

Comments of Regional Office Personnel

Regional office personnel stated that they were available to the BO's allotment information concerning FSU-10 (project administration) funds.

B. Federal Projects and Equipment Depots

Findings: The BO is charged with the responsibility of fiscal control of Federal Projects, and a total of 56 equipment depots, sub-depots, maintenance garages, warehouses, storage facilities and summer messhall and dormitories, in addition to its operations as a BO and acting as a State Highway Department operating (formerly) in conjunction with the Territorial Board of Highway Commissioners. This includes, but is not limited to, control of obligations and expenditures of the various special allotments and funds pertaining thereto.

Preparation of payrolls for all BO employees, and the Juneau, Anchorage and Valdez BO, Depot and Project employees is a function of the BO. Payroll preparation for like employees at Fairbanks and Hoonah is scheduled to be transferred to the BO prior to June 30, 1959. The number of employees on the payroll will vary from 700 in the winter season to 1000 in the summer season.

Control of Depot inventories and preparation of billings for supplies and maintenance shops are invested in their respective Division and District offices, with overall fiscal and administrative control retained by the BO.

Comments of Regional Office Personnel

No comments.

The team members express their appreciation to the Regional Engineer and his staff for the excellent cooperation received during the review.

E. C. Davis, Auditor
Project Examination Division

E. F. Walker, Supervisory
Accountant
Finance Division

**ADMINISTRATIVE FUND REVIEW
AT**

DIVISION 10 HEADQUARTERS

INDEX OF EXHIBITS

- IV-1** Copy of Journal Voucher prepared by the regional office to bring account 431 into balance with operating budgets.
- IV-2** Summary prepared by a team member indicating over expenditure of administrative funds.

STANDARD FILE

Alaska

Mr. C. W. Enfield

April 30, 1959

Charles S. Woolsey

Alleged Fraud Against the Government, Haines, Alaska

In regard to your memorandum of April 23 relating to the above entitled matter, I agree to the recommendation contained in the last paragraph thereof.

CSWoolsey/rmc

VTJ:WJG:AL
C. W. ENFIELD
Mr. C. S. WOOLSEY

FORM NO. 64

BUREAU OF PUBLIC ROADS

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. C. S. Woolsey

DATE: April 23, 1959

FROM : C. W. Enfield, General Counsel

ADMINISTRATIVELY RESTRICTED

26-32

By S. K. Booth, Deputy General Counsel

Remove restriction after _____
Date Sign.

SUBJECT: Alleged fraud against the Government, Haines, Alaska

This office has reviewed three FBI reports concerning an alleged fraud against the Government by one Kenneth Leroy Searcey, dated respectively February 17, 1959, March 5, 1959, and March 30, 1959.

The alleged fraudulent activity apparently grew out of a disagreement between the City of Haines, Alaska, and the Bureau of Public Roads over the use of city water by the Bureau. The pipes used to transmit the water from its source to the Bureau were old and had developed leaks, thereby cutting down on the water supply available to the city. Mr. Searcey, who doubled as Mayor and Water Commissioner, and a local tavern proprietor, Mr. Charles R. Burnett went to Juneau in February 1958 and conferred with Mr. Stears (or Steers) of Public Roads about the faulty water system. Stears indicated the matter would be taken up with appropriate Public Roads officials and nothing more was done until the fall when the work was commenced by Public Roads forces. During the course of this activity, Searcey, as Water Commissioner, was on or about the job for varying periods of time. Following completion of the work he submitted a bill alleging that he had worked a total of 68 hours from October 27, 1958, through November 7, 1958, at \$4.50 an hour, installing the new water main. In accordance with this bill the city submitted a voucher to the Bureau of Public Roads in the amount of \$306.00. Division Engineer Wyller at Juneau questioned the bill involving 68 hours and indicated that if the bill were adjusted to show Mr. Searcey's time as 38 hours total (the same amount charged by Public Roads employees) the bill would be paid.

Following this, the FBI was notified, apparently by one Harry E. Ellingen, a real estate broker at Haines, and commenced investigation of the matter. This investigation has now been concluded with a ruling of the Assistant U. S. Attorney Roger G. Connor, First Judicial Division, Juneau, that prosecution in this case would be declined because of insufficient evidence to prove knowledge and fraudulent attempt on the part of Mr. Searcey.

RG 30, Bur. of Public Roads
E. 6 D, Gen Corr. + Related Recs, 1955-59
Box 1127

- 2 -

From a review of the FBI reports in these cases, this office would tend to agree with Mr. Connor that further criminal investigation would be inadvisable. At first, it appeared that Mr. Searcey certainly was involved in something that could have been fraudulent. His hours did not check out with the hours worked by Public Roads employees, and the amount charged appeared to be excessive. However, as the investigation proceeded, it became apparent that Mr. Searcey may very well have worked more hours than actually were put in on the job. There were certain functions such as fabricating and installing couplings and other devices for which Searcey had to use the city repair shop facilities in order to make the proper connections. In other words, he may well have put in the 68 hours. In any event, it would be impossible to prove fraudulent intent with the evidence which is now available.

However, the problem still remains as to the vouchers submitted by the City of Haines in the amount of \$306.00 covering Mr. Searcey's services. The record as developed by the FBI is not at all clear as to what agreement if any was made between Public Roads and the city with respect to this work.

During the interview with Searcey, he went to great lengths to indicate that a City ordinance (No. 92) states that no water line installations "will be made or constructed by any person other than by employees of the Town of Haines." During his interview with the FBI, Searcey stated that this ordinance precluded use of Public Roads labor for the installation of the public works water system and made it mandatory for an employee of the city to do the actual work. However, other evidence especially the statement of Mr. Ellingen indicated that the Haines City Council had requested Public Roads to replace the water lines and that it was agreed Public Roads would install the new lines connecting with the Haines water system by means of Public Roads employees with all material to be furnished by the Bureau. On completion of the installation it was to be inspected and approved by the Water Superintendent, Mr. Searcey. I believe that these matters should be brought to the attention of the Regional office in Alaska so that this claim will not be either paid or denied without sufficient consideration as to whether there was a valid agreement between the city and Public Roads for this construction, and secondly, whether that agreement could be construed so as to cover Mr. Searcey's services as Water Commissioner on an hourly basis.

If you agree, this office will be happy to prepare a memorandum to the Regional Engineer at Juneau outlining this situation and requesting his advice as to the last mentioned items.

BUREAU OF PUBLIC ROADS

Alaska

Mr. Robert J. Dodds, Jr.
General Counsel, Department of Commerce

April 29, 1959

G. W. Enfield, General Counsel ~~of the Department~~

26-10

Hearings on Alaska Omnibus Bill

Transmitted herewith are four copies of a draft statement to be presented by Under Secretary Allen before the House Committee on Interior and Insular Affairs at the hearing scheduled May 4 and 5, 1959.

Attachment

cc: Messrs. Tallamy, Armstrong, Turner, Allen, Royster, Williams, Holmes.

p8m

RLMay:ert
cc: Files (2) ✓
Gen Counsel ✓
Legis ✓
Chron ✓
Mr. Drance

4-30-59

DRAFT
4/23/59

STATEMENT OF THE HONORABLE JOHN J. ALLEN, JR., UNDER
SECRETARY OF COMMERCE FOR TRANSPORTATION, BEFORE THE
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, ~~XXXXXXXXXX~~
~~XXXXXXXXXXXX~~ HOUSE OF REPRESENTATIVES.

