

Introduced: 2/15/85
Referred: Transportation and Finance

<u>Funding Information</u>	
General Fund	\$22,000
Other Funds	-0-
	<u>\$22,000</u>

1 IN THE HOUSE

BY TAYLOR AND SUND

2

HOUSE BILL NO. 201

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Depart-

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ment of Transportation and Public Facilities to

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provide weekly summer Marine Highway service to

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Hyder; and providing for an effective date."

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

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* Section 1. The sum of \$22,000 is appropriated from the general fund

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to the Department of Transportation and Public Facilities for expenses

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incurred in providing weekly summer Marine Highway service to Hyder for the

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fiscal year ending June 30, 1986.

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* Sec. 2. This Act takes effect July 1, 1985.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 201
 Title: An act making appropriation to provide weekly summer Marine Highway service to Hyder.
 Sponsor: Taylor & Sund
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: DOT&PF
 Program Category Affected: Transportation
 BRU, Program or Subprogram(s) Affected: Alaska Marine Highway System

DOT&PF to provide weekly summer Marine Highway service to Hyder.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING		-0-	-0-	-0-	-0-	-0-
100 PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
200 TRAVEL		1.0	2.1	2.2	2.4	2.5
300 CONTRACTUAL		6.0	12.7	13.5	14.3	15.1
400 SUPPLIES		3.5	7.4	7.8	8.3	8.8
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		10.5	22.2	23.5	25.0	26.4
CAPITAL						
REVENUE		1.2	2.5	2.7	2.9	3.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	10.4	22.0	23.3	24.8	26.2
FEDERAL FUNDS					
OTHER PGM Rec.	.1	.2	.2	.2	.2
TOTAL	10.5	22.2	23.5	25.0	26.4

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

- See Attached -

Prepared By: Joe D. Camp
 Division: Alaska Marine Highway System

Phone: 465-3950
 Date: 2/25/85

Approved by Commissioner: Wick May Jr
 Agency: DOT&PF

Date: 2/27/85

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

ANALYSIS HB 201

Service to Hyder could not begin until a suitable docking and terminal facility were constructed. Engineer estimates for site selection, design and construction would require from eighteen (18) to twenty-four (24) months.

Assumptions:

Assuming an eighteen (18) month time frame to put the facility on-line, terminal and vessel operating costs would not be required in FY 86 and in FY 87 only for the last quarter. FY 88 and onward, would require full funding for the operation of a summer schedule.

While the terminal building would be heated, lighted and have restroom facilities no state employee would be stationed in Hyder. A contractual arrangement with the City of Hyder or a local resident is opted and payment for services would be from ticket sale commissions generated by the contractor.

A link between Hyder and Ketchikan added to the present routes would provide a new option for travelers. This could result in an increase in traffic.

POSITION

HYDER, ALASKA - MARINE HIGHWAY SERVICE

The Department of Transportation and Public Facilities has no position on the concept of weekly Marine Highway summer service connecting to the land highway system of Hyder, Alaska. Such service would provide an alternate connection to the British Columbia land highway network, serve an increased number of Alaskans and provide a potential for increased visitor trade. This service is to be studied in the update of the Southeast Transportation plan due to be completed in December, 1985.

Docking, transfer and terminal facilities must be provided in Hyder before such service can begin.

Site selection, design and construction would require 18 to 24 months; therefore, if House Bill 202 is passed, service could begin in the summer of 1987 at the earliest.

A vessel could be made available to provide this service by shifting the summer season weekly port call of the M/V AURORA from Prince Rupert, B.C., to Hyder.

The distance from Ketchikan to Hyder is 130 nautical miles, compared to a distance of 92 nautical miles between Ketchikan and Prince Rupert. This results in a one way running time from Ketchikan to Prince Rupert of six hours and thirty minutes, versus slightly more than nine hours to Hyder for the M/V AURORA. Schedule time is available as indicated below.

