

HCR

8

Alaska State Legislature

House of Representatives

Committee on Transportation



Rep. Bette Cato, Chairman

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

April 24, 1987

COMMITTEE CALENDAR:

HB 256: "An Act relating to driving motor vehicles in the vicinity of the James Dalton Highway; providing penalties for violations of motor vehicle laws; and providing for an effective date."

HCR 8: Relating to levels of service by the Alaska Marine Highway System.

FOR THIS MEETING YOU HAVE:

A folder on HB 256 that includes:

- * a copy of HB 256
- * a fiscal note from the Governor's Office
- * a fiscal note and position paper from the Department of Public Safety
- * a letter from the Governor
- * a copy of the statutes impacted by HB 256

A folder on HCR 8 that includes:

- * copy of HCR 8
- * fiscal note from DOT/PF
- * correspondences of support
- * a report on the Alaska Marine Highway System commissioned by the Southeast Conference

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version : SCR 9
Publish Date : _____

REQUEST: _____

Revision Date: _____
Title: "Relating to levels of service
by the Alaska Marine Highway System."
Sponsor: Jones et al
Requestor: Jones

Agency Affected: DOT/PF - AMHS
BRU: Marine Operations
Components: Southeast and Southwest
Vessel Operations and Overhaul

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		6,500.0	6,500.0	6,500.0	6,500.0	6,500.0
TRAVEL		100.0	100.0	100.0	100.0	100.0
CONTRACTUAL		1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
SUPPLIES		2,380.0	2,380.0	2,380.0	2,380.0	2,380.0
EQUIPMENT		20.0	20.0	20.0	20.0	20.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		10,000.0	10,000.0	10,000.0	10,000.0	10,000.0

CAPITAL						
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REVENUE		4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND		10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
FEDERAL FUNDS						
OTHER						
TOTAL		10,000.0	10,000.0	10,000.0	10,000.0	10,000.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: George Davidson
Division: Alaska Marine Highway System

Phone: 465-3950
Date: 2/17/87

Approved by Commissioner: [Signature]
Agency: _____

Date: 2/17/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

MAA

In assuming the service level of the Alaska Marine Highway System to be comparable to other interstate highways in the state, it is defined to be the level of service authorized for FY 87. Therefore, the required funding represents the dollar amount of decrements included in the Governor's FY 88 Operating Budget.

The service to be restored is as follows:

1. The M/V MALASPINA will not be in unmanned lay-up for four months.
2. The M/V TAKU will not be in unmanned lay-up for six months.
3. Winter mainline service to both Seattle and Prince Rupert, B.C. would be maintained. However, the M/V COLUMBIA will continue with winter unmanned lay-up as in FY 86 and FY 87 and one mainliner will be placed in a reduced operating status for a two-month period as in FY 87.
4. The M/V AURORA will not be placed in unmanned lay-up and the normal feeder schedule will be maintained. With the continued availability of the M/V AURORA, the M/V CHILKAT will be on-line during a four-month period only as originally planned.
5. The M/V BARTLETT will not be placed in unmanned lay-up for six months and normal service to Cordova will be maintained.

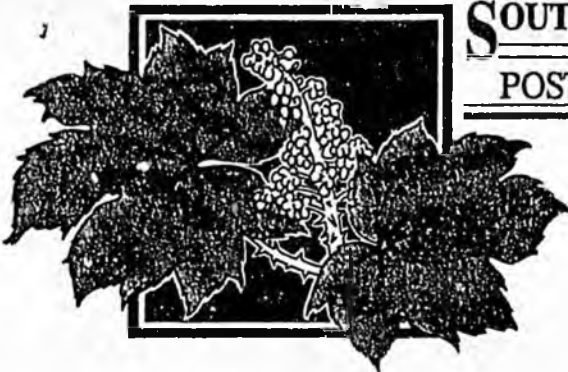
1,034 staff months would be restored, affecting 241 people on all ships.

Special notes:

1. Inflationary cost increases have not been included for FY 89 and beyond. Therefore, it is anticipated that, as a result, by FY 92 there would again be a significantly diminished level of service.
2. If service levels are compared to other interstate highway reductions as reduced in the FY 87 Revised Budget, both service levels and costs could be lowered.

Revenue Considerations:

Revenue to be generated as a result of restored ship operations is estimated at \$4,000.0, which means that the net subsidy cost to the State would be \$6,000.0.



SOUTHEAST ALASKA REGIONAL HEALTH CORPORATION
POST OFFICE BOX 2800 • JUNEAU, ALASKA 99803 • (907) 789-2131

EXECUTIVE OFFICES

[APR 14 1987]

April 7, 1987

Lloyd Jones
P.O. Box V
Juneau, Alaska 99811

Dear Senator Jones:

The Southeast Alaska Regional Health Corporation feels a reduction in ferry service between the villages and cities of Southeast Alaska will result in a deterioration of health services for the people of the Southeast region.