Mr. Chairman and members of the Committee, I am pleased to appear before you for the purpose of discussing the portions of S. 1541 which relate to the activities of the Department of Commerce in the State of Alaska.

Since enactment of the Federal-Aid Highway Act of 1956, when the Department of Commerce acquired the functions and property of the former Alaska Road Commission from the Department of the Interior, the Bureau of Public Roads has performed highway functions in Alaska which are normally performed by the State highway department. S. 1541 is designed to permit the State of Alaska to assume these functions in an orderly manner, and to accomplish the transition without interruption of or interference with the road program. The Department believes that S. 1541 is necessary and desirable legislation, and strongly urges its enactment.

Section 21 of the bill, relating to highways, would provide for assumption by the State of Alaska of the same functions now performed by all other States in connection with the construction and maintenance of roads. It would direct the Secretary of Commerce to transfer to the State of Alaska by appropriate conveyance, and without compensation, the majority of the real and personal property now held by the Bureau of Public Roads in connection with its current responsibilities

in Alaska. Property which would not be so transferred to the State would include that property, real or personal, which the Bureau of Public Roads will require in continuing to perform in Alaska, as elsewhere in other States, its usual Federal functions and responsibilities, such as those in connection with the forest highway program, road work in national parks and monuments, and the administration of the Federal-aid program itself. Also excepted from the required transfer would be those lands and interests in lands which the Secretary of Commerce or the head of any other Federal agency may determine are needed for continued retention in Federal ownership for purposes other than or in addition to road purposes.

The Bureau of Public Roads would complete any existing contracts it has previously entered into in connection with its activities in Alaska. This provision will aid an orderly continuation of highway operations.

The bill would repeal or amend those portions of existing law which provide for Federal aid for highways in Alaska under conditions varying from those applicable to other States. These provisions first appeared in the Federal-Aid Highway Act of 1956. They permit a matching ratio of approximately 91 percent Federal - 9 percent State on all projects, and the use of Federal-aid funds for maintenance of highways and Federal-aid participation in ferry construction and operation.

The State of Alaska would be made responsible under the bill for the maintenance of the roads which would be transferred to it.

This will be in line with road functions performed by all other States. Federal-aid funds apportioned to Alaska under existing law for fiscal year 1960 and prior fiscal years, which are unobligated on the date of enactment of the bill, may continue to be used under its terms for maintenance of highways on the Federal-aid systems in Alaska.

Section 40 of the bill, providing for transitional grants, is also of importance to the functions of the Bureau of Public Roads. Under subsection (a) of that section, transitional grants could be made by the President to the State of Alaska in order to assist the State in accomplishing the transition from Territorial status to Statehood. This provision, in addition to that permitting the State to use certain Federal-aid funds already apportioned to it for maintenance, will enable the essential highway activities, including maintenance, to be continued without interruption.

The Governor of Alaska could submit to the President under subsection (b) of section 40, a request that a Federal agency continue to provide services or facilities in Alaska for an interim period until such services or facilities are provided by the State, but this interim period could not extend beyond June 30, 1964. The President could allocate the funds necessary to finance the provision of such services or facilities from the grants authorized under this section.

A Federal agency, such as the Bureau of Public Roads, could also perform services for Alaska in another way under subsection (c)

of this section. After the transfer to the State of Alaska of any property or function of the Federal Government and until June 30, 1964, the head of the Federal agency having administrative jurisdiction over such property prior to its transfer could contract with the State of Alaska for the performance of some or all of the functions it has performed prior to such transfer. Alaska would be required to reimburse the agency for the services performed.

The Bureau of Public Roads, therefore, could operate under either subsection (b) or subsection (c) of section 40 of the bill in performing services for the State.

The Department of Commerce will carefully plan its operations in connection with the proposed transition so that there will be a minimum of disruption to the highway program in Alaska and to the functions which the Bureau of Public Roads will continue to perform in Alaska after the transition period. For example, the forest highway program in Alaska will continue under the direct administration of the Bureau. The forest highway system in Alaska includes about 400 miles of roads on which approximately \$2½ million is expended annually. The Bureau of Public Roads also directly supervises the construction of major roads within Mt. McKinley National Park. While about \$500,000 annually is now being programmed for these roads, the long range program of the National Park Service contemplates expenditure of somewhat larger sums in the near future.

We will, of course, prepare an inventory of all property, real and personal, now owned or administered by the Department in Alaska.

We also will prepare an appropriate form of conveyance covering all the properties which are to be transferred to the State. This document will be all inclusive and supported by such detailed listings, together with appropriate reference to maps and other exhibits as to fully cover all property to be transferred. It will be particularly important to include all those properties previously administered by the former Alaska Road Commission, including tramways, trails, ferries, and other miscellaneous public works under our control. The Bureau of Public Roads is already working toward these objectives. The bill does not specify a date for the proposed transfer of highway functions to the new State of Alaska. We are aware that it is desirable that such transfer be made as expeditiously as possible, but this will be a matter for negotiation with the State.

It will be necessary to develop fiscal and other procedures necessary to administer operations under section 40 of the bill whereby the Bureau of Public Road may perform services for the State, whether the Bureau performs those services directly or on a reimbursable basis under a contractual arrangement with Alaska. With respect to contracts for construction, the Bureau could either (1) award the contract and make payments thereunder from funds made available to it by Alaska, or (2) prepare the contract for award by Alaska with the Bureau supervising the work until completion. The latter arrangement would be similar to that now existing between the Bureau and the National Park Service relative to park roads and parkways.

Public Roads is now furnishing services from some of its equipment depots and other facilities to other Federal agencies. Arrangements should be made with Alaska to continue such services as may be desirable. Arrangements should also be made for the use by Alaska of sources of material on Federal lands which are now available to Public Roads for use in highway construction. We anticipate that other problems and details such as these may arise in the course of the transition period.

S. 1541 has been exhaustively reviewed and studied, and the Department believes it provides a good, workable method of transferring road activities to the State. You may be assured that we will cooperate in every possible way toward an orderly transition in the transfer of functions to the new State. The Bureau of Public Roads will assist the State in assuming its new responsibilities with the objective that within the transition period provided for under S. 1541, Alaska's highway program in every respect will become comparable with those of other States.

Mr. Ellis L. Armstrong, Commissioner of Public Roads, and members of his staff are here with me today. We will be very happy to answer any questions which you may have with respect to the provisions of the bill and their effect upon the Department of Commerce and upon the State of Alaska.

BUREAU OF PUBLIC ROADS

WIM

Mr. C. W. Enfield

April 24, 1959

R. L. May, Jr.

R. L. May, Jr.

26-10

Alaska
Leg 1 (S-1541)

Senate Hearings on S. 1541 - Alaska Omnibus Bill

You will recall that on April 16 we transmitted to you a draft of a proposed statement for Mr. Tallamy to present to the Senate Interior and Insular Affairs Committee at hearings scheduled for May 4, 1959. A copy of this draft statement was forwarded to Mr. Andrew Drance at his request with the express understanding that the statement had not been reviewed by Mr. Tallamy and was subject to modification or change.