Normal summer schedules call for the M/V AURORA to provide a connection to Prince Rupert on Tuesdays. This could be approximated from Hyder as follows:

CURRENT AURORA SCHEDULE

MON	LV	Hollis	7:30 AM
MON	AR	Ketchikan	10:15 AM
MON	AR	Ketchikan	2:45 PM
MON	AR	Hollis	5:30 PM
MON	AR	Hollis	7:15 PM
MON	LV	Ketchikan	11:15 PM
TUE	AR	Pr Rupert	*6:30 AM
TUE	LV	Pr Rupert	*10:30 AM
TUE	LV	Ketchikan	5:15 PM
TUE	LV	Hollis	9:15 PM

ETC - ETC

* Prince Rupert time

PROPOSED HYDER SERVICE

MON	LV	Hollis	7:30 AM
MON	AR	Ketchikan	10:15 AM
MON	LV	Ketchikan	2:45 PM
MON	AR	Hollis	5:30 PM
MON	LV	Hollis	7:00 PM
MON	LV	Ketchikan	10:45 PM
TUE	AR	Hyder	8:00 AM
TUE	LV	Hyder	10:00 AM
TUE	LV	Ketchikan	8:00 PM
TUE	LV	Hollis	11:30 PM

ETC - ETC

HOUSE TRANSPORTATION
STANDING COMMITTEE
February 28, 1985
7:00 a.m.

Members Present: Representative Bette Cato, Chairman
 Representative Mike Davis, Vice-Chairman
 Representative Dick Shultz
 Representative Walt Furnace
 Representative Marco Pignalberi
 Representative Andre Marrou

Members Absent: Representative Adelheid Herrmann

COMMITTEE CALENDAR

HB 201 "An Act making a special appropriation to the Department of Transportation and Public Facilities to provide weekly summer Marine Highway service to Hyder; and providing for an effective date."
Sponsored by Representative Taylor.

HB 202 "An Act making a special appropriation to the Department of Transportation and Public Facilities for construction of a ferry dock and terminal facilities at Hyder; and providing for an effective date." Sponsored by Representative Taylor.

WITNESS REGISTER

Representative Robin Taylor
Alaska State Legislature
Pouch V
Juneau, AK 99811
Mail Stop: 2100
Telephone: (907) 465-4905
Position Statement: As sponsored of HB 201 and HB 202 he urged that it do pass.

Joe D. Camp, Deputy Commissioner
Alaska Marine Highway System
The Department of Transportation and Public Facilities
1591 Glacier Avenue
Juneau, AK 99811
Mail Stop: 2505
Telephone: (907) 465-3955
Position Statement: Provided the department's neutral stance on the bills and gave information relating to the Marine Highway System.

John Chatham
Hyder Community Association
Hyder, AK 99923-0149

Telephone: (604) 636-9148

Position Statement: Urged that HB 201 and HB 202 do pass.

Susan Fleischhauer, Legislative Liaison
The Department of Transportation and Public Facilities
3132 Channel Drive
Pouch Z
Juneau, AK 99811
Mail Stop: 2500
Telephone: (907) 465-3900
Position Statement: Observer

Don Kubley
Kubley Consultants
364 4th Street, #709
Juneau, AK 99801
Telephone: (907) 586-3611
Position Statement: Urged that HB 201 and HB 202 do pass.

Wally Kubley
Kubley Consultants
364 4th Street, #709
Juneau, AK 99801
Telephone: (907) 586-3611
Position Statement: Observer.

PREVIOUS ACTION

No previous action to record.

ACTION NARRATIVE

Tape 1

Side 1

Recording

Number 005 Chairman Cato called the meeting to order at 7:04 and noted for the record the following members present: Representative Davis, Representative Shultz, Representative Furnace, and Representative Cato. The chairman brought before the committee HB 201 and HB 202. She first asked Representative Taylor if wanted to testify, but he deferred his testimony until others had testified. Representative Cato then called Joe Camp, the Deputy Commissioner in charge of the Alaska Marine Highway System.

Number 030 Joe Camp stated his name and title for the record and then proceeded to give the department's position on HB 202. He said that the department had no position on the bill but he noted that a ferry service to Hyder would provide a connection to British Columbia, would provide increased services to Alaskans, and would increase visitor trade. He also mentioned the Southeast Transportation Plan to be released by the department in December. The plan, like an earlier one which gave its support of a ferry service to Hyder, will address this issue. He acknowledged that a

ferry service to Hyder has received considerable report, but the service was not high enough on the department's priority list during a time when the state faces limited capital funds. He said that this is a project that will be done in the future.

Number 065 Representative Cato asked Mr. Camp to comment on HB 201. Here is what was included in the department's position paper: "Docking, transfer, and terminal facilities must be provided in Hyder before such service can begin.

"Site selection, design, and construction would require 18 to 24 months; therefore, if HB 202 is passed, service could begin in the summer of 1987 at the earliest.

"A vessel could be made available to provide this service by shifting the summer season weekly port call of the M/V AURORA from Prince Rupert, B.C., to Hyder.

