

**ALASKA STATE LEGISLATURE  
HOUSE TRANSPORTATION STANDING COMMITTEE**

April 11, 2006

1:35 p.m.

**MEMBERS PRESENT**

Representative Jim Elkins, Co-Chair  
Representative Mark Neuman  
Representative Bill Thomas

**MEMBERS ABSENT**

Representative Carl Gatto, Co-Chair  
Representative Vic Kohring  
Representative Mary Kapsner  
Representative Woodie Salmon

**COMMITTEE CALENDAR**

HOUSE CONCURRENT RESOLUTION NO. 38

Urging the Department of Transportation and Public Facilities to use the Alaska marine highway system fast ferries efficiently by deploying the fast ferries in northern Lynn Canal and Prince William Sound beginning in the summer of 2006, and to provide data regularly to the affected communities to enable the communities to evaluate the service effectively.

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HCR 38

SHORT TITLE: FAST FERRIES

SPONSOR(s): TRANSPORTATION

03/29/06	(H)	READ THE FIRST TIME - REFERRALS
03/29/06	(H)	TRA, FIN
04/06/06	(H)	TRA AT 1:30 PM CAPITOL 17
04/06/06	(H)	<Bill Hearing Postponed>
04/11/06	(H)	TRA AT 1:30 PM CAPITOL 17

**WITNESS REGISTER**

JENNIFER BAXTER, Staff  
to Representative Jim Elkins  
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HCR 38 on behalf of Representative Elkins, Sponsor.

TIM JOYCE, Mayor

City of Cordova

Cordova, Alaska

POSITION STATEMENT: Testified in support of HCR 38.

BARBARA LEWIS

Haines, Alaska

POSITION STATEMENT: Testified against fast ferries, and she requested that handicap access be provided on them.

JUNE HAAS

Haines Chamber of Commerce

Haines, Alaska

POSITION STATEMENT: Testified against using fast ferries in Sitka.

MICHAEL CATSI

Skagway City Council

Skagway, Alaska

POSITION STATEMENT: Testified in support of HCR 38.

TIM BOURCY, Mayor

City of Skagway

Skagway, Alaska

POSITION STATEMENT: Testified in support of HCR 38.

JAN WHETMORE, Chair

Skagway Marine Access Committee

Skagway, Alaska

POSITION STATEMENT: Testified in support of HCR 38.

NANCY PETERSON, Assistant City Manager

City of Valdez

Valdez, Alaska

POSITION STATEMENT: Testified in support of HCR 38.

CLAY KOPLIN

Cordova Chamber of Commerce

Cordova, Alaska

POSITION STATEMENT: Testified in support of HCR 38.

KATHIE WASSERMAN

Alaska Municipal League

Juneau, Alaska

POSITION STATEMENT: Testified in support of HCR 38.

DEAN WILLIAMS

Juneau, Alaska

POSITION STATEMENT: Testified in support of HCR 38.

MERRY ELLEFSON

Juneau, Alaska

POSITION STATEMENT: Testified in support of HCR 38.

JANET KUSSART

Juneau, Alaska

POSITION STATEMENT: Testified in support of HCR 38.

ROBIN TAYLOR, Deputy Commissioner

Alaska Marine Highway System

Department of Transportation & Public Facilities

Juneau, Alaska

POSITION STATEMENT: Testified that he understands people's frustrations, and will implement HCR 38 if it passes with a budget.

#### **ACTION NARRATIVE**

**CO-CHAIR JIM ELKINS** called the House Transportation Standing Committee meeting to order at [1:35:15 PM](#). Representatives Neuman and Elkins were present at the call to order. Representative Thomas arrived as the meeting was in progress.

#### HCR 38-FAST FERRIES

CO-CHAIR ELKINS announced that the only order of business would be HOUSE CONCURRENT RESOLUTION NO. 38, Urging the Department of Transportation and Public Facilities to use the Alaska marine highway system fast ferries efficiently by deploying the fast ferries in northern Lynn Canal and Prince William Sound beginning in the summer of 2006, and to provide data regularly to the affected communities to enable the communities to evaluate the service effectively.