On Monday, April 20, we were advised by Mr. Drance that Under Secretary Allen intended to present the testimony for the Department of Commerce. Mr. Drance also stated that the draft statement needed some modification and arranged for a meeting to discuss this subject.

On Wednesday, April 22, the meeting was held in the office of Mr. Harold Solomon of the Bureau of the Budget for the purpose of discussing testimony for the Alaska Omnibus Bill. In attendance at the meeting were Messrs. Paul Sitten and Howard Schmor, Bureau of the Budget; Messrs. Andrew Drance, Al Krebs and Byron Nipp, Department of Commerce; and Mr. Angelo Ghiglione and I. At the meeting considerable opposition was expressed to outlining, in prepared testimony, the difficulties and problems inherent in the Alaska Omnibus Bill. It was felt that the prepared statement should express in strong terms the support of the Department of Commerce and the Bureau of Public Roads. Particular objection was made to any discussion of the ferry problem in Alaska.

A draft statement to be made by Under Secretary Allen has been prepared in line with the discussions at the meeting and a copy thereof is attached hereto for your information.

At the meeting considerable attention was directed toward the list of possible questions and answers which were attached to the original draft statement. The comments made on the possible questions and answers are as follows:

1. Objection was registered to the comment that maintenance costs are expected to increase about 10 percent annually. It was felt that this was a gratuitous statement and not necessarily accurate.

2. The statement that Alaska probably could not provide matching funds was severely questioned. It was pointed out that Alaska obtains revenues from sources other than its gasoline tax, including particularly substantial revenue from mineral leases. The Bureau of the Budget has investigated possibilities for financing Alaska's highway program and has concluded that the State could handle an adequate program. Attached hereto is a copy of an outline entitled "Possibilities for Financing Alaska's Highway Program," prepared by the Bureau of the Budget. Also attached, as a matter of interest in connection with this subject, is a summary entitled "Projection of the Alaska Economy: 1961, 1965, and 1970," which was prepared by the Bureau of the Budget.

3. With respect to the question "Would the withdrawal of the present authority for the utilization of Federal-aid funds for ferries in Alaska present any problem?", it was agreed that it would be unnecessary and undesirable to discuss the particular problems of Alaska. It was felt that an appropriate answer to that question would be "Such authority has never been used and therefore the withdrawal of such authority would create no new problems."

4. With respect to the question "What would be your thought on the use of Federal-aid funds to provide ferry service?", it was felt that any consideration of this matter should be deferred to a more appropriate time. It was pointed out that the Alaska Omnibus Bill is designed solely to permit transition of Alaska from Territorial to State status. Any proposals which would constitute substantive change in Federal-aid highway laws or other laws should be considered separately.

At the close of the meeting Mr. Seidman commented that he expected Under Secretary Allen to testify for the Department of Commerce and expected Mr. Quesada or Mr. Pyle for the Federal Aviation Agency. It will be expected, of course, that Mr. Allen will be supported by representatives of the Bureau of Public Roads but no formal testimony need be prepared.

Attachments - 3

cc: Messrs. Armstrong, Turner, Allen, w/3 attchs.
Messrs. Royster, Williams, Booth and Mrs. Nicholson, w/draft
statement only

RLMay:fpc

cc: Files (2)

Legis

Chron

Mr. Schiglione, w/draft
Statement only

DRAFT
4/23/59

STATEMENT OF THE HONORABLE JOHN J. ALLEN; JR., UNDER
SECRETARY OF COMMERCE FOR TRANSPORTATION, BEFORE THE
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, UNITED
STATES SENATE.

Mr. Chairman and members of the Committee, I am pleased to appear before you for the purpose of discussing the portions of S. 1541 which relate to the activities of the Department of Commerce in the State of Alaska.

Since enactment of the Federal-Aid Highway Act of 1956, when the Department of Commerce acquired the functions and property of the former Alaska Road Commission from the Department of the Interior, the Bureau of Public Roads has performed highway functions in Alaska which are normally performed by the State highway department. S. 1541 is designed to permit the State of Alaska to assume these functions in an orderly manner, and to accomplish the transition without interruption of or interference with the road program. The Department believes that S. 1541 is necessary and desirable legislation, and strongly urges its enactment.

Section 21 of the bill, relating to highways, would provide for assumption by the State of Alaska of the same functions now performed by all other States in connection with the construction and maintenance of roads. It would direct the Secretary of Commerce to transfer to the State of Alaska by appropriate conveyance, and without compensation, the majority of the real and personal property now held by the Bureau of Public Roads in connection with its current responsibilities

in Alaska. Property which would not be so transferred to the State would include that property, real or personal, which the Bureau of Public Roads will require in continuing to perform in Alaska, as elsewhere in other States, its usual Federal functions and responsibilities, such as those in connection with the forest highway program, road work in national parks and monuments, and the administration of the Federal-aid program itself. Also excepted from the required transfer would be those lands and interests in lands which the Secretary of Commerce or the head of any other Federal agency may determine are needed for continued retention in Federal ownership for purposes other than or in addition to road purposes.

The Bureau of Public Roads would complete any existing contracts it has previously entered into in connection with its activities in Alaska. This provision will aid an orderly continuation of highway operations.

The bill would repeal or amend those portions of existing law which provide for Federal aid for highways in Alaska under conditions varying from those applicable to other States. These provisions first appeared in the Federal-Aid Highway Act of 1956. They permit a matching ratio of approximately 91 percent Federal - 9 percent State on all projects, and the use of Federal-aid funds for maintenance of highways and Federal-aid participation in ferry construction and operation.

The State of Alaska would be made responsible under the bill for the maintenance of the roads which would be transferred to it.

This will be in line with road functions performed by all other States. Federal-aid funds apportioned to Alaska under existing law for fiscal year 1960 and prior fiscal years, which are unobligated on the date of enactment of the bill, may continue to be used under its terms for maintenance of highways on the Federal-aid systems in Alaska.

Section 40 of the bill, providing for transitional grants, is also of importance to the functions of the Bureau of Public Roads. Under subsection (a) of that section, transitional grants could be made by the President to the State of Alaska in order to assist the State in accomplishing the transition from Territorial status to Statehood. This provision, in addition to that permitting the State to use certain Federal-aid funds already apportioned to it for maintenance, will enable the essential highway activities, including maintenance, to be continued without interruption.

The Governor of Alaska could submit to the President under subsection (b) of section 40, a request that a Federal agency continue to provide services or facilities in Alaska for an interim period until such services or facilities are provided by the State, but this interim period could not extend beyond June 30, 1964. The President could allocate the funds necessary to finance the provision of such services or facilities from the grants authorized under this section.

A Federal agency, such as the Bureau of Public Roads, could also perform services for Alaska in another way under subsection (c)

of this section. After the transfer to the State of Alaska of any property or function of the Federal Government and until June 30, 1964, the head of the Federal agency having administrative jurisdiction over such property prior to its transfer could contract with the State of Alaska for the performance of some or all of the functions it has performed prior to such transfer. Alaska would be required to reimburse the agency for the services performed.

