

SJR

209

Alaska State Legislature

Senate Transportation Committee



Sen. John B. (Jack) Coghil, Chairman
Sen. Paul Fischer, Vice-chairman
Sen. Mitch Albood
Sen. Jan Fuiks
Sen. Joe Josephson

Douch V
Juneau, Alaska 99811

M E M O R A N D U M

TO: Committee Members

FROM: Committee Staff *AL*

DATE: 1-17-85

RE: Analysis, SJR 29

Senate Joint Resolution 29 is self explanatory and stems from the desire of the cities mentioned in its title to maintain jet service through the essential air service.

Included in your packet is a copy of the resolution, and correspondence between the City of Wrangell and the U.S. Department of Transportation regarding Wrangell's reasons for requesting that the proposal to allow Convair 880 aircraft (a propeller driven aircraft) be rejected.

IDENTIFICATION	SJR 29 Relating To maintenance of essential air service to Cordova, Yakutat, Petersburg, Wrangell, and Gustafus, Alaska		DATE INTRODUCED 1/13/86
	SPONSOR(S)		RELATED BILLS PENDING
	Ziegler, Eliason, Ray		None known
INITIAL RESEARCH	INITIAL SUMMARY COMPLETED Yes	LEGAL DIVISION SUMMARY N/A	REFERRALS
	SPONSOR CONTACTED FOR BACKUP MATERIALS Yes	DEPT OF LAW SUMMARY N/A	
	AGENCY RESPONSE	FISCAL NOTE None	
		OTHER INTERESTED LEGISLATORS NOTIFIED Taylor, Eliason, Ray	
BACKGROUND RESEARCH	SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES SJR 16	OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, ETC	
	RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS Federal Highway Administration Ak Congressional delegation		
HEARING PREPARATION	CHAIRMAN BRIEFED	DATE & PLACE SET	
	STAFF MEMO TO COMMITTEE Yes	TELECONFERENCE	
	BACKGROUND MATERIAL DISTRIBUTED	PSA/PRESS RELEASE	
	LIST OF WITNESSES Sen. Ziegler	SUGGESTED AMENDMENTS/CS DRAFTED	

DON YOUNG
CONGRESSMAN FOR ALL ALASKA

WASHINGTON OFFICE
2331 PAYBURN BUILDING
TELEPHONE 202/225-5765

COMMITTEES:
INTERIOR AND INSULAR
AFFAIRS
MERCHANT MARINE AND
FISHERIES
POST OFFICE AND
CIVIL SERVICE



Congress of the United States
House of Representatives
Washington, D.C. 20515

January 24, 1986

DISTRICT OFFICES

701 C STREET, BOX 3
ANCHORAGE, ALASKA 99513
TELEPHONE 907/271-5578

BOX 10, 101 12TH AVENUE
FAIRBANKS, ALASKA 99701
TELEPHONE 907/456-0210

401 FEDERAL BUILDING
P.O. BOX 1847
JUNEAU, ALASKA 99802
TELEPHONE 907/586-7400

501 FEDERAL BUILDING
KETCHIKAN, ALASKA 99902
TELEPHONE 907/225-5580

RT. 1, BOX 1805
KENAI, ALASKA 99811

BOX 177
KODIAK, ALASKA 99815

P.O. BOX 1800
NOME, ALASKA 99762

The Honorable Jack Coghill
Chairman
Senate Transportation Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Jack:

I am writing with regard to State Senate Joint Resolution 29, which requests the U.S. Department of Transportation to continue to require jet service to the communities of Cordova, Yakutat, Petersburg, Wrangell, and Gustavus, Alaska.

In the past, Senator Stevens, Senator Murkowski and I have been successful in maintaining subsidized jet service to Southeast Alaska. However, due to the tremendous fiscal pressures caused by Gramm-Rudman the chances for maintaining this program beyond December 31, 1986, appear doubtful.

In the meantime, I will continue to consult with the Department of Transportation regarding the future of this program. Additionally, I will be available to discuss the subject with you in more detail when I travel to Juneau in February.

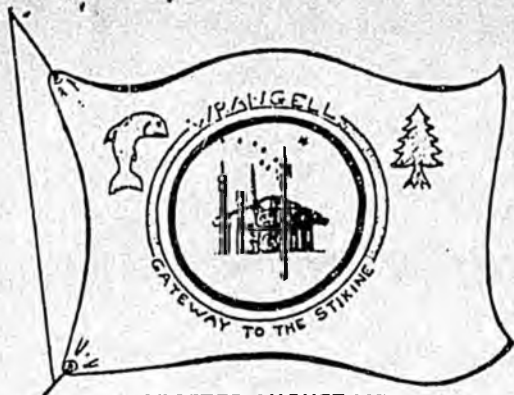
With best regards,

Sincerely,

A handwritten signature in black ink, appearing to read "Don Young".

DON YOUNG
Congressman for All Alaska

AS JACK FROM
A REPLY IN JUNEAU SEND!