JENNIFER BAXTER, Staff to Representative Jim Elkins, presented HCR 38 on behalf of Representative Elkins, Sponsor. She said HCR 38 urges the Department of Transportation & Public Facilities (DOT) to use the Alaska Marine Highway System (AMHS) fast ferries efficiently by deploying them in northern Lynn Canal and Prince William Sound beginning in the summer of 2006.

It also requests an evaluation of the services. The resolution was borne out of frustrations from the coastal communities who have been promised reliable scheduling and deployment of the fast ferries. She said that in late 2004, a marketing group of residents from Cordova, Whittier, Valdez, and Anchorage held meetings with Alaska Airlines, the railroad, and other businesses to develop strategies to successfully incorporate the new fast ferry transportation system into the Prince William Sound area. The group was told at the last minute that the M.V. Chenega would not be operating because labor negotiations had not been concluded in time. Earlier this winter, again with little warning, the M.V. Fairweather was pulled from her regular schedule between Juneau, Haines, Skagway and Sitka, and was deployed on experimental runs in southern Southeast Alaska. Those runs had very few passengers and generated very little revenue, which was no surprise to coastal communities, but those communities were never consulted prior to the schedule change. Because of the State of Alaska and the DOT deficiency in long term planning, coastal communities who previously relied on the ferries realized that it may no longer be an option. She said there are no contingency plans, and the fleet is aging. She said HCR 38 urges the administration to revert back to its original plan and operate the M.V. Fairweather on a year-round basis in northern Lynn Canal and the M.V. Chenega in Prince William Sound, so the state may evaluate the true demand and economic feasibility of these vessels. The resolution also asks for a two-year schedule with updates to communities.

[1:38:09 PM](#)

TIM JOYCE, Mayor, City of Cordova, said he provided the committee with a resolution and letter from the City of Cordova. He said there are more letters and resolutions regarding the fast ferry system. He expressed his strong support for HCR 38, and said it addresses many weaknesses of the AMHS in the past year. He noted that a business would fail if operated similarly. All the businesses in Cordova rely on the ferry to some degree and have asked him if the Chenega will be operating in Prince William Sound this year. Those people were guaranteed that the Chenega would operate. The ferry schedule must be known a year in advance in order to plan business travel and to schedule events. A two-year schedule is not difficult to provide, and such dependability will increase ridership over time, he stated. He said the Chenega was designed and built to be used in Prince William Sound, and why it was moved defies logic. He said HCR 38 will correct most of the errors made by the AMHS in Prince William Sound over the last year.

1:41:35 PM

BARBARA LEWIS said she has never supported using a fast ferry, and it has been proven that it doesn't work in Lynn Canal because it breaks down. She said the Chenega should be left in Prince William Sound. If the two fast ferries are used, a handicapped van is needed, she noted.

1:43:57 PM

KAREN HESS, President, Haines Chamber of Commerce, urged support for HCR 38. She said her written comments have been submitted.

1:45:07 PM

JUNE HAAS, Haines Chamber of Commerce, said HCR 38 includes Sitka, Alaska. The original route was in protected waters, she said. The idea of basing the ferry at Portage Cove sounded like a good idea, she said. "But when I saw Sitka on there, the whole basis for the fast ferry was short distance and high volume. The run from town, if they base it at Portage Cove, would be up to Skagway and back, and down to Cascade Point in Berners Bay, which would still be protected from the wind quite a bit, but when it goes to Sitka or anything like that, and then at Cascade Point, of course, they'd need private enterprise busses and stuff, but that's no problem. But when they go to Sitka, they're going a long distance. It's beating up our ships," she said. Sitka needs a terminal on the east side of [Baranof Island], and she said the fast ferry needs to be used in Haines and Berners Bay only.

REPRESENTATIVE THOMAS said the advisory board for the Alaska Marine Highway System added Sitka to the resolution.

1:47:55 PM

MICHAEL CATSI, Skagway City Council, said he supports HCR 38. He said he helped draft the resolution, and it was unanimously passed by the city council. The fast ferries have been successful in upper Lynn Canal and would be viable in Prince William Sound, given the chance. The fast ferries brought the coastal communities into the 21<sup>st</sup> Century and have provided a level of service and convenience rarely seen. They have diversified the range of transportation services. The vessels are not perfect, but they have demonstrated that they are in demand. Given the chance with a regular schedule, they will

demonstrate their true demand, economic viability, and value to the system.