The Bureau of Public Roads, therefore, could operate under either subsection (b) or subsection (c) of section 40 of the bill in performing services for the State.

The Department of Commerce will carefully plan its operations in connection with the proposed transition so that there will be a minimum of disruption to the highway program in Alaska and to the functions which the Bureau of Public Roads will continue to perform in Alaska after the transition period. For example, the forest highway program in Alaska will continue under the direct administration of the Bureau. The forest highway system in Alaska includes about 400 miles of roads on which approximately \$2½ million is expended annually. The Bureau of Public Roads also directly supervises the construction of major roads within Mt. McKinley National Park. While about \$500,000 annually is now being programmed for these roads, the long range program of the National Park Service contemplates expenditure of somewhat larger sums in the near future.

We will, of course, prepare an inventory of all property, real and personal, now owned or administered by the Department in Alaska.

We also will prepare an appropriate form of conveyance covering all the properties which are to be transferred to the State. This document will be all inclusive and supported by such detailed listings, together with appropriate reference to maps and other exhibits as to fully cover all property to be transferred. It will be particularly important to include all those properties previously administered by the former Alaska Road Commission, including tramways, trails, ferries, and other miscellaneous public works under our control. The Bureau of Public Roads is already working toward these objectives. The bill does not specify a date for the proposed transfer of highway functions to the new State of Alaska. We are aware that it is desirable that such transfer be made as expeditiously as possible, but this will be a matter for negotiation with the State.

It will be necessary to develop fiscal and other procedures necessary to administer operations under section 40 of the bill whereby the Bureau of Public Road may perform services for the State, whether the Bureau performs those services directly or on a reimbursable basis under a contractual arrangement with Alaska. With respect to contracts for construction, the Bureau could either (1) award the contract and make payments thereunder from funds made available to it by Alaska, or (2) prepare the contract for award by Alaska with the Bureau supervising the work until completion. The latter arrangement would be similar to that now existing between the Bureau and the National Park Service relative to park roads and parkways.

Public Roads is now furnishing services from some of its equipment depots and other facilities to other Federal agencies. Arrangements should be made with Alaska to continue such services as may be desirable. Arrangements should also be made for the use by Alaska of sources of material on Federal lands which are now available to Public Roads for use in highway construction. We anticipate that other problems and details such as these may arise in the course of the transition period.

S. 1541 has been exhaustively reviewed and studied, and the Department believes it provides a good, workable method of transferring road activities to the State. You may be assured that we will cooperate in every possible way toward an orderly transition in the transfer of functions to the new State. The Bureau of Public Roads will assist the State in assuming its new responsibilities with the objective that within the transition period provided for under S. 1541, Alaska's highway program in every respect will become comparable with those of other States.

My staff and I will be very happy to answer any questions which you may have with respect to the provisions of the bill and their effect upon the Department of Commerce and upon the State of Alaska.

BUREAU OF PUBLIC ROADS

Alaska

win

Mr. B. D. Tallamy, Federal Highway Administrator

April 17, 1959

26-10

C. W. Enfield, General Counsel **C. W. ENFIELD**

Bills relating to the regulation of interstate commerce
in Alaska

At a recent staff meeting attended by Under Secretary Allen, the matter of three bills having to do with the regulation of water and surface transportation between the United States and Alaska was discussed. You asked that we let you have a summary of the contents of these bills and my suggestion as to whether we should appear at any hearings concerning them.

Attached hereto are copies of the bills and a summary of their provisions. It would appear that none of the bills are of direct concern to the Bureau of Public Roads. It does not appear necessary for the Bureau to be represented at any hearings which might be held.

Attachments

RLMay:fpc
cc: Files (2) ✓
Gen Counsel
Legis
Chron

RDM

hand. carried 4-17-59

DRAFT
MKNicholson:ert
April 16, 1959

SUMMARY OF BILLS RELATING TO THE REGULATION
OF INTERSTATE COMMERCE IN ALASKA

It is understood that S. 1507, S. 1508 and S. 1509 are identical to draft bills submitted by the Interstate Commerce Commission to Senator Magnuson, Chairman, Committee on Interstate and Foreign Commerce, United States Senate. The Interstate Commerce Commission's letter of March 6, 1959, transmitting such draft legislation appears in the Congressional Record for March 23, 1959, at pages 4340 and 4341.

S. 1507 would make the Interstate Commerce Act applicable to water transportation between ports in the State of Alaska and other ports of the United States. It would transfer from the Federal Maritime Board to the ICC jurisdiction over regular-route water common carriers operating in Interstate Commerce between ports in Alaska and other U. S. ports, and between ports in Alaska over the high seas. It would also subject to ICC regulation contract carriers and irregular-route common carriers by water operating between those ports. "Grandfather" rights are provided for the protection of certain carriers and persons whose activities in this field are now regulated by the Federal Maritime Board.

S. 1508 would provide for the economic regulation of the Alaska Railroad under the Interstate Commerce Act. It would amend the Alaska Railroad Act (48 U.S.C. 301) to provide that 180 days after the

enactment of the bill the Alaska Railroad shall become subject to the provisions of part I of the Interstate Commerce Act, except that ICC's approval would not be required for the extension of its lines or for the issuance of securities. The proposed amendment would also subject the Alaska Railroad to acts relating to the safety of railroad operations and the statute commonly known as the Transportation of Explosives Act (18 U.S.C. 831-835).

S. 1509 would amend the Interstate Commerce Act to provide "grandfather" rights for certain motor carriers and freight forwarders operating in interstate or foreign commerce in Alaska. Carriers which would be affected by this bill are those which became subject to the ICC Act and related Acts upon the advent of Alaska statehood. The extension of "grandfather" rights to these carriers is consistent with the policy of Congress followed whenever the ICC Act has been extended to additional carriers. The bill is also intended to clarify the status of motor carriers operating between points in Alaska and the other States through Canada. ^{bill} The/would also amend the ICC Act to authorize freight forwarders to utilize the services of the Alaska Railroad and water carriers operating between ports in Alaska and other ports in the United States and foreign ports which they cannot lawfully do under existing law.

There is also pending in the House a bill, H. R. 6244, which combines the substance of the three bills introduced by Senator Magnuson at the request of the Interstate Commerce Commission.

Alaska
WIN

BUREAU OF PUBLIC ROADS

Mr. B. D. Tallamy, Federal Highway
Administrator

April 24, 1959

C. W. Enfield, General Counsel ~~G. H. Norman~~

26-10

Congressional Hearings on Alaska Omnibus Bill

A meeting was held recently between representatives of the Bureau of the Budget, the Department of Commerce and the Bureau of Public Roads for the purpose of discussing the testimony to be presented at the Senate hearings on the above subject.

You will recall that a draft of proposed testimony was prepared and submitted to you for approval several days ago.

It has now been decided that Under Secretary Allen will present the testimony in behalf of the Department of Commerce. He will, of course, wish you to be present for the purpose of assisting him in answering any questions which may arise. The proposed testimony has been redrafted for presentation by Under Secretary Allen in accordance with the discussion at the meeting referred to above, and a copy thereof is attached hereto for your information.

