifically, the Secretary of the Interior is directed to complete the determination of "smallest practicable tract" under section 3(e) of ANCSA within three years of the enactment of this legislation. Prior to initiating these adjudications, a ten month

1985 DNR Division of Technical Services Conveyance and title review work.

Cadastral So fine, but what is Cadastral really? The term comes from Latin base term Cadastre referring to a registry of lands. So actually Cadastral Surveying is surveying having to do with determining and defining land ownership and boundaries. Seems like a pretty boring thing perhaps? Well a lot of people think surveys are relatively unimportant until they find they have located many hundreds of thousands of dollars of improvements, buildings, etc. on someone else's land. Suddenly the value of knowing where your land is comes into perspective.

The practice of finding boundaries is neither a purely legal process, nor a purely scientific process. It is something in between with a twist. The boundary surveyor in *finding* an old survey must be cognizant of the legal description of the land and any conflicts which may affect it. This involves not only knowledge but skills in research and investigation. Then the surveyor must be part archeologist to find physical evidence of previous surveys and occupation on the ground. Throughout the process the surveyor must understand the concepts of good measurements to find and describe what is found, and be able to interpret it's relationship to the record.

◦ Department of Law

The Department of Law component to assist the Transfer Team is based entirely on actual experience during the last year and half of work. There will be a sizeable need for this legal assistance assuming state acceptance of the transfer, particularly during the first six months of FY 85. Considerable work is anticipated to represent the State in the adjudication process of 3(e) (ANCSA) claims against railroad property by native village corporations. Additional legal assistance will be needed for the preparation of the transfer documents relating

Representative Adams

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April 12, 1984

to land conveyances and personal property, preparation of personnel-related legal documents in concert with the U.S. Office of Personnel Management, timely responses to third parties concerns which may arise as a result of the transfer, and representation of the State vis-à-vis the Interstate Commerce Commission (ICC) to obtain certification and to initiate filings for rate-making purposes. An additional legal expense to be encountered relates to the actual establishment of the corporation and all of the legal work necessary to assist that effort.