ADOPTED AUGUST 1972

CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929 (907) 874-2381

July 5, 1985

Mr. John V. Coleman, Director
Office of Essential Air Service
U.S. Department of Transportation
400 Seventh Street South West
Washington, D.C. 20590

Dear Mr. Coleman:

As an addendum to the enclosed Civic Part Questionnaire, the following letter will explain in more explicit detail the importance of continued commercial jet service to the City of Wrangell.

Wrangell is a city of 2,376 people located on the northern tip of Wrangell Island in Central Southeast Alaska. There are no roads to Wrangell. It is accessible only by air or water. The entire economy of Wrangell is dependent on these two modes of transportation, relying heavily on commercial jet service, our only high speed access to the major markets of Anchorage, Juneau, and the lower 48 states. Most of the people coming to Wrangell, as a destination point, for business or pleasure, travel by commercial jet.

The majority of our fly-in tourist trade would be unable or unwilling to come here if the only means available was by light aircraft, either scheduled or charter, for a variety of reasons. Limited vacation time, cumbersome scheduling, inadequate seating and luggage space, high cost, or just plain fear of flying in a light aircraft. The loss of scheduled jet service would be devastating to the Visitor Industry of Wrangell.

The Fishing Industry relies heavily on scheduled jet service to transport their product to markets in the lower 48 states. Four of the five seafood processors located in Wrangell deal exclusively in fresh or frozen product that is shipped by air to select markets in the lower 48. Seafood is susceptible to rapid spoilage and rapid price fluctuation so it requires the speed, special handling, and reasonable freight rates that commercial jet service provides. Jet service enables our processors to ship their products and have them arrive on time, in edible condition, and at a feasible cost. Without this service, they would be severely handicapped in servicing their markets properly. They would face the distinct possibilities of customer dissatisfaction, loss of revenue, and plant closure. The resulting domino effect would cause a drastic decline in Wrangell's fishing fleet because many fishermen would be forced to move to other ports in order to sell their product and others who were unable to move could be forced out of business.

CITY OF WRANGELL, ALASKA

John V. Coleman
July 5, 1985
Page Two

Timber, our major industry, is heavily reliant on commercial jet service for delivery of replacement parts, small equipment, executive travel, and outside technical help. A situation that would be considered a minor breakdown in the lower 48 where parts are readily accessible, could cause a shutdown at the Wrangell Mill for want of a small but essential part or the expertise of a specialist, if scheduled jet service was not available.

Wrangell's entire economy evolves around the ability to provide efficient transportation for the goods, services and people that are the life blood of our community. Therefore it is essential that the federal government continues their support of commercial jet operations into Wrangell to help assure the future economic survival of our City.

Sincerely,



William B. Privett, Major
City of Wrangell, Alaska

WP:fv

cc: Congressman Donald E. Young
Senator Ted Stevens
Senator Frank Murkowski
Governor Bill Sheffield
Commissioner Loren Lounsbury
Commissioner Richard Knapp

Enc.



ADOPTED AUGUST 1972

CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929 (907) 874-2381

November 14, 1985

Senator Robert Ziegler
307 Bawden
Ketchikan, Alaska 99901

Dear Senator Ziegler:

Enclosed is a copy of Mayor Privett's letter to Mr. William C. Boyd, with accompanying pertinent correspondence.

We ask your continued support in our efforts to maintain our present level of commercial jet service. We are just now getting back to square one after the 1982-83 mill and cannery closures. If we are denied this vital transportation link to our markets, it will cause irreparable damage to our two major employers and the consequent loss of jobs would severely impact our economic base.

Sincerely,

Jim Gove
Economic Development Director

JG:cd

Enclosure



U.S. Department of
Transportation

Office of the Secretary
of Transportation

400 Seventh St., S.W.
Washington, D.C. 20590

October 29, 1985

Honorable William Privette
Mayor
P. O. Box 531
Wrangell, Alaska 99929

1 1985
CITY OF WRANGELL
ALASKA

Dear Mayor Privette:

By Order 85-5-89, the Department of Transportation requested carriers interested in providing essential air service to Cordova, Yakutat, Petersburg, Wrangell and Gustavus, Alaska, to file service proposals, with subsidy requests if necessary. The Department's request was prompted by the impending end of Alaska Airlines' rate term for serving these communities on September 30, 1985.

Essential air service for each point, as established by Civil Aeronautics Board Order 80-1-167, requires seven round trips per week with large aircraft (over 60 seats). Off-peak season service at Gustavus requires only two round trips per week with small aircraft (up to 10 seats). The designated hubs for essential air service are as follows:

<u>Eligible Point</u>	<u>Designated Hub</u>
Cordova	Anchorage
Yakutat	Anchorage or Juneau
Petersburg	Juneau or Ketchikan
Wrangell	Juneau or Ketchikan
Gustavus	Juneau

Order 80-1-167 stated that although a certain size of aircraft was indicated in the essential air service determinations for points in Alaska, the Board would be willing to rely on operations with different size aircraft to meet the essential air service requirements provided that the number of frequencies were adjusted accordingly to provide sufficient capacity.