1:50:49 PM

TIM BOURCY, Mayor, City of Skagway, said there has been a lot of unrealistic rhetoric regarding the fast ferries. He stated that HCR 38 would give his community the opportunity to have a marketable schedule and then prove or disprove the value of the ferries in Lynn Canal and Prince William Sound.

JAN WHETMORE, Chair, Skagway Marine Access Committee, said she has been in business in Skagway for many years. She said she supports HCR 38 and is a strong supporter of fast ferries. She noted that fast ferries have proven to be valuable for Lynn Canal. She recommended using Cascade Point as a destination, rather than Auke Bay or Katzehin. A schedule needs to be set two years ahead of time for the benefit of business users. A road to Juneau may be litigated, she stated. "They're proposing unmanned ferry terminals in Skagway, Haines, and Katzehin, and, of course, winds are extremely high in Lynn Canal, so that whole concept may need to be revisited." She urged the ferries to operate out of Cascade Point for fuel cost savings.

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NANCY PETERSON, Assistant City Manager, City of Valdez, said the city supports HCR 38, especially with coordination of a two-year schedule, marketing, and long range planning.

CLAY KOPLIN, Cordova Chamber of Commerce, said the business community is strongly in favor of HCR 38. He noted that Prince William Sound is a good place for fast ferries because the bulk of the population of Alaska is connected by a road system to the Whittier and Valdez portals to Prince William Sound, and it creates a lot of business opportunities in Cordova. Businesses have invested in growth because of the fast ferries, and the changes in the schedules have been detrimental. The fast ferries allow for weekend visits, he noted.

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KATHIE WASSERMAN, Alaska Municipal League, said the fast ferries are a necessary tool for the communities she represents. She said Southeast Alaska has static economic development and needs all the help it can get. The fast ferries have been a necessary

tool. She said the schedules must be more dependable to keep the fast ferries running for residents and tourists, she said.

[1:57:06 PM](#)

REPRESENTATIVE NEUMAN asked for the economic impacts to communities with the loss of the vessels.

MS. WASSERMAN said Southeast Conference is an economic development group and would likely have those figures. She also suggested the McDowell Group studies.

REPRESENTATIVE NEUMAN said he would like to weigh the fiscal note with the economic impacts of not passing the resolution.

MS. WASSERMAN said she will work on it.

CO-CHAIR ELKINS asked about taking money from the Juneau highways and back to the ferries where it was appropriated in the first place.

MS. WASSERMAN said she represents all of the communities across the state, and there might not be agreement.

[1:59:37 PM](#)

DEAN WILLIAMS said he is 88 years old and a lifelong Alaskan. He stressed the importance of a pre-set schedule. He has been in the airline business and stressed the importance of getting the schedule published. He said travel agents are working on the coming summer, and the schedules should be up and going. A two-year schedule would give a chance to prove [ferry ridership]. A ferry has a sales value, but a road doesn't, in case a change needs to be made. You can't sell a road, he said, a ferry is a much sounder investment. He is knowledgeable about avalanches, and the Lynn Canal situation "scares me to death." He won't use a road in Lynn Canal in the winter, and he much prefers a ferry, which is safer. He mentioned the idea of a school bus loaded with children heading to basketball games getting hit by a fatal avalanche. He was on the dock when the first Malaspina ferry came to Juneau. He said a Taku wind was blowing and the pilot dropped the anchor off the dock, effectively bringing the boat in. He said Governor Hickel always supported good transportation.

[2:03:49 PM](#)

MERRY ELLEFSON noted that fast ferries are likely to succeed when placed in high-volume areas, such as Lynn Canal and Prince William Sound. Passengers prefer this service, and it is her understanding that in operating only six months, the Fairweather carried the third highest number of passengers in the AMHS fleet for the entire year of 2004 or 2005. If given the continued chance to ply the Southeast waters, the Fairweather will prove to be a vital link in the quest to efficiently access Juneau, if schedules and rates are properly managed. She doesn't understand why the Chenega was pulled out of the sound and taken to a low-volume, log-infested Juneau-Ketchikan route. The Fairweather and Chenega, on this run, were doomed for failure. She asked that the fast ferries be given a chance to answer the transportation challenges in the region.

