

HCR

4

Representative John Lindauer  
District 10-A  
3933 Geneva Place  
Anchorage, AK 99508



White in January  
Pouch V  
Juneau, AK 99811  
465-3709

## House of Representatives

March 8, 1983

### MEMORANDUM

TO: Governor Bill Sheffield  
✓Commissioner Casey

FROM: Representative John Lindauer

I deeply resent the inaccurate and misleading testimony presented by the Marine Highway officials at the HCR 4 hearing.

The complete lack of faith which those officials indicate they have in the ability of the Commissioner and the Governor suggests that either you or they should resign.

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

(907) 466-3900

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER - ADMINISTRATION

POUCH Z  
JUNEAU, ALASKA 99811

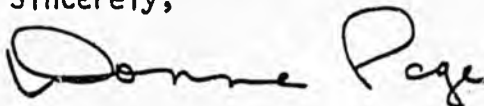
March 7, 1983

The Honorable Bette Cato  
Chairman  
House Transportation Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Representative Cato:

As requested by a member of your staff, we are providing the attached position paper on HCR 4, "Relating to expansion of ferry service."

Sincerely,



Donna Page  
Acting Deputy Commissioner

Attachment

cc: Commissioner Casey

HCR 4 - Relating to expansion of ferry service.

The preamble of HCR No. 4 alludes to issues and concerns the Department of Transportation and Public Facilities has recently addressed. These overall objectives and sensitive public concerns were addressed in the "Southeast Alaska Transportation Study" by Wilber Smith and Associates, et al. As a major transportation link, MHS operations were addressed in depth. The study does not bear out an immediate requirement to expand ferry service nor did it identify any Alaskan communities needing or requesting ferry service that were not presently connected with a marine transportation link to a larger community or on to a road or highway connection.

In the third paragraph of the resolution there is an assumption that there are, "private companies and the governments of British Columbia and the State of Washington to provide ferry service to Ketchikan without subsidy by the State of Alaska:".

At the present time there are no known, privately owned, U.S. registered vessels, capable of R.O. and R.O. plus passenger capacity available to operate either to or from Ketchikan to other ports except those of the Alaska Marine Highway Systems. To our best knowledge the State of Washington does not presently own a vessel capable of "coastwise" service as certificated by the U.S. Coast Guard.

Canada does own two vessels that are adequate and would meet our needs for R.O. and R.O. cargo plus passengers. These vessels are now fully committed to B. C. Ferry routes between Vancouver, B. C. and Prince Rupert, B. C. Should the B. C. Ferry abandon their own commitments, some major problems would have to be addressed.

The basic disadvantage to ending the Alaska Marine Highway in Ketchikan is that Ketchikan is not where the people wish to go.

The primary destination of people traveling the Marine Highway south from Petersburg is not Ketchikan, it is Prince Rupert or Seattle where the highway network begins.

For northbound traffic, the primary destination is not Ketchikan, it is north of Ketchikan. Only some 25% of the traffic wishes to disembark in Ketchikan.

To force everyone off of one vessel at Ketchikan and onto another would be a considerable inconvenience to 75% of the travelers and an inefficient use of time as well as money.

If the vessels discharging traffic were not of a similar capacity to those receiving that traffic, there would be gross inefficiencies, i.e., the larger vessel would depart less than full and the smaller would leave people behind.

All unaccompanied vehicles, such as vans, trailers, new cars, etc. would require unnecessary handling at Ketchikan to move them from one vessel to another. This would be an added expense to the consumer as these costs would be passed along.

Another possible issue would be the State's liability to the U. S. Government

for past and present Federal Aid funds expended on the present fleet. The Alaska Marine Highway is just what the name implies, a highway. Stopping the marine highway at a point short of a connection with another highway would be parallel to building two-thirds of a highway between two population centers. Not much practical use to either.

At the present time the Ketchikan Maintenance Facility is in the second stage of its construction. Upon completion of this stage, Marine Highway Systems vessels should be able to moor along side and perform both voyage maintenance and emergency repairs not requiring drydocking. This facility will not be capable of full maintenance of vessels until funding is appropriated to complete the vessel lift mechanism and specialty shops that are necessary to make the facility functional as a total vessel maintenance operation.

The Division of Marine Highway Systems does to the extent possible under the law operate its vessels using Alaska-based crews.

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HCR 4 Date on Bill: 1/18/83  
 Title: Relating to expansion of ferry service  
 Sponsor: \_\_\_\_\_  
 Requestor: Lindauer

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating				
Total				

b. Revenues:

Revenue				
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2. Source of funds to offset fiscal impact of bill:

N/A

3. Assumptions:

"See Attached"

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Martin J. Nusbaum Phone: 465-3950  
 Division: Division of Marine Highway Systems Date: 3/4/83

Approved by Commissioner: *Donna Payne for Gov. B. Siro* Date: 3-7-83  
 Department: Transportation & Public Facilities

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83

## ASSUMPTIONS

Since the inception of Marine Highway Systems, the Administrations and Legislators have directed the system to operate on a cost to revenue ratio of approximately two to one. Basic tariffs and routes have been tested against this philosophy. A demonstration of what this change would do to the system's revenue follows:

Assumptions - All of the systems' vessels would be operating approximately the same number of hours annually. Cost of Operations would not change. The same number of passengers and vehicles would be transported annually. The same basic traffic would be in effect.

	I : Millions
Anticipated System Operational Cost - present operation	\$60.0
Anticipated System Revenue - present operation	\$31.4
Ratio 2 to 1 approximately.	
Adjusted System Operational Cost - Ketchikan Base	\$60.0
Adjusted System Revenue - Ketchikan Base	\$20.3
Ratio 3 to 1 approximately.	

To adjust the ratio back to the directed 2 to 1 ratio would require a substantial tariff increase.

One important issue would be clearing vehicles and passengers through either U. S. Customs or Canadian Customs. There are presently no facilities in Ketchikan for this operation. It probably would be necessary to expand the existing shore facility by approximately three times. There would be a need for an additional docking facility, a sterile area for customs checking as well as Customs offices. The details of such an operation would rest primarily with the Customs agencies.

If Customs issues were not addressed in Ketchikan they would have to be accomplished at the other end of the route at a cost to that operator.

# Alaska State Legislature

Representative John Lindauer  
District 10-A  
3933 Geneva Place  
Anchorage, AK 99508



While in Juneau  
Pouch V  
Juneau, AK 99811  
465-3709

## House of Representatives

March 7, 1983

TO: House Transportation Committee  
FROM: Representative John Lindauer *JL*  
RE: House Concurrent Resolution #4: "Relating to expansion of ferry service."

House Concurrent Resolution 4 asks the governor to direct the Commissioner of Transportation and Public Facilities to do three things to expand the amount of ferry service.

First, the resolution calls for the administration to integrate the schedules of the Alaska Marine Highway system with the schedules of ferry systems operated by public and private companies.

Second, the resolution calls for the southern terminus to be designated in an American or Canadian community which can provide adequate service to Ketchikan without subsidy from the State of Alaska.

Third, the resolution calls for the administration to repair and maintain Alaska's ferrys within Alaskan ports. The resolution also asks that there only be Alaskan-based crews.