Please allow me to outline some of the problems which the village people will face if the severe cuts in ferry service are put into effect:

1. MANY PEOPLE USE THE FERRY SYSTEM TO OBTAIN MEDICAL AND DENTAL SERVICES WHICH ARE NOT AVAILABLE IN THEIR COMMUNITIES. If people are forced to turn to air transportation to obtain these services, medical and dental care will be delayed or not obtained at all. We feel we should be encouraging people to obtain early intervention before the course of a disease or medical problem has reached advanced stages where drastic measures are required.
2. REDUCTIONS IN THE "ONE DAY TURNAROUND" FERRY SERVICE TO SITKA WILL CAUSE SEVERE PROBLEMS FOR MANY VILLAGE PEOPLE. We have arranged for Mt. Edgecumbe Hospital physicians to conduct full clinics on Saturdays. These clinics are available for village people who need to be seen at the clinic and return to their homes the same evening. Many people use this service to not only receive acute medical care not otherwise available in their village but also to obtain preventive health services such as immunizations or infant check-ups. With the recent reductions in state public health nursing staffing, preventive health measures are even less available in the villages.
3. FOR SOME CONDITIONS OUR PHYSICIANS ARE RELUCTANT TO ALLOW THEIR PATIENTS TO FLY IN AIRPLANES AFTER SURGERY. This is sometimes the case where a youthful patient has had ear surgery and the surgeon does not want to subject the patient to air pressure situations often found on airplanes. This is especially true when repairs have been made to ear drums. Cutbacks in service will cause major delays in patients returning to their homes.

April 7, 1987

Page 2

4. WE HAVE BEEN TRYING TO ENCOURAGE PRENATAL PATIENTS TO VISIT THEIR DOCTOR SEVERAL TIMES DURING THEIR PERIOD OF PREGNANCY. If these women need to fly to Sitka to obtain these examinations, many women will postpone or eliminate these visits all together. We feel that pregnancy problems need to be detected early and followed regularly to avoid (as much as possible) the need for heroic evacuations of pregnant women from their villages to nearby hospitals.

We hope that these remarks will assist you in your discussions about the need to continue to provide a high level of ferry service throughout the Alaska Panhandle.

Thank you for this opportunity to provide this perspective on health services in Southeast Alaska.

Sincerely,



Niles C. Cesar

Executive Vice President

cc: Tim Smith
Bonnie Dune
Mayor Dan Keck
David Knapp

Alaska State Chamber of Commerce

Resolution Supporting the Alaska Marine Highway System

Whereas the Alaska Marine Highway System (AMHS) is the primary mode of transportation available for many Alaskan Communities; and

Whereas the AMHS is the primary and in some cases the sole mode of transportation available to some Southeastern Alaskan communities; and

Whereas the AMHS plays a critical role in Alaskan commerce while providing full time employment for thousands of state residents.

Whereas the AMHS interstate passengers are major contributors to the state's economy and tourism activities; and

Whereas approximately 40 percent of AMHS passengers traveling between Seattle and Haines are destined for South Central and Interior regions of Alaska; and

Whereas, the proposed reductions in the AMHS winter schedule will severely impact communities that depend on a reliable and continuous transportation system for essential goods and services.

Be it resolved that, The Alaska State Chamber of Commerce respectfully urges Governor Cowper and the Fifteenth Alaska Legislature to maintain the ~~current operations~~ of the Alaska Marine Highway System, as it is a critical element of Alaska's economy.

~~Frequency of Service~~
Frequency of Service

1987

ALASKA TRUCKING ASSOCIATION POSITION PAPER

"ALASKA MARINE HIGHWAY SYSTEM"

WHEREAS the Alaska Marine Highway System is a public utility charged with the task of providing transportation between points where there is public need which cannot be fulfilled by the use of highways or by private enterprise on a sound economic basis. The system must have the flexibility to operate in the best interest of the traveling public and citizens of Alaska.

WHEREAS the coastal communities of Alaska are heavily dependant on the Alaska Marine Highway System service for their economic well being;

WHEREAS revenue generated on the Price Rupert route and the Seattle route is equal to an average of 90% of the expenses on these two mainline routes;

WHEREAS the level of service furnished to th population of Southeast Alaska by the trucking industry is totally dependent upon the frequency of service of the Alaska Marine Highway System;

WHEREAS truck service is valuable to the public because it offers transportation of cargo more frequently and in a shorter time frame than barge service which is available only once a week in Southeast Alaska;

WHEREAS time frame becomes critical in the movement of items such as perishables, break-down repair parts, mail, etc.;

WHEREAS the mainline routes were designed to serve the largest majority of the population in Southeast Alaska;

WHEREAS the present 7 month schedule already represents more than a 50% reduction over the present 5 month summer schedule;

BE IT RESOLVED that the Alaska Trucking Association supports maintaining the present frequency of service level of the Alaska Marine Highway System.