"The distance from Ketchikan to Hyder is 130 nautical miles, compared to a distance of 92 nautical miles between Ketchikan and Prince Rupert. This results in a one way running time from Ketchikan to Prince Rupert of six hours and thirty minutes, versus slightly more than nine hours to Hyder for the M/V AURORA."

The position paper (available from the House Transportation Committee) included a proposed schedule of ferry service to Hyder where the M/V AURORA would run from Ketchikan on Monday nights and arrive in Hyder Tuesday. It would leave Hyder on Tuesday to return to Ketchikan.

As for summer ferry service to Hyder, it would cost \$1,000 per week for one run per week from Ketchikan to Hyder for the 22 weeks from the middle of May to the middle of September.

Number 117 Representative Davis asked where the town of Hollis was. Mr. Camp told him that Hollis is on Prince of Wales Island. Representative Davis asked whether it was on the current schedule. Mr. Camp said that it was on the route which includes Ketchikan, Petersburg, and Kake. This route, he added, shall soon include Metlakatla as well. Representative Davis asked whether there were any docks in Hyder. Mr. Camp said that there were none. A ferry service could shuttle passengers to a town float, but this would not be profitable. In order to make ferry service to Hyder a "viable" operation, it would be necessary to carry automobiles.

Number 155 Representative Davis asked Mr. Camp to comment on the fiscal note for HB 201. Mr. Camp explained that \$1,000 a week would be needed to cover operating costs (which includes fuel and personnel).

Number 172 Let the record show that Representative Marrou joined the meeting.

Number 174 Representative Furnace asked about the figures on revenue receipts. Mr. Camp explained that the revenue projections of 1.2 thousand dollars for fiscal year 1987, of 2.5 thousand dollars for fiscal year 1988,

and of 2.7 thousand dollars for fiscal year 1989 were conservative estimates. The numbers are based on a certain percentage of ticket receipts.

Number 194 Representative Cato asked whether the transferring of the M/V AURORA's Tuesday service from Prince Rupert to Hyder would hurt the Prince Rupert route. Mr. Camp replied that it would not.

Number 216 Let the record show that Representative Pignalberi joined the meeting.

Number 221 Representative Cato called to the table John Chatham of Hyder and Don Kubley of Kubley Consultants. Mr. Chatham handed out pamphlets on Hyder published by the Department of Commerce's Division of Tourism. He then gave background information on Hyder, Alaska and urged the committee to pass HB 201 and HB 202. He cited reports which recommended that Hyder be included in the Alaska Marine Highway System and noted that Hyder has been trying to become part of the system since 1966.

Mr. Chatham spoke on the economic advantages for having a ferry system to Hyder. He noted that the road from Hyder offers the shortest route to the Lower 48. Furthermore, ferry service would give an economic lift to Hyder itself. The population of Hyder is 100--150 in the summer. The upgrading of Highway 37 is continuing and will offer a better route to Alaska. An economic lift is needed for the area. Nearby Stewart, British Columbia, population 900 (down from 1500), has been hurt by mine closures. The town of Hyder has 28 people unemployed.

Mr. Chatham quoted Representative Taylor as calling Hyder "Alaska's ill-gotten children." The people of Hyder call themselves, Mr. Chatham said, "bastard Canadians" for the town must send its children to schools in Canada and even its telephone area code number--604--is Canadian. He argued that a ferry service would link Hyder to the rest of Alaska (it once took Mr. Chatham thirty-two hours to travel from Hyder to Juneau) and that it would abet the weekly mail service and other services coming from Ketchikan.

Number 346 Representative Shultz conveyed his surprise that Alaskan children must go to school in Canada. Mr. Chatham replied that the people of Hyder have not asked the state for a school because they were very satisfied by the schools in Canada.

Number 375 Representative Pignalberi asked Mr. Chatham to give the population of the Hyder vicinity. Mr. Chatham said that there are 100 people living in the Salmon River Valley and 800 people living in the Bear River Valley.

Representative Pignalberi asked if there was land in Hyder owned by the Alaskan Native Corporation. Mr. Chatham replied that there was none. Representative Pignalberi thought the idea of Hyder's having a dock was a good one and he observed that if Hyder had a native population, it probably would have had ferry service years ago. He approved of the "synergetic" relationship the people of Hyder have with British Columbia and he asked whether Hyder and Stewart, British Columbia had ever joined in a combined effort to develop a joint capital improvements program plan.

Mr. Chatham responded that although Hyder and Stewart have the world's only international chamber of commerce, they have no joint plan for capital improvements.