[2:05:14 PM](#)

JANET KUSSART said she has family coming this summer and has always enjoyed taking visitors on the ferries. She said it is important to keep the terminal in Auk Bay; it is public transportation, and people without a car need that access. The farther from town, the more difficult to use. People in Southeast Alaska need to get up Lynn Canal in one day, she said. She said she has been spoiled by the fast ferry in Lynn Canal.

[2:07:04 PM](#)

CO-CHAIR ELKINS said he and Representative Thomas are members of a coastal caucus to improve the ferry system. He said HCR 38 will not move today because Co-Chair Gatto is absent.

REPRESENTATIVE THOMAS said he received this resolution from the communities in his district, and "I fully support their concerns." He said he took it to MTAB [Marine Transportation Advisory Board] and the Southeast Conference, and there has been no negative feedback. Cordova and the other communities are hurting, and they need all the help they can get. His concern is about Juneau access because a road won't be built for several years, if at all. Without the fast ferries, a bill to move the legislative body [out of Juneau] will be "looking better." The fiscal note is high, but if people know the schedule [ridership will increase]. He hopes the administration will listen. The schedule should allow Juneau residents to go to Haines and Skagway on a weekend, and vice versa. He said people from Haines and Skagway like to come to Juneau for a movie and Chinese food. He said he will read the resolution on the floor if he has to.

2:11:08 PM

ROBIN TAYLOR, Deputy Commissioner, Alaska Marine Highway System, Department of Transportation & Public Facilities (DOT) said he is supportive of Representative Thomas's comments. He appreciates the support and input the "Island Caucus" has given to him. He noted the strong interest within the legislature, which is good because solutions are not as simple as people think. There is a domino effect in the system when a boat fails. He said it is the first administration to have a governor that cares enough about the system to ride on the ferries, but sometimes he makes decisions without necessary and important public input. "We operate a system, most people don't realize this, that publishes a schedule and begins its operation each year, October 1." He said AMHS is currently selling tickets under a schedule that "is going to be adhered to barring mechanical breakdowns." The only reason Juneau doesn't have the Fairweather is because "we just yanked all four reduction gears out of that boat, stuck them on the Columbia, and they're on their way to be rebuilt in Seattle." He said he is hopeful it will be back in operation in early May. It has disrupted transportation in Lynn Canal, and his office has been under pressure regarding shipping the Chenega "up to Mayor Tim Joyce and the good folks of Cordova." More towns and people will be impacted "down here," but he did not yield to that pressure because of a commitment to Prince William Sound.

MR. TAYLOR said the AMHS has done significant marketing on events in that region, and he is proud of what he thinks it will accomplish in Prince William Sound this summer. He said HCR 38 addresses winter operations, and he believes the Fairweather probably could operate in Lynn Canal in the winter, "as long as you've got Southeast weather," but when the wind blows from the north, the boat is not able to operate. He said that is a problem for shipping fresh halibut from Sitka or beer from the local brewery. Winter weather is going to be touch and go. "We will, if the resolution and this funding level passes, we will operate that boat during those months and at that time." He said that will give the administration evidence, or not, of their viability. He said he is selling tickets on a boat for Cordova, and it's going to be there the entire summer. He said there are difficulties with the LeConte regarding the Coast Guard, and mechanical breakdowns, weather, and federal regulators cause unforeseen events. He said if the AMHS is successful, this administration will be the first one in 44 years to have ever even attempted to publish a two-year

schedule. The primary reason for that is two-fold, he stated. He said mechanical problems are just a planning problem, "you then have to have adequate funding. And every year the legislature decides what our funding levels are going to be." He noted that the AMHS funding levels are down \$14 million from what operations will cost next year.