LYNDEN INCORPORATED

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SOUTHEAST CONFERENCE



**ALASKA
MARINE HIGHWAY
SYSTEM**

THE COMMUNITY PERSPECTIVE

"Working For All Alaska"

ALASKA MARINE HIGHWAY SYSTEM:
THE COMMUNITY PERSPECTIVE

A report regarding the importance of the Alaska Marine Highway System; containing community perspectives; recommendations for the fiscal year 1988 budget; and suggestions for improvements and efficiencies for the future.

Commissioned by the Southeast Conference

Prepared By
Ayers and Associates
April 1987

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I.

INTRODUCTION

INTRODUCTION

This report was commissioned by the Southeast Conference to provide a basic understanding of the importance of the Alaska Marine Highway System to the people of Alaska. The Southeast Conference is an organization of municipalities, chambers of commerce, groups and individuals representing the common interests of citizens, and businesses of Southeast Alaska. This year, the Conference is working on a variety of issues. They include economic development, educational services, fishing and timber enterprises, and transportation.

The general goal of the Conference is to represent the interests of the 70,000 people of Southeast Alaska on those issues where there is common accord and which significantly affect the economic well being of the entire region as well as the state.

While the Southeast Conference is working on a variety of issues, it has focused on the Alaska Marine Highway System as its top priority. This is because the economic stability and way of life of the entire region is so closely linked to the service level of the ferry system. At the time of its genesis in 1956, the establishment of the ferry system was the exclusive goal of the Southeast Conference, and the Conference does credit itself to a large degree for the birth of the ferry system in Southeast.

Now, more than twenty years have elapsed since the Malaspina, the Matanuska and the Taku were commissioned in the spring of 1963. During the past twenty-four years,

the ferry system has served the people of Southeast quite well. Sometimes, especially during recent prosperity, it was even taken for granted. But as times have changed from fat to lean, its budget attracts attention. As the ferry system is subjected to budgetary scrutiny, its crucial importance to the economy and way of life of all of Southeast and other regions is something which we implore be kept in mind. Accordingly, this report is intended to provide a basic understanding of the importance of the ferry system to Southeast and indeed to the entire state. To accomplish this, much of the report focuses on the roots of importance of the ferries in ways that are specific to each community. This perspective is developed to reveal the statewide dangers in dismantling such a broad foundation. In order to discover the particular importance of the ferries in each community, surveys and observations were conducted in each of them and inquiries made of local citizens and business people.

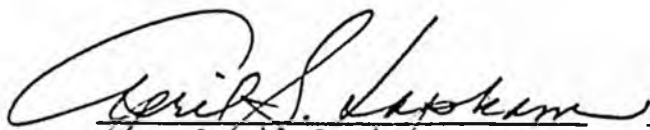
There have been many studies of the ferry system in the past, and there are volumes of reports, but it appears that none of these focuses attention on the critical importance of the evolved system to the communities themselves and ultimately the state.

At the same time as inquiry was made of the ways in which the system is important to each community, inquiry was also made about how the system might be improved and how it should be managed in light of the states' present revenue deficiencies. Thus, one section of the report is devoted

strictly to a set of recommendations and findings. Most of the recommendations merely reflect the views of the citizens of Southeast Alaska. Some, however, have been framed by the authors of this report as a result of their study efforts.

The Southeast Conference is well aware of the fact that the ferry system in Southeast is less than the whole; that the Southwest ferry system is also important. But for purposes of this report, and due to cost and urgency we were only able to focus on the Southeast System as representative of the state's economy as a whole.

The Conference is pleased to offer this report of important aspects of the ferry system which we submit respectfully as assistance to the Legislature and the Governor in their deliberations, and to the people of Alaska who we pray will continue to benefit from our endeavors. Further, we stand ready to serve on any taskforce, advisory board or commission which may be established to help improve the Alaska Marine Highway System.



April Lapham
1st Vice President of
the Southeast Conference,
Mayor of the City of Haines



Ernest E. Polley
President of the Southeast Conference
Mayor of the City & Borough of Juneau

II.

OVERVIEW

ALASKA MARINE HIGHWAY SYSTEM

SOUTHEAST ALASKA

OVERVIEW
ALASKA MARINE HIGHWAY SYSTEM
SOUTHEAST ALASKA

1988 marks the 25th year of service for the Alaska Marine Highway System (AMHS). While service began in 1963, the real origin of the system was a study by the W.C. Gilman Company of New York, commissioned by the U.S. Department of Commerce in 1958. The resulting report proposed the creation of a new and totally unique solution to the transportation needs of Southeast Alaska - a ferry system capable of carrying the same load that one would find on a normal stretch of asphalt highway connecting Southeast communities, if such a highway were feasible. Thus, through the sale of revenue bonds, the AMHS was born. For the first five years, the AMHS completely funded its operation out of receipts. In 1970, the State convinced the federal government that the system was indeed a "Marine Highway," and as such, began receiving federal maintenance funds on the basis of a determination that the AMHS was, by definition, a bridge 500 miles long.