Number 425 Don Kubley, representing the cities of Ketchikan and Metlakatla, the Haines-Gypsum company, and the Ketchikan Gateway Borough, spoke in support of HB 201 and HB 202. He argued that a ferry service to the city of Hyder would be economically viable for the town already sees 25,000 vehicles a year carrying 62,000 passengers coming in from the Canadian side. The tourists come into Hyder now. A ferry service would do nothing but increase the number coming to Alaska. He closed by thanking the committee for hearing the bills today.

Number 460 Representative Furnace asked about the border crossings between Hyder and Stewart. Mr. Chatham said that as of March 30, there will be no customs on either side of the border making Hyder, Alaska a free port.

Number 478 Representative Marrou had never been on the highway from Hyder to Seattle so he wanted to know how Hyder, which is farther north than Prince Rupert, can be closer to Seattle than Prince Rupert is. Mr. Chatham explained that because of the highways, it takes one hour less to travel from Hyder to Seattle than it takes to drive from Prince Rupert to Seattle.

Number 500 Representative Cato commented on the old highway between Prince Rupert and Prince George.

Number 505 Representative Marrou asked Mr. Camp about shifting the route from Prince Rupert to Hyder. Mr. Camp replied that Prince Rupert has been the terminus for the Alaska Marine Highway System since 1963 because of its location and its easy access by buses, airplanes, and marine vessels. This made it a better selection than Hyder when the routes were first being designed for the ferry system.

Mr. Camp wanted to point out that the ferry could serve Hyder for once a week only. Three trips a week to Hyder would hurt the service to the Prince of Wales Island. Mr. Camp also asserted that costs would be higher if there were no customs station in Hyder.

Number 552 Representative Taylor refuted Mr. Camp's claim that the lack of customs in Hyder would increase costs to the ferry system. He contended that customs would follow the establishment of a ferry terminal.

Number 566 Representative Marrou asked why HB 201 requests operating funds of \$22,000 for ferry service when HB 202, if approved, would not provide the necessary dock until the summer of 1987. Representative Taylor replied that he had sponsored HB 201 in the hope that an agreement could be made with the town of Stewart to provide passenger service at its dock. Mr. Camp said that the Stewart dock could not be used for unloading automobiles.

Number 587 Representative Cato expressed her intention to pass both bills out of committee today and noted that the funds requested in HB 201 would

not be spent until the dock was completed in 1987. It was necessary, she felt, to introduce HB 201 now in preparation for future ferry service.

Number 590 Representative Davis asked about the ferry facilities in Prince Rupert. Mr. Camp said that Alaska leases the facilities from Canada. Alaska had a 20-year lease which expired in 1982. Alaska currently has an interim 2-year lease with Canada and it is now in the process of negotiating another 20-year lease. He estimated the cost of the lease as \$73,000 a year.

Representative Davis asked if Canada was considering providing ferry service to Stewart. Mr. Chatham said that the Canadian government does not want to build a dock facility and provide a ferry service which would parallel its highway system. Representative Davis asked how long it takes to drive from Hyder to Prince Rupert. Mr. Chatham answered that it takes five hours.

Number 621 Representative Taylor testified on behalf of HB 201 and HB 202. He said that the proposed summer service to Hyder is only the "foot in the door" for the Hyder's economic potential is so strong that the potential exists for having a year-round service to Hyder. He argued that all the facilities in Prince Rupert should be in Hyder. Although the economic justification of having a ferry service to Hyder is strong, he contended that this question was never brought up for other towns which are served by the Marine Highway System.

Representative Taylor noted that approximately \$3,000,000 was spent for the Jetfoil to operate on a trial basis last year and that approximately \$1,000,000 was being spent on a SECOND dock in Skagway. If money can be spent on those projects, he asked why there could not be any money spent on a ferry service and dock for Hyder.

Tape 1
Side 2
Recording

Number 004 Representative Taylor continued his testimony on providing a ferry service to Hyder. He asked the members to not just look at what a ferry system would do for Hyder, but what it would do for all of Southeastern Alaska. He mentioned a conversation he had with Commissioner Loren Lounsbury in which the commissioner said that a ferry service to Hyder would yield the greatest return on the dollar for Alaska and that this project should have been pursued a long time ago.

Number 067 Representative Pignalberi mentioned how then-Governor Keith Miller had at one time in jest suggested ceding Southeastern Alaska to Canada and asked, also in jest, whether the state should cede Hyder to British Columbia. Representative Taylor replied that Hyder has too much potential and that a ferry system would restore the link Hyder should have with Alaska.