[2:18:02 PM](#)

MR. TAYLOR said, "Give us a two-year funding allocation," if a two-year schedule is desired. He said the AMHS has had a stable boat schedule out of Bellingham, Prince Rupert and the villages for the last 20-plus years. "You can publish a two-year schedule if you were to do it by run as opposed to maybe by entire area." He sent out a letter requesting interest by architects for a shuttle vessel. "Whether the road is built or not, up Lynn Canal, that plan, on the road plan, calls for three shuttle ferries to be operating out of the Katzehin River." He said the transportation plan for Southeast Alaska calls for a shuttle whether it departs from Berners Bay or the Katzehin River. Two yards have called about specs, and he hopes to move forward with a contract by early July. "That would be a dedicated vessel probably operating in Lynn Canal and providing everyday service, two or three times a day, between Haines and Skagway, hopefully, eventually, between Haines and some terminal out the road." He said he would then add dedicated shuttle vessels down the panhandle. He said Hoonah needs such a vessel.

[2:20:37 PM](#)

MR. TAYLOR said it is going to take planning and budget stability to achieve the goal of reliable service that everyone shares.

[2:21:04 PM](#)

CO-CHAIR ELKINS asked what wind speeds fast ferries can handle.

MR. TAYLOR said at a wave height of six to eight feet the ferry becomes uncomfortable, causing seasickness. He said the boat will seek shelter with ten-foot waves. Most southeasterly winds are navigable, except when the tide is in the wrong direction around the point at Berners Bay. He noted that northern winds delayed the boat for seven days in Lynn Canal. He said the slow ferries do better in those waves.

REPRESENTATIVE THOMAS spoke of being on the LeConte when passengers were sick. He said the legislature pressures the AMHS and the unions, but it is doing what it can, and funding is his concern.

[2:24:33 PM](#)

REPRESENTATIVE NEUMAN spoke of many angry public comments that accuse the ferry system of manipulating schedules to lower ridership in order to turn public opinion against the ferry to favor the proposed road. He read a comment about the difficulty in finding accurate information about the ferry system, and whether that is deliberate or not. "They go on and on, and there's quite a stack of these emails." He asked Mr. Taylor to defend himself.

MR. TAYLOR said the levels of frustration are related to how much a community is impacted. He said Prince William Sound was assured there would be a boat last spring, and it became apparent the boat was two months late coming out of the yard. He said there were difficulties getting crew on board, which is controlled by the Department of Administration. The Aurora was immediately dispatched to Prince William Sound, he said, and the fare was reduced, which brought back additional ridership never seen before. He said the AMHS did some marketing. "We got the Chenega up there. We got the training done, but only had about two weeks time within which to operate before we brought her back south." He said the Chenega was only scheduled to operate four days a week out of Cordova, and instead the Aurora ran seven days a week all winter long. He said he put in a lot more money and effort and "that gave that community five landings and departures a week, which was a higher level of service than they would have had out of Chenega but not as convenient a time."

MR. TAYLOR said that the Prince William Sound schedule was only changed based on a good suggestion by Mayor Joyce. He said that AMHS is following through on its commitment for this coming summer, but the operations for next winter "is the real question" and dependent on budget. He said the AMHS was criticized in Southeast Alaska of having a "conspiracy" of putting in a run that wouldn't work. He said the administration had a decision to buy two more boats and where to put them. Under the Southeast plan, the boats are supposed to go between Ketchikan and Petersburg and Juneau. "Shouldn't you know something about whether the boat can operate down there before you buy the boat?" He said that was the main reason for moving the vessel—"Can it handle Clarence Strait?" He said AMHS now

knows that in 29 runs the boat sucked up 14 logs and damaged the boat. He said he had to put the crew in a hotel in Wrangell several times because of weather. The governor decided not to move forward with the purchase of two more vessels of that class because of those problems. He said he sympathizes with the comments. Southeast Alaska actually got more service than it was supposed to get last year. Some of that service deprived people of a more convenient service in Prince William Sound.

[2:32:22 PM](#)

CO-CHAIR ELKINS said that is understandable.

MR. TAYLOR said there are lessons to be learned in Prince William Sound. He said the big boats have had problems in Whittier and Valdez when the Aurora could not land. Wind gusts almost blew people off the boat. He said he will find a way to fully utilize the investments put into the boats.

[2:34:11 PM](#)

[HCR 38 was held over.]

#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at [2:34:46 PM](#).