Today the AMHS for Southeast Alaska is a system of seven vessels serving 18 communities in the Alexander Archipelago. The vessels consist of four "mainline" ferrys, and three vessels which serve what the managers of the system term a secondary system. The mainline vessels, consisting of the Motor Vessels Columbia, Malaspina, Matanuska, and Taku connect the large communities of southeast Alaska with each other and Prince Rupert, British Columbia and Seattle, Washington. The three smaller vessels consisting of the Motor Vessels Le Conte, Aurora, and Chilkat connect the smaller communities of southeast to each other and to the larger communities. The communities served by the mainline vessels are:

Ketchikan
Wrangell
Petersburg
Sitka
Juneau
Haines
Skagway

The communities constituting the "secondary system" are:

Metlakatla
Hollis (Hollis is the terminal for four
Prince of Wales Island communi-
ties: Craig, Klawock, Hydaburg,
Thorne Bay)
Hyder
Kake
Angoon
Tenakee Springs
Hoonah
Pelican

The largest vessel in the Southeast System is the M/V Columbia. It is 418 feet long, carries 1000 passengers and 180 vehicles. The M/V Matanuska and M/V Malaspina are the same size. Each is 408 feet long with a passenger capacity of 750 and a vehicle capacity of 120. The M/V Taku is 352 feet long with a passenger capacity of 500 and a vehicle capacity of 105. The M/V Le Conte and M/V Aurora are sister ships. They have identical capacities of 250 passengers and 47 vehicles. The M/V Chilkat, a smaller, aging vessel has a capacity of 75 passengers and 15 vehicles.

During the summer, the Columbia and the Matanuska are on the Seattle run, completing one round trip each week. During the winter period, from October 1 through April 30, there is only one vessel used on the Seattle run, usually either the Matanuska or the Malaspina. The Columbia is usually laid up for most of the winter due to its high operating cost. The Malaspina and the Taku operate between Prince Rupert and Skagway during the summer, completing the round trip in four days if Sitka is served once on each trip and three days if Sitka is not served. Typically each vessel stops at Sitka once each week. During much of the winter only one vessel is used on this route, due to lower traffic.

The Le Conte and Aurora serve the southeast secondary route, supplemented by the Chilkat. The Le Conte serves the northern panhandle and the Aurora serves the southern panhandle. During the summer, the Le Conte operates between Juneau, Sitka, and Petersburg, with stops at Hoonah, Tenakee Springs, Angoon, and Kake. The Le Conte is routed north to Haines and Skagway once or twice each week. The Aurora operates nearly every day between Ketchikan and Hollis, and during the summer, south to Hyder once each week. In October, 1986 the Aurora began serving Metlakatla as well. The Aurora is also used between Prince Rupert and Ketchikan once or twice each week. These vessels serve the same routes during the winter period, but on a reduced basis.

The Chilkat is used between Ketchikan, Hollis, and Metlakatla. The Chilkat makes two round trips on four days of each week during the summer. The ferry system states in its Draft System Plan dated November 1986 that the Chilkat will be retired soon.

In 1985 the Southeast System carried a total of 313,071 passengers. Of these, 235,850 passengers (75.3%) traveled between mainline ports. Tourist traffic is very heavy in the summer months. During July of 1982, a survey showed that approximately 80% of its mainline passengers live outside of Alaska. Of the remaining 20%, 12% were from S.E. Alaska and the remaining 8% were from other parts of the state. As of the time of the preparation of this report, traffic volume figures for 1986 were unavailable.

During 1985 the Southeast system carried a total of 79,780 vehicles. The largest percentage of these vehicles (17.6%) disembarked at Juneau. Of course, many of the vehicles travelling on the ferry system embarked and disembarked more than once as part of a single trip. 15.6% disembarked at Haines. 8% disembarked at Skagway.

The Alaska Marine Highway System, in its twenty-fifth year, is one of Alaska's success stories. We have in the Southeast AMHS a billion dollar infrastructure that is functioning remarkably well, considering the lack of attention it has had for fifteen years.

EXECUTIVE SUMMARY

This report describes the importance of the Alaska Marine Highway System (AMHS) from the community perspective. It has been developed to show how the economy and way of life of the people in Southeast Alaska has evolved in concert with the ferry system. It points out that budget and other decisions regarding the AMHS should take into consideration the importance of the ferry system in other than strictly economic terms; most particularly the sense of real security, reliability, and the affordable transportation which it offers to the traveling public. It explains the reality that dismantling this billion dollar infrastructure would be a severe blow not only to Southeast Alaska but to the entire state. The report shows how the ferry system is so interwoven in the economic fabric and well-being of Alaska that it deserves a fresh look; a commitment to efficient management and direction through prudent budget decisions. Further, it offers specific recommendations and findings to improve the system.