It is our understanding that either Mr. Quesada or Mr. Pyle will appear in behalf of the Federal Aviation Agency. Mr. Harold Seidman, who will present the major testimony for the Administration, feels that he can handle questions which may arise with respect to other agencies, with the possible exception of the Department of Health, Education and Welfare, and he expects to have some technical assistance from that Department.

Attachment

cc: Messrs. Armstrong, Turner, Allen, Royster, Williams,
Booth, and Mrs. Nicholson, w/o atch.

RM

RLMay:fpc
cc: Files (2)
Legis
Chron

orig hand carried

WORK COPY
REMOVED FROM FILE
EXCLUDED FROM INDEX

Alaska

10-10

APR 16 1959

Honorable Hugh J. Wade
Secretary of State
Juneau, Alaska

Dear Mr. Secretary:

This is to acknowledge receipt of and to thank you for the certified copy of Senate Joint Memorial No. 11 of the Alaska Legislative Assembly, transmitted by your letter of April 1, 1959.

The Bureau of Public Roads is giving careful study and consideration to the highway needs of Alaska and appreciates this expression of the views of the Senate of Alaska.

Sincerely yours,

ELLIS L. ARMSTRONG
Commissioner of Public Roads

RLMay:fpc (4/13/59)
Control No. PR-R
cc: Files (2)
Mr. Tallamy
Mr. Armstrong
Mr. Royster
Gen Counsel
Legis
Chron
CC Unit

ARM
cc: E

41164

SECTION 111-45
Administrator's Correspondence 3428

STATE OF ALASKA
SECRETARY OF STATE
JUNEAU

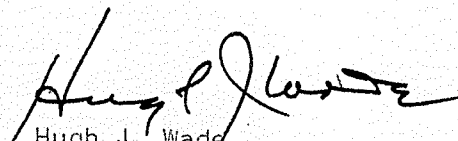
April 1, 1959

Honorable Ellis L. Armstrong
Commissioner
Bureau of Public Roads
Washington 25, D. C.

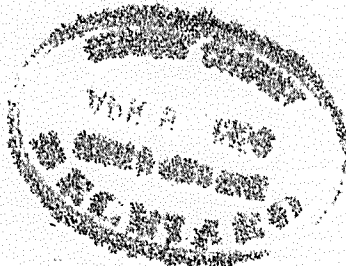
Dear Commissioner Armstrong:

At the request of the Legislature of the State of Alaska, I have the honor to transmit to you a certified copy of SENATE JOINT MEMORIAL NO. 11, respectfully urging the introduction and passage of any federal legislation necessary to the construction of a road between Anchorage and Nome by way of McGrath; and that all agencies responsible for such construction proceed at the earliest possible date to plan and build said road.

Sincerely yours,


Hugh J. Wade
Secretary of State

Enclosure



RG 30, Bur. of Public Roads
E. 6 D, Gen Corri. + Related Recs, 1955-59
Box 1127

IN THE SENATE

BY SENATORS BRONSON AND BELTZ

SENATE JOINT MEMORIAL NO. 11

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIRST LEGISLATURE - FIRST SESSION

TO THE HONORABLE LEWIS L. STRAUSS, SECRETARY OF COMMERCE; THE HONORABLE WILLIAM A. EGAN, GOVERNOR OF ALASKA; THE HONORABLE E. L. BARTLETT AND THE HONORABLE ERNEST GRUENING, SENATORS FROM ALASKA; THE HONORABLE RALPH J. RIVERS, REPRESENTATIVE FROM ALASKA; THE HONORABLE ELLIS L. ARMSTRONG, COMMISSIONER OF THE BUREAU OF PUBLIC ROADS; THE HONORABLE EDGAR H. SWICK, REGIONAL ENGINEER, REGION TEN, BUREAU OF PUBLIC ROADS; THE HONORABLE FRANK A. METCALF, STATE COMMISSIONER OF HIGHWAYS AND PUBLIC WORKS;

Your Memorialist, the Legislature of the State of Alaska in First Legislature, First Session assembled, respectfully submits that:

WHEREAS, Senator Ernest Gruening has indicated that plans are underway to submit a bill to Congress that would call for the construction of a road between Anchorage and Nome; and

WHEREAS, said proposed road will be routed through the community of McGrath; and

WHEREAS, such a road would be to the benefit of all Alaska and would make a vital contribution to national defense by connecting various White Alice stations by ground transportation; and

WHEREAS, this road would reduce freight costs both to residents and to important defense installations along the route;

NOW THEREFORE, Your Memorialist urges the introduction and passage of any federal legislation necessary to the construction of a road between Anchorage and Nome by way of McGrath; and

further urges that all agencies responsible for such construction proceed at the earliest possible date to plan and build said road.

Passed by the Senate March 10, 1959.

/s/ William E. Beltz
President of the Senate

ATTEST:

/s/ Katherine T. Alexander
Secretary of the Senate

Passed by the House March 19, 1959.

/s/ Warren A. Taylor
Speaker of the House

ATTEST:

/s/ Esther Reed
Chief Clerk of the House

I hereby certify that the above and foregoing constitutes a full, true and correct copy of Senate Joint Memorial No. 11 as passed by the Senate and House of Representatives of the State of Alaska.

Katherine T. Alexander
Secretary of the Senate

INFORMATIONAL

FORM CD-14 (10-27-53) DEPARTMENT OF COMMERCE DATE 4/27/59

TRANSMITTAL SLIP

TO: Mr. C. W. Enfield REF. NO. (If any)

FROM: H. E. Cunningham REF. NO. (If any)

ACTION

NOTE AND FILE PREPARE REPLY FOR MY SIGNATURE

NOTE AND RETURN TO ME TAKE APPROPRIATE ACTION

RETURN WITH MORE DETAILS PER YOUR REQUEST

NOTE AND SEE ME ABOUT THIS SIGNATURE

PLEASE ANSWER FOR YOUR INFORMATION

FOR YOUR APPROVAL INVESTIGATE AND REPORT

PER OUR CONVERSATION

COMMENTS: While a purchase requisition might be used in this case, there is also involved an option right to remove additional gravel and certain conditions governing removal operations.

Believe the form submitted by University with indicated changes provides sufficient documentation. The gravel is needed for a job being readied for advertising.

COMM-DC-3822

Files INFORMATIONAL

This was a special case. governing sale of material from road lands required auction procedure. representative attended with specific instructions on upper limit of bid. No other bidders, so Govt's offer was Alaska accepted by auctioneer in creating sale was discussed in advance by Bales with Smith HEL in Wash DC file APRIL 16, 1959

Alaska

26-30 file

HEC

and Manager

use agreement prepared by the Division Engineer Zimmerman, is certain changes that appear necessary:

port payment of the indicated \$810.00 purchasing 15,000 cubic yards of gravel, it must be shown that the Government is to the condition that the gravel must be removed within the stated period otherwise the right to remove will lapse. It is suggested that this clause be restated to read about as follows:

(a) The Government shall, immediately upon execution of this agreement, pay to the University Eight Hundred and Ten Dollars (\$810.00) for 15,000 cubic yards of gravel to be removed from the above described property, which price includes \$60.00 "closing costs" of the auction sale. Payment of the aforesaid sum entitles the Government to remove 15,000 cubic yards of gravel within the period set forth in paragraph II, and there shall be no reduction in said price should a lesser quantity only be removed.