Number 119 Representative Davis pointed out that the Canadians have as much to gain from a ferry service as Hyder does and he wondered whether the Canadians could join in establishing a ferry service. Representative

Taylor acknowledged the short-term gains for Stewart but asserted that Hyder was the one to gain the most in the long run.

Number 155 Representative Shultz moved to pass HB 201 and HB 202 out of committee with individual recommendations. Representative Cato repeated his motion and asked whether there were any objections. Being none, so ordered. The meeting was adjourned at 7:58.

CITY OF KETCHIKAN, ALASKA

RESOLUTION NO. 85-1424

A RESOLUTION REQUESTING THE IMPLEMENTATION OF ALASKA MARINE HIGHWAY SERVICE BETWEEN KETCHIKAN AND HYDER, ALASKA AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Southeastern Alaska Transportation Plan published by the Alaska Department of Transportation in June, 1980 recommended that ferry service be introduced to Hyder in 1985, and

WHEREAS, the Governor's Alaska Marine Highway Task Force recommended in February, 1984 that ferry service would be economically viable and should be introduced between Ketchikan and Hyder in 1986, and

WHEREAS, Hyder is connected with Highway 26 via 141 miles of excellent paved highway and provides a shorter highway route to the lower 48 states than from Prince Rupert, and

WHEREAS, the Marine Highway Task Force projects that the proposed route would generate capacity passenger and vehicle loads in both directions and increase revenues, and

WHEREAS, service on this route would provide an alternate to the Prince Rupert gateway with an increase in the level of service between British Columbia and Southeastern Alaska, and

WHEREAS, the proposed service would provide a needed economic stimulus for the people of Hyder, Alaska.


NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska, as follows:

Section 1. The City of Ketchikan strongly urges the State of Alaska to implement Alaska Marine Highway service between Ketchikan and Hyder, Alaska as soon as possible.

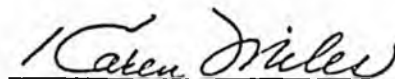
Section 2. The City Council hereby directs the City Clerk to distribute copies of this resolution to Governor Sheffield, Commissioner Knapp, Senator Ziegler, Representatives Sund and Taylor and Mr. John Chatham, President, Hyder Community Association, P.O. Box F, Hyder, Alaska 99923.

Section 3. This resolution shall become effective immediately upon passage and approval.

PASSED AND APPROVED by the Council of the City of Ketchikan, Alaska, this 21st day of February, 1985.


Charles E. Freeman, Mayor

ATTEST:


Karen Miles, City Clerk

Legislature '85

Hyder legislator crusades for dock, ferry service

by Bruce Scandling
Associated Press

Juneau — There's a tiny town about 100 miles northeast of Ketchikan that one lawmaker says gets no respect — and he's mounting a campaign to do something about it.

Hyder is the place and Rep. Robin Taylor is its proponent. "I call them the neglected people of Alaska," Taylor said of Hyder's 100-or-so residents.

Taylor on Friday introduced

measures to provide weekly ferry service to the community and set aside \$2.1 million to build a dock and terminal there.

"This has been long overdue," said Taylor, a Republican from Wrangell. "Ever since the marine highway system was established in 1963, the people have been promised they would get a ferry."

It's not just ferry service the folks in Hyder are living without. Taylor said the community

has not had a state-funded public school since 1942. Instead, Hyder children attend classes two miles away in Stewart, British Columbia.

Alaska provides few health or public safety services for Hyder, Taylor said. Hyder telephones are not hooked to exchanges in the United States and residents cannot call toll-free numbers in the U.S. because they are linked to Canadian communication systems.

"Hyder only gets a mail plane once a week," Taylor said. "And it costs them \$250 one-way to fly to Ketchikan."

However, Hyder is the terminus of a paved road that goes all the way to the Lower 48 and Taylor said ferry service would attract a constant flow of summer travelers.

It would also provide more jobs and a steadier economy for the tiny community, he said.

Joe Camp, head of the marine

highway system, said a task force appointed by Gov. Bill Sheffield has already recommended ferry service be extended to Hyder.

If the dock is built, Camp said, one weekly run to Prince Rupert, British Columbia, would likely be re-routed to Hyder.

But he said ferry service would probably be limited to summer months because of navigational hazards in the 70-mile stretch of Portland Canal that

leads to Hyder.

"There's no place to hide in there, and that's a concern," Camp said. "If a storm came up you couldn't get out of it."

Taylor said he'll push fellow lawmakers to back the ferry terminal at Hyder, even in a year of dwindling revenues when politicians are worrying if they'll have enough money to fund most state construction projects.