The ferry system is a vital component of the economy of Southeast Alaska. Therefore, any decision that may result in a general service reduction should be approached with great caution. It is an unfortunate reflection of our government that the rationale to reduce service seems based on the assumption that communities must suffer before management can become effective or labor brought to the table as a full partner in resolving the problems. As a matter of fact,

in most cases it costs at least 50% of vessel expense to lay-up. For example, the Bartlett cost 90% of operating expense to be put into lay-up. Therefore, it needs to generate only 10% of costs in revenue to be more cost effective to operate.

As this study began, the focus of the effort was that of discovering the relative ways in which the AMHS is important to each respective community served by the system. The inter-relationships developed with the rest of the State as a result of the ferry system were also explored. It was learned that not only is the system important in a general way for transportation of people, vehicles, and goods, but in particular ways. That is, a particular major component of a local economy has often developed with the ferry service, and vice versa.

The major component in some communities may be a single business, such as the case with the Hoonah Cold Storage. Hoonah Cold Storage depends on the ferry to ship out 100% of its fish products. This was almost two million pounds of salmon in 1986, and the business expects a 30% increase this year. In Sitka, a winter 'turnaround' run is the primary boost to the retail trade. It is an economic convenience, as well as being key to the delivery of important human services, for those who do not live in Sitka. The economy of the City of Skagway in recent years has become almost entirely based on tourism. Of course, the ferry system plays a very important role in bringing tourists to Skagway. The

AMHS brought 36,000 visitors to Skagway in 1986. Ketchikan faces a double-edged sword when the State considers reductions in ferry service. The mainline runs are extremely important because of the tourist trade, export of fisheries products, and the import of goods and supplies to furnish the area's retail demands. But the feeder ferries are critical for retail and commercial trade, fish transport, and winter economic activity. The economies of the people of Ketchikan would be severely impacted by a reduction in either mainline or feeder ferry service. There is one community, however, which appears to have an even deeper dependence on the ferry system: the City of Haines. There are so many business functions in Haines which have evolved with, and depend upon the ferries, it clearly would suffer the most immediate and significant effects of reductions in service. Haines is still the main embarkation and disembarkation point for people and goods destined for the interior or travelling south from the interior. Without the ferry system, Haines would simply be a place at the end of a very long spur road. These are but a few examples of the community perspectives of the AMHS. The more enlightening and detailed reports are found in the Community Section. Reading that section is imperative in understanding the AMHS's relationship to developing economies. The particular ways the communities have used the ferries to develop and stabilize the economy of Southeast must be recognized.

Of course, the communities served by the ferry system are dependent on it in numerous general ways. These include the delivery of food, particularly fresh produce and dairy products; mail delivery; school travel; tourist travel; and the transportation of vehicles, equipment and general freight. In some cases, practically 100% of the fresh produce is delivered by ferry. In addition, all second and third class mail and surface parcel post from the lower 48 travels by ferry. The mail is ferried to Haines, Skagway, Petersburg, Wrangell, Sitka, Ketchikan, and Juneau, then shuttled to smaller communities.

During the school year, all school districts make use of the ferry system for student travel to a remarkable degree. Petersburg, Juneau, Wrangell, and Ketchikan report that a student group (averaging 30 students) from their high schools is going somewhere on the ferry system virtually every week of the school year. For purposes of school travel, both safety and cost considerations combine so that schools schedule events around the ferry schedule. And as funding for education decreases, the cost of flying is not a reasonable alternative for student travel.

The AMHS is also important to the health, welfare and safety of Southeast residents. Residents of the smaller communities depend on the system for transportation to larger communities to meet shopping, business, medical, and recreational needs. The selection of goods and services is extremely

limited in some small communities, making travel to larger communities a necessity. Thirteen of the nineteen SE communities we surveyed have no resident doctor; fourteen have no hospital. Travel by ferry to the larger communities is often the preferred mode of transportation, due to its safety, dependability, and people's fear of flying. The senior citizens of Southeast rely on the ferry system to a great degree, perhaps more than others. For them the ferries are safer, more accessible, and more dependable; as well as providing a far less costly means of transportation.

It is safe to say that almost all Southeast communities served by the AMHS are positively affected by the ferry transport of tourists into their community. Communities as small as Pelican notice an increase in business brought about by the arrival of a ferry. The Southeast communities, through the Southeast Alaska Marketing Council (SAMC), have been doing a great deal to encourage use of the AMHS. They have invested \$400,000. in advertising to encourage the 'independent traveler' to visit SE Alaska. To date they have received 12,000 responses to their ads; 57% of these were interested in ferry travel as their means of transport. The SAMC supplies travel information to the respondents based on their interest.

The degree of general dependence on the ferry system by the various communities appears to rise in inverse proportion to the size of the community. The smaller the community, the more dependent it is likely to be on the ferry system for its

transportation needs. However, a reduction in service would adversely impact elements of all local economies.