(b) The Government shall have the right to remove additional quantities of gravel over and above the 15,000 cubic yards specified in paragraph (a) above, for which the University shall be paid at the rate of \$0.05 per cubic yard for all such additional quantities removed. Such payment shall be on an annual basis and made on or before thirty (30) days after the close of operations in any particular year.

VI. TREES. The Government would be without authority to sell the timber and turn the proceeds over to the University in a gravel purchase.

Files INFORMATIONAL

Note: This was a special case. Law governing sale of material from school lands required auction procedure. Govt representative attended with specific instructions on upper limit of bid. No F. O. Box 1961 other bidders, so Govt's offer was Juneau, Alaska accepted by auctioneer in creating sale matter was discussed in advance by sales with Swick and HEC in Wash DC for APRIL 16, 1959 instructions. HEC Alaska

10-00

University of Alaska
College
Alaska

*26-30 f
Noted
AMC
AW*

Attention: Mr. Donald H. Eynack, Land Manager
Gentlemen:

The proposed draft of gravel use agreement prepared by the University of Alaska and received by Division Engineer Zimmerman, is generally satisfactory, but there are certain changes that appear necessary as will be explained in the following:

III. PRICE. In order to support payment of the indicated \$810.00 before the gravel is removed, it must be shown that the Government is purchasing 15,000 cubic yards of gravel even though the sale is subject to the condition that the gravel must be removed within the stated period otherwise the right to remove will lapse. It is suggested that this clause be restated to read about as follows:

(a) The Government shall, immediately upon execution of this agreement, pay to the University Eight Hundred and Ten Dollars (\$810.00) for 15,000 cubic yards of gravel to be removed from the above described property, which price includes \$60.00 "closing costs" of the auction sale. Payment of the aforesaid sum entitles the Government to remove 15,000 cubic yards of gravel within the period set forth in paragraph II, and there shall be no reduction in said price should a lesser quantity only be removed.

(b) The Government shall have the right to remove additional quantities of gravel over and above the 15,000 cubic yards specified in paragraph (a) above, for which the University shall be paid at the rate of \$0.05 per cubic yard for all such additional quantities removed. Such payment shall be on an annual basis and made on or before thirty (30) days after the close of operations in any particular year.

VI. TREES. The Government would be without authority to sell the timber and turn the proceeds over to the University in a gravel purchase

University of Alaska

-2-

April 16, 1959

agreement of this kind. However, the Government can agree to assist the University to a reasonable extent in disposing of the timber which, under the terms of the sale, remains the property of the University. A suggested revision of this clause would read:

Trees shall not be wasted. Timber must be removed prior to excavation, and it shall be the responsibility of the Government to cut and stack all such timber having butt diameter over eight (8) inches, immediately beyond the boundaries of the described property. The Government further agrees to cooperate with the University to the extent reasonably possible in facilitating the disposal of the timber.

X. **INDEMNIFICATION.** The Government cannot assume liability of an agent or contractor, but may require any such agent or contractor to be responsible for any damage or injury to the premises. This clause should be revised about as follows:

The Government shall, to the extent permitted by law, indemnify the University for any damage caused by any act of negligence by Government officers or employees, and shall require that any of its contractors or agents be responsible for any such damage that they may cause to the premises.

XV. **ARBITRATION.** Federal law provides remedies for breach of contract, and it is not considered within the authority of the contracting officer to accept a form of arbitration as proposed in the agreement. It seems preferable to omit this clause entirely.

The signature block for the Government should be as follows:

U. S. DEPARTMENT OF COMMERCE
BUREAU OF PUBLIC ROADS

If the foregoing changes meet with your approval and you will prepare revised copies of the agreement, we shall be glad to execute them in behalf of the Government. It is not believed that notarization is necessary, but we will not take exception thereto.

Very truly yours,

Wm. J. Niemi
Regional Engineer

cc: Zimmerman - Anchorage
H. E. Cunningham

Enclosures - 2

Naval Use Agreement

cc: Mr. Empfield

(Letter prepared by NEC 4/16/59)

GRAVEL USE AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of March, 1959,

by and between:

UNIVERSITY OF ALASKA, A Public Corporation, party of the first part, hereinafter called University,

and

The BUREAU OF PUBLIC ROADS, An Agency of the United States of America, party of the second part, hereinafter called Government,

WITNESSETH:

That the University for and in consideration of the payments, covenants and agreements hereinafter expressed to be paid, kept and performed, has granted, and by these presents does hereby grant unto the Government the right and privilege to take and utilize not less than 15,000 cubic yards of raw gravel from the following described property, to wit:

S 1/2, SE 1/4, SE 1/4, Section 15,
T 2N, R 12W, S.M., containing 20
acres more or less.

I. RECITATION OF FACTS

That the Government was high bidder at the public auction held pursuant to notice duly posted in three (3) public places, in accordance with law, and which auction was held on March 13th, 1959 at 10:00 A.M. in the Alaska Department of Land Office in Anchorage, Alaska.

II. TERM

The term of this permit shall be for a full term of five (5) years, commencing on April 1, 1959 and terminating at midnight on March 31st, 1964.

III. PRICE

(a) The Government shall pay the University \$0.05 per cubic yard of all

gravel removed from the premises. The Government shall submit written evidence of the amount of gravel removed. The minimum quantity that the Government shall be responsible to pay for even though the same may or may not be removed, is 15,000 cubic yards. The Government shall, immediately upon execution of this agreement, transmit SEVEN HUNDRED, FIFTY DOLLARS (\$750.00) to the University. This advance payment shall entitle the Government to remove the first 15,000 cubic yards of gravel. Payment for gravel removed in excess of 15,000 cubic yards shall be on an annual basis and payment made on or before thirty (30) days after the close of operations in any particular year.

(b)
McG
3-13-59

IV. PURPOSE

Excavate and remove natural gravel deposits, to be used for highway construction purposes on public roads in the area.

V. REQUIREMENTS

Site must be surveyed and cross-sectioned before and after gravel removal. Area survey shall include photographs taken both before and after gravel removal to clearly show surface conditions and extent of operation. Topographic surveys shall be certified by a registered engineer. The University shall be notified when surveys have been made. Copies of the survey information shall be sent to the University before excavation has begun.

VI. TREES

Trees shall not be wasted. Timber must be removed prior to excavation. It shall be the responsibility of the Government to cut and stack all timber with butt diameter over ^{12 inch} 8". Timber shall then be sold by the Government and proceeds shall be deposited with the Comptroller of the University.

McG
3-13-59

VII. TOPSOIL

Organic topsoil shall be removed and stacked by the Government on the premises for future use. Surface silt and fine-grained soil not found suitable

cleaning costs \$60.00 were agreed to in addendum by Govt. representatives if purchase was consummated

for road construction shall also be removed and stacked separately for future use.

VIII. METHOD

Government shall not excavate below the average natural surface ground elevation in the area, and shall not leave pits or holes on the premises. Upon completion of the Agreement, the land shall be smoothed to a neat and orderly appearance. The University may, at this time, require the surface fine-grained and/or organic topsoil, which was removed and stacked prior to excavation, to be spread evenly over the area affected by the Government's operations.