With respect to Cordova, Petersburg, Wrangell, Yakutat and Gustavus, however, Congress has directed us to rely only on large aircraft to meet the essential air service requirements unless the state agrees to service with smaller aircraft. This Congressional requirement is effective through December 31, 1986. In view of this requirement, we requested proposals for the period October 1, 1985, through December 31, 1986.

We are writing to the State and the civic officials of each of these communities to advise them of the status of the case at this time and to request their positions and comments on certain issues, as discussed below.

We received proposals to serve all five communities from Alaska Airlines and SEAIR Alaska Airlines. Alaska Airlines proposes to continue to provide its existing service pattern with B-737 and B-727 aircraft. SEAIR proposes to provide service with Convair 580 aircraft, which would require the agreement by the State in order for us to consider it. SEAIR filed two proposals. The first proposal involves one daily round trip operated over a linear route, Anchorage-Cordova-Yakutat-Juneau-Petersburg-Wrangell and return. The carrier requests an annual subsidy of \$577,620 for this proposal. SEAIR's second proposal involves turnaround service between Anchorage and Cordova; Juneau and Yakutat and Juneau and Petersburg/Wrangell. SEAIR requests an annual subsidy of \$437,902 for this proposal. SEAIR's proposals do not indicate specific schedules for Gustavus. However, the carrier has indicated that it intends to serve the point.

SEAIR has indicated that it does not want to hold a rate conference unless the State agrees to considering service with the Convair aircraft. As a first issue, therefore, we have requested the State's position on whether or not we should consider proposals with this equipment. If the State agrees to consider SEAIR's service proposal, we would hold a rate conference with the carrier.

We have concluded a rate conference with Alaska Airlines for its proposal, and the carrier has agreed to provide the service outlined in its proposal through December 31, 1986, for an annualized subsidy rate of \$1,973,000.

In the event that the State does not agree to consider SEAIR's proposal, we would appreciate receiving your comments on Alaska Airlines' proposal and subsidy request for our consideration in making a decision in the case. Upon receipt of your comments, we plan to submit a recommendation to the Assistant Secretary on Alaska Airlines' proposal and subsidy request.

If the State agrees to considering SEAIR's proposal, we would hold a rate conference with SEAIR and afford Alaska Airlines an opportunity to amend its subsidy request. Following the completion of those procedures, we would advise you of the final service and subsidy requests and ask for your comment on the final proposals.

In order to complete this case as expeditiously as possible, we would appreciate receiving your response by November 15, 1985. An original and five copies of your response should be sent to William C. Boyd, Chief, Service Analysis Division I, S-63, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590. A copy of your comments should also be sent to each carrier. If you have any questions, please contact Bernard Calure of my staff at (202) 426-9813 or Dick Steinman of our Alaska field office at (907) 271-5146.

Sincerely,

William C. Boyd
William C. Boyd, Chief
Service Analysis Division I
Office of Essential Air Service



ADOPTED AUGUST 1972

CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929 (907) 874-2381

November 13, 1985

Mr. William C. Boyd, Chief
Service Analysis Division I, S-63
United States Department of Transportation
400 Seventh Street South West
Washington, D.C. 20590

Dear Mr. Boyd:

In response to yours of October 29, 1985, requesting our position regarding the proposal from SEAIR Alaska Airlines, I am enclosing a copy of my original letter to Mr. John V. Coleman of your office. The letter, dated July 5, 1985, clearly outlines our position on the essential air service issue. All of the parties listed as receiving copies of the original letter have gone on record as supporting our position.

In your current correspondence you indicate that SEAIR proposes service with Convair 580 aircraft for daily round trip service from Anchorage to Wrangell and points in between. SEAIR's proposal, as outlined in your letter, gives me cause for great concern for a number of reasons.

There is no mention of service south to Seattle via Ketchikan or to other points in the lower 48. The Convair 580 has marginal passenger capacity for our peak seasons and would be totally inadequate to meet the freight demands of Wrangell, let alone the additional demands of cities to our north. This past year we shipped 600,000 pounds of seafood to markets in the lower 48 states plus an additional 200,000 pounds of miscellaneous freight and mail for a total of 800,000 pounds. An increase of approximately 375,000 pounds in a two year period. Wrangell Forest Products, our major employer, is dependent on commercial jet service to and from the lower 48 for parts, technical personnel and Pacific Rim customers. Eight thousand passengers arrived from the south in 1985, the majority of which were tourists.

Our economic survival hinges on adequate air service. If we are unable to properly serve our timber, fishing, and tourism industries,

CITY OF WRANGELL, ALASKA

Mr. William C. Boyd, Chief
November 13, 1985
Page Two

it will cause an economic catastrophe. Please consider these points carefully during your negotiations.

Sincerely,



William B. Privett
Mayor

WBP:fv

Enc.

cc: Congressman Donald E. Young
Senator Ted Stevens
Senator Frank Murkowski
Governor Bill Sheffield
Commissioner Loren Lounsbury
SEAIR Alaska Airlines
Alaska Airlines