In addition to the individual and general ways in which the various Southeast communities are dependent on the ferries, the system is an important source of jobs. The system employs approximately 900 people and there are more than 5,000 other people that depend on the system for their jobs. Table 5 which is appended to this report details the number of people directly employed by the AMHS in each community. Ketchikan is home for the largest number of employees of the ferry system: 294 employees.

It is also important to note that the system is not only important to the economy of Southeast, but to the state's overall economy - more important than is generally thought. In all, the Southeast system carried 313,071 passengers during 1985, the latest year for which figures are available. That same year the system transported 79,780 vehicles. The "Alaska Tourism Handbook," published by the Division of Tourism reveals that 60% of the summer travelers on the ferry system visit Anchorage and 59% visit Fairbanks. In addition, 40% of all winter traffic on the Southeast ferries is headed for the interior. Each year the AMHS carries thousands of tons of freight and millions of dollars of visitor revenues to the northern regions of the state. Each week semi-vans loaded with goods and supplies head for interior Alaska. Even more vans flow from the rest of the state, especially Anchorage to

points in Southeast.

The efforts of this study as indicated, included inquiring of local citizens and business people about how they are affected by the ferry system. But it also elicited opinions of how the AMHS could be more efficient. There was a remarkable consensus about whether budget reductions should automatically result in a commensurate reduction in service. Most people believe that large savings could be achieved by better management, privatization or cost reductions in areas such as marketing and food service, and a very close and serious scrutiny of current labor agreements in cooperation with the unions themselves. Some also expressed opinions that procurement of supplies and fuel throughout the system could be done much more efficiently.

It is apparent that any significant progress in these areas will take time. The answer lies in effective management and sufficient time to implement strategies. Therefore, it appears that for the present, the best that can be done is to begin to direct the system toward attainable goals with clearly defined strategies, some of which are offered in the Recommendations and Findings section of this report. In the short term, the system should maintain the current level of service with an authorization of 62.6 million for FY 88. In the long term, a work plan should be developed that sets objectives and milestones that cut costs and increase revenues. However, one of the most important recommendations must be

mentioned here, namely that of establishing an advisory board or task force of professionals, users and legislators to advise the Legislature, Governor, and managers of the AMHS on various aspects of operating the system. This system is in many ways an anomaly to normal government processes; it demands separate unique attention.

The AMHS is such a pervasive part of both the economy and way of life for the 70,000 people of Southeast that the proposed, but unnecessary reduction in service could severely cripple the communities of Southeast. The impact of any significant service reduction would also affect the economy of the rest of Alaska, further exacerbating the state's current economic and social situation.

This community perspective is hopefully the beginning of a fresh look at maintaining our AMHS System with reasonable approaches that go beyond the simplistic, devastating proposal to reduce service. This report provides an interesting review of the AMHS, and proposes a direction of effective management and prudent decisions henceforth. It is intended as a symbol of the efforts of the Southeast Conference to work hard in a cooperative spirit with the AMHS, for all Alaskans.

III.

EXECUTIVE SUMMARY

IV.

THE COMMUNITIES' PERSPECTIVE

KETCHIKAN

Ketchikan is the second largest community in Southeast Alaska, with 14,300 residents. It is situated on the southwest side of Revillagigedo Island. Ketchikan's economy is based primarily on fishing, lumber products, and tourism. As the southern-most Alaska municipality on the ferry system's mainline, it relates closely to Seattle and the coastal communities of British Columbia. As the first Alaska stop not only for the mainline ferry, but for barge, jet, and cruiseship traffic as well, Ketchikan has developed a thriving "micro-economy" servicing those transportation systems. In the past month of March, a major vessel maintenance and dry-dock facility has begun operation, and has already performed maintenance on the AMHS vessels Bartlett and Matanuska. The facility is owned by the state but privately operated by Ketchikan Welding Works.

In its position as the first Alaska stop for both passenger and freight service from the South, Ketchikan has become a strong regional retail center, drawing from an area population of nearly 25,000 in an area generally referred to as Southern Southeast. Because of this position, both mainline and feeder ferries are extremely important to the community. In terms of ferry traffic, Ketchikan is the second busiest port in Southeast. In 1985 51,250 passengers embarked and 50,913 passengers disembarked in Ketchikan; 13,821 vehicles embarked and 13,965 vehicles disembarked. The mainline runs from Seattle and Prince Rupert in the south, to Haines, Sitka, and Juneau in the north providing a steady, dependable system for the delivery of freight, dry goods and produce, as well as tourists and vehicular traffic. The feeder ferries running between Southeast communities provide Ketchikan with the consumers for those products, both from an "import" and "export" perspective. In the sections of this report on Metlakatla and Prince of Wales Island, we discuss the import to the outlying communities of maintaining maximum possible service to Ketchikan. But Ketchikan's health and welfare is also very much dependent on the same service. The retail economy of Ketchikan has grown to the service demands of 25,000 - 30,000 year-round consumers, nearly half of whom depend upon the AMHS for access. A decrease in service of the feeder system would indeed have a dramatic affect on Ketchikan's private sector, which has invested heavily, and confidentially in their regional responsibilities.