IX. NO WASTE

The University will not permit waste nor suffer waste of any natural product of the premises.

X. INDEMNIFICATION

The Government shall indemnify the University for any damages caused by any act of negligence by the Government or its agents, involving this parcel of state property during the term of the Agreement.

XI. UNIVERSITY RESERVES ALL OTHER RIGHTS

The University reserves all sub-surface rights, including oil, gas and mineral rights as well as other surface rights other than those necessary to the gravel removal operation. All other uses of the premises not incompatible with the gravel operation shall be implemented and allowed by the University after written notice and review by the Government.

XII. RIGHT OF ENTRY

The University shall have an absolute right, at any reasonable time, to inspect the premises and see that the terms of this lease are fully carried out.

XIII. RIGHT OF ASSIGNMENT

That this Agreement shall not be assigned or sublet without the consent, in writing, of the Board of Regents of the University of Alaska; that the

Agreement may be cancelled in a proper proceeding in a court of competent jurisdiction whenever the Government fails to comply with any of the provisions of the law under which this Agreement is given, except in the alternative, in case of non-payment of monies as hereinabove set forth.

XIV. NOTICE BY CERTIFIED MAIL

Any notice or demand, under the terms of this Agreement or otherwise, shall be in writing and shall be given by mailing the same by certified mail, return receipt requested, addressed and mailed to the other party at the address hereinafter stated. However, either party may designate in writing such new or other address to which such notice or demand shall thereafter be given or mailed. Any notice or demand given hereunder shall be deemed delivered when deposited, with postage prepaid thereon, in the United States general or branch Post Office.

XV. ARBITRATION

In the event a breach of this agreement is claimed by any party, or any other dispute arises over this instrument, the matter shall be submitted to an arbitrator, jointly selected by the parties, and whose decision shall be final. In the event the parties cannot agree upon an arbitrator within fifteen (15) days after said breach or dispute is claimed, then the law firm of McNealy, Merdes, Camarot & Fitzgerald, or its' designee, is hereby given authority to appoint an arbitrator and the decision of said arbitrator, so appointed, shall be final. Compensation for the arbitrator shall be paid by the parties involved in the dispute.

XVI. INTEGRATION

This agreement represents all the agreements between the University and the Government and there shall be no partial modification hereof except by written addendum, signed by the party charged and attached hereto.

XVII. TIME OF ESSENCE AND BINDING ON HEIRS

seal this _____ day of March, 1959.

Notary Public in and for Alaska
My commission expires: _____

STATE OF ALASKA)
) ss.

DIVISION)

THIS IS TO CERTIFY that before me, a Notary Public in and for Alaska,
duly commissioned and sworn, personally appeared _____
for and on behalf of the BUREAU OF PUBLIC ROADS, and he acknowledged to me
that he signed the foregoing Gravel Use Agreement for and on behalf of the Bur-
eau of Public Roads; and that said Agreement was signed freely and voluntarily
for the uses and purposes therein mentioned.

IN WITNESS WHEREOF I have hereunto set my hand and official seal this
_____ day of March, 1959.

Notary Public in and for Alaska
My commission expires: _____

Alaska

WIM

April 15, 1959

Mr. J. C. Allen

R. R. Hamann

24-62

Comments on Proposed Omnibus Bill and Tentative Procedure Proposed by the General Counsel's Office

As previously stated I believe that there is an important point lacking in the bill that should be covered. That is, a statement as to whether or not all transfers of property to Alaska will require reimbursement to the Federal Government. A definite statement of this fact is required in documents covering the transfer of property. For those instances in which the Bureau has erected facilities on land under the custody of another Government agency, I propose that we transfer the Bureau owned facility and let Alaska arrange for the continuance of a permit or the transfer of the land. These instances I understand are limited to our asphalt storage tank farms and temporary camps on public domain lands. Further investigation will be needed to determine the extent of these holdings.

My comments on general procedures involving this division follows. We are preparing the internal procedures for gathering all information and the mechanics basic to the transfer of property to Alaska. These procedures will be sent to you for comment.

A. Real Property

The bulk of the real property in Alaska was inherited from the Alaska Road Commission. None of the deeds or titles are held in the Bureau's Washington office. Consequently, before any conveyance documents can be prepared, the deeds and titles must be located and examined. Generally, most deeds and titles contain the specific metes and bounds of the land. Complete descriptions of structures must be obtained from Region 10. After this has been completed our inventory records of real property must be balanced with the general ledger; any discrepancies will be resolved. We will then determine, with Region 10, those facilities which will be required for the Bureau's new role in Alaska. Separate transfer documents should be prepared for each facility.

Since the transfer of the real property will be authorized by special legislation the provisions of GSA regulations will not be applicable. However, I would like to recommend that instead of preparing in each instance a long narrative description of the property, SF-118-a, b, and c be

April 15, 1959

used. This form, titled "Report of Excess Real Property", could be used as a descriptive document of transfer with a few alterations. Any existing deeds and titles would be attached to these documents.

B. Non-expendable Personal Property

I would suggest that when preparing an inventory of non-expendable personal property that we include all non-expendable components, such as: snow plow blades, diesel motor starters, etc. The inventory would be prepared for each location separately. Serial numbers of equipment would be used when available. Any differences between inventories and accounts would be covered by disposal documents. After determining which items will be retained by the Bureau, the listing, prepared by location, would be attached to the real property documents for the location. Again, I would like to suggest the use, with some modifications, of an existing document, CD-50, "Report of Transfer of Property."

C. Expendable Personal Property

After determining the items necessary for the Bureau's continued operation, all supplies, parts, materials, etc. would be transferred at their "book value." The inventory records cards would support the transfer. Again, I would like to suggest the use of form CD-50. These forms would be attached to the real property and non-expendable personal property documents for the location. Thus, we would provide a complete package for each installation.

WHO'DONOGHUE:ccc

cc: Files ✓ *2 m/j*

Reader File

Mr. R. R. Hamann

Mr. W. H. O'Donoghue

FORM CD-19 (8-14-57)		OFFICE OR DIVISION Admin. Services	
U.S. DEPARTMENT OF COMMERCE BUREAU OF PUBLIC ROADS ROUTING AND TRANSMITTAL SLIP		DATE 3/30	
	J. C. Allen		
	R. R. Hamann		
	Joseph Mauro		
	H. F. Clark		
	R. H. Helmtoller		
	H. H. Kramer		
	C. R. Morgan		
<input checked="" type="checkbox"/>	W. H. O'Donoghue		
<input checked="" type="checkbox"/>	FOR YOUR INFORMATION	<input type="checkbox"/>	FOR COMMENT
<input type="checkbox"/>	FOR YOUR APPROVAL	<input type="checkbox"/>	PASS ON AS INDICATED
(Initial)	<i>After your review Hamann</i>		
REMARKS	<i>+ S would like to discuss the matter with you.</i>		
	<i>SM</i>		
RETURN TO	NAME <i>J. Mauro</i>	ROOM & BLDG. 647	EXT.