A study conducted by the Ketchikan Gateway Borough of economic indicators showed that while Ketchikan's tourists are extremely important to the local economy, almost 95% of sales are by area residents, and over 20% of those are by

residents of outlying island communities. The study also found that the average tourist spends \$28 per day in Ketchikan. The average ferry passenger, on the other hand, spends \$55. Reductions of ferry service over the past winter between Ketchikan, Metlakatla, and Hollis have already resulted in a drop in retail sales. Several businesses have responded by conducting "road trips", taking limited inventories out to the islands for "trade shows". The result is some compensation to the island consumer for the lost accessibility to goods, but their purchases are from considerably less selection, and at a higher price.

The mainline ferry is extremely important to Ketchikan's regional responsibilities, especially as it relates to fresh meats, produce, and dairy products. A reduction in service between Ketchikan and Seattle could have a dramatic affect on the quality of those products; a level of quality that all of Southeast has come to expect. By utilizing the ferry system rather than barge service, three days are saved in transit. Fresh pork and chicken are especially volatile products, and a reduction in service could affect their availability. A reduction in mainline service that would force milk to be barged would, at present costs result in a 14% increase in price to the consumer due to decreased shelf life. Such a scenario could also result in an inability to get fresh dairy products to some villages, camps and communities in a reasonable time and in reasonable condition.

The timber industry in Ketchikan also utilizes the ferry system extensively for supplies and freight, but not for shipping product. Ten per cent of their incoming freight arrives by mainline ferry into Ketchikan. However, after arrival, 25% of their outgoing freight leaves Ketchikan on the feeder runs. In addition, the ferry is used for employee and vehicle transport. Any immediate freight or supply needs are sent via ferry.

The fish processing industry in Ketchikan is also a major user of both mainline and feeder ferries. Nearly three hundred linear feet in van space is utilized weekly in the summer, exclusively for fish, between Hollis and Ketchikan. Salmon, black cod, halibut, and herring all are shipped via ferry year-round. The industry is a major seasonal employer. A large on-shore processor will employ as many as 200 people during the season. Winter cutbacks on the Ketchikan-Hollis run have, on occasion, forced some companies to charter their own boats to transport the fish. Good frequency of service on the feeder runs is of utmost importance to the industry. Their need is also a year-round need, as harvest of the different species takes place at different times.

Tourism is of course a major portion of the AMHS's

business, and much of that business is channelled to Ketchikan. As Alaska's first port of entry on the mainline, and also the first stop after 40 hours of travel, almost all passengers disembark for a break. This winter and spring, Alaska Airlines, the Port of Seattle, and the AMHS have jointly contributed to a program to promote the AMHS to Seattle area travel agents. Three lunches for nearly 225 travel agents have been held on board the Matanuska in Seattle, while four familiarization trips have been held for four hundred travel agents. The trip cost each agent \$295 and includes a ferry stateroom from Seattle to Ketchikan, and a return by air. The target of the program is the 650 travel agencies in the Seattle area. The program has been so successful that plans are in the works to expand the effort to cover the entire west coast, though the program has revealed some serious flaws in the reservations system, which affect the willingness of travel agents to write AMHS tickets.

System wide, one of the major off-season users of the AMHS are school districts. All inter-school activities and competitions depend heavily on ferry transportation. Cuts in the Education Foundation Funding program have already resulted in dramatic reductions in activity budgets for all of Southeast. Ketchikan, for example, has at least one group traveling every weekend of the school year. Of a \$140,000 activities budget, \$100,000 goes to travel costs. That budget is a 50% reduction over the past year. 50% of student travel is by air; 50% by ferry. However, the cost ratio is 70/30, air over ferries.

Ketchikan faces a double-edged sword when the State considers reductions in ferry service. The mainline runs are extremely important because of the tourist trade, export of fisheries products, and the import of goods and supplies to furnish the area's retail demands. The feeder ferries are also extremely important because they transport the fish product for the fisheries, and the consumers for the retail and commercial trade. Cutbacks in either mainline or feeder ferry service would have a potentially devastating impact on the service the other can provide. Ketchikan, perhaps more so than most other Southeast communities, is subject to economy-wide repercussions from a loss or reduction of service by the AMHS.

HYDER

Hyder is an unincorporated community of 100 people located at the head of Portland Canal in southern Southeast Alaska. The community is the only one in Southeast accessible by road. The community economy has two primary sources; tourism and retailing, both of which derive from Hyder's "sister city" of Stewart, British Columbia.