USCOMM-DC 48410

Assistant Commissioners

March 16, 1959

G. W. Hatfield, General Counsel

25-00

Tentative outline plan of procedure to implement the proposed
Omnibus Act for Alaska

Attached is a tentative outline plan of procedure, which we have developed with the assistance of Messrs. Cunningham and Swift, for the purpose of listing the pertinent points of law involved and the steps to be taken by the Bureau, assuming that the proposed Alaska Omnibus Act is enacted. You have previously been furnished a copy of the draft Omnibus bill and sectional analysis which is presently under consideration by the Bureau of the Budget. You will recall that personnel problems are to be the subject of separate legislation, and provisions relative to the matter are not included in the Omnibus bill.

Assuming that the draft Omnibus bill is enacted, it will be necessary for the Bureau to transfer to Alaska on or before July 1, 1959, all real and personal property presently under its jurisdiction, except that needed to carry out its basic field responsibilities. This will necessitate the preparation of conveyance instruments and the establishment of accounting and administrative procedures with respect to Federal-aid work carried on subsequent to that date. The attached preliminary outline is intended as a ready-reference working tool as a basis for a plan of operation to accomplish the objectives of the proposed Omnibus Act.

Section 20 (a) of the proposed bill provides for the transfer of property to the State of Alaska, except such properties "as the Secretary may determine are needed for the operation of the field offices of the Bureau of Public Roads in Alaska after July 1, 1959." To make absolutely sure this section would be interpreted to mean that the operation of the field offices of the Bureau of Public Roads would be deemed to include the performance of functions in behalf of the State pursuant to section 33 of the proposed bill, consideration is now being given to a proposed amendment which would revise the last two lines of section 20 (a) to read: "for the operations, activities, and functions of the Bureau of Public Roads in Alaska after July 1, 1959, including services or functions performed pursuant to section 33 of this Act."

While the draft bill may be changed with respect to the July 1, 1959, date and in other various respects before introduction or enactment, I believe it would be helpful, in order to keep abreast of the situation, to have the benefit of your comments or suggested changes you may recommend with respect to the attached draft. Upon receipt of such suggestions, we shall proceed to prepare a revised statement which will be distributed for Bureau use.

Attachment

Preliminary Draft
March 16, 1959

OUTLINE OF PROCEDURE

(Assessing Amendment of the Alaska Omnibus Act)

SPECIAL POINTS OF LAW

Sections 197(b) and (d) of the 1956 Act repealed.

Authority to construct and maintain ferries, tramways and other public works inherited from the Alaska Road Commission will end.

Section 20(a) Omnibus Bill.

This is a mandate for RPR to divest itself, on or before July 1, 1959, of all property, real and personal, by transfer to the State of Alaska except that needed to carry out the field activities and responsibilities of RPR, i. e., Forest highway program and road work in National Parks and Monuments, also for administration of the Federal-aid program.

Section 20(b) Omnibus Bill.

RPR may complete existing contracts.

Section 20(c) Omnibus Bill.

State to be responsible for maintenance of everything transferred under Section 20(a). Note: Acceptance of the things transferred and assumption of this responsibility on the part of Alaska are essential factors. No power to enforce such responsibility once assumed and subsequent failure to carry out. However, the maintenance of Federal-aid roads constructed in Alaska will be enforceable under title 23 U. S. C.

Section 20(e)(2) Omnibus Bill.

Unobligated Federal-aid funds authorized for fiscal year 1960 and earlier fiscal years may be used for maintenance until their lapse date.

Section 21(a) Omnibus Bill.

Transitional grants authorized without specification as to use: \$12,500,000 for fiscal year 1960; \$6,000,000 for each of the fiscal years 1961 and 1962; \$2,500,000 for each of the fiscal years 1963 and 1964.

Section 21(b) Omnibus Bill.

Governor may submit to President a request for Federal agency to continue to provide services or facilities until such are provided

by Alaska but not to extend beyond June 30, 1964. President may allocate necessary funds to such Federal agency from transitional grants.

Section 33(c) Omnibus Bill.

After transfer of property, and until June 30, 1964, Federal agency having prior jurisdiction may contract with State to perform, on reimbursable basis, prior functions performed in connection with such property.

Section 34 Omnibus Bill.

President may, until July 1, 1964, transfer any property to Alaska where function is terminated by Federal agency and same function will be assumed by Alaska.

SECTIONAL ANALYSIS

Section 20. All real and personal property now held by EPR, except that needed by EPR to continue its usual Federal functions as elsewhere in the States, to be transferred to Alaska. Alaska to share in Federal aid on same basis as other States, and be responsible for road maintenance.

Section 33(a) Transitional Grants. Not to be earmarked and to be available as a general supplement to the financial resources of the State. Estimated total for the grants based on "making available to Alaska funds equivalent to the \$4,000,000 a year the Federal Government would have spent on road maintenance in 1960, 1961 and 1962."

Section 33(b). Federal agency may continue to provide services, upon request of Governor. Funds to come from transitional grant.

Section 33(c). Federal agency which has transferred property pursuant to Statehood Act or Omnibus Bill may contract with Alaska for continued performance by such agency of prior functions.

Section 34. President may give (transfer) property of United States to Alaska for function taken over by the State.

PROVISIONAL STAFF

A. EPR to prepare inventory of all property, real and personal, now owned or administered by it in Alaska, subdivided according to (1) property required for EPR to continue its usual Federal functions, and

(2) all other property. This inventory shall be in the following general detail:

a. General description of all road locations by route identification, terminal points, towns, local road or street names, pertinent topographical features, lengths.

b. Specific description (notes and bounds) of all properties occupied by buildings, equipment depots, field offices (temporary or otherwise), storage sites such as tank farms, etc., and the property interest therein held by the Government.

c. Specific listing of all equipment, parts, supplies, materials, office furniture, business machines, and all other personal property of whatever kind and wherever situate. (Parts and supplies at a particular location may be grouped with a reference to local inventory records and given an over-all dollar value).

d. A special listing, not to be included in the transfer document, should be made of property or equipment which, because of special use or conditions, must be disposed of by means other than transfer to Alaska (i.e. storage tanks situated on a military reservation and supplied through a Government pipeline).

e. Expressly identify any encumbrances, liens, or other limitations affecting the title to any property transferred to Alaska.

B. Prepare an appropriate form of conveyance covering all of the foregoing properties that are to be transferred to Alaska, and provide for acceptance thereof in behalf of the State. This document should be all inclusive and supported by such detailed listings together with appropriate references to maps or other exhibits as to cover fully all transferred property. Early action on matters covered in this paragraph and in the preceding one is imperative even while the Bill is being considered.

C. EPR could operate under either Section 33(b) or Section 33(c) in performing services for the State at its request. The principal difference between the two as concerns EPR is that operations under 33(b) would be paid for from the transitional grant, with Public Roads performing the services directly. Under Section 33(c), these services would be performed by Public Roads on a reimbursable basis under a contractual arrangement with Alaska. Development of fiscal procedures and the establishment of accounts necessary to administer operations under either of these subsections will require further detailed study.

D. EPR under 33(c) could only provide services in connection with properties it had transferred to Alaska prior to July 1, 1959.

*Provisional
Operation*