More than 60,000 visitors arrive in Hyder every summer, primarily from the Trans-Canada highway. Via that route, Hyder is just a 20 hour drive from Seattle. The tourist trade supports one motel, one inn, three restaurants, and several gift shops. In addition, Hyder is a popular destination for Canadian residents of Stewart and the surrounding area. The principal reason for this is that British Columbian bars close several hours earlier than those operating under Alaska law in Hyder. One freight line also operates in Hyder, and the community is serviced by float plane from Ketchikan.

Hyder did not begin receiving ferry service until last year, and then only by legislative mandate. The service is for summer months only, and on a weekly basis. The intent of adding service to Hyder was to create an opportunity for a drive/ferry circle from Seattle, through Canada and then return by ferry through Hyder.

Traffic counts and analysis are not available for evaluation yet for this run. The trip is 144 miles from Ketchikan with no stops in-between. The trip takes eleven hours.

METLAKATLA

Metlakatla is a Tsimpshian Indian community of 1,100 residents on Annette Island. It is the southernmost of all Alaskan communities, being 12 miles south of Ketchikan. Metlakatla is not an incorporated municipality under state law. Rather, it is a federally created reservation, created by Congress nearly 100 years ago.

The two mainstays of the Metlakatla economy are a fish trap/cannery operation and a saw mill owned by Louisiana-Pacific. Both of these operations ship their products south by barge, but do rely on the ferry for supplies and equipment. The primary traffic on the Ketchikan-Metlakatla run has always been passengers, but the community does receive two vans/week of groceries. In 1985 Metlakatla embarked 5,974 passengers and 1632 vehicles. 5,651 passengers and 1706 vehicles disembarked.

Given its close proximity to Ketchikan, Metlakatla has interacted closely with Ketchikan for many years. This close interaction was made possible primarily because of daily service that was provided by the Alaska Marine Highway System. The service resembled a commuter service. It allowed the Metlakatla residents to go into Ketchikan in the morning, take care of their business and return in the afternoon. The service was popular and well used. Indeed, the traffic apparently warranted a larger ferry for the run. Therefore, the Metlakatla terminal was modified to accommodate the larger Aurora. Formerly the Chilkat served the Ketchikan-Metlakatla run. The terminal modifications were completed by October of last year. But now the community must share the Aurora with the Prince of Wales Island communities, and they no longer enjoy the daily, over-and-back service they had for so long.

The reduction in service has created some serious problems and inconveniences. Since the residents can no longer go round trip to Ketchikan in a single day, they must overnight in Ketchikan. Usually this means paying for a hotel room. But on the reverse perspective, there are no hotels or motels in Metlakatla. The community had launched an aggressive tourism promotional effort based on the single day turn around service. Now, however, a day trip can only be accomplished if one flies at least one way. The reduction in service has also had the effect of jeopardizing the availability of emergency medical service. There are about 25 - 30 days a year when wind, fog or snow prevents planes from reaching the community. If an emergency should arise now during one of those periods, the ferry is simply less available as an alternative. Any further reductions in service to Ketchikan would seriously impact Metlakatla.

PRINCE OF WALES ISLAND

Prince of Wales Island is the largest island in Southeast Alaska. It is the site of five incorporated municipalities: Craig, population 1200; Klawock, population 600; Hyda-burg, population 500; Thorne Bay, population 400; and Kasaan, population 100. In addition, Prince of Wales Island hosts several other unincorporated communities, villages, and logging camps. They include: Rowan Bay, Hobart Bay, Camp Island, Whale Pass, Dolomi, Port Alice, Chomley, Dana Bay, Shoal Cove, Notaki, Labouchere Bay, Coffman Cove, Polk Bay, Point Baker, Port Protection, Long Island, Warm Springs, Bell Island, Waterfall, and Steamboat Cove.

The residents of Prince of Wales Island apparently have not been informed of the State's recession. Existing industries on the island are going strong and local economies are experiencing something of a "mini-boom". Timber prices have begun to rebound which has made harvesting profitable again. In addition, both regional and village native corporations have extra incentive at this time to set aggressive logging schedules in order to take advantage of their ability, for another four years, to sell operating losses. The summer commercial salmon fishing industry is doing extremely well in the southern panhandle and is expected to continue on an up cycle.

In addition, communities on Prince of Wales are pursuing very aggressive economic development plans. A black cod bottom fishery is just beginning to turn the corner in Craig and Klawock. This past winter, over forty boats took part in the opening. Several areas along the west coast of the island have been identified as the best potential areas for mariculture of salmon, oysters, and seaweed. Additionally, several mining companies have been conducting tests and taking samples for a variety of minerals along some of the island's interior roads. Prince of Wales Island has the most extensive road system in Southeast Alaska. As such, it received a great deal of camper/RV/trailer use during both the summer tourist season and the fall hunting season. In addition, this summer two cruise ships a week will off-load tourists for a two-hour tour of Klawock and the surrounding area. This will be the second summer cruise ships have visited Prince of Wales Island.

Obviously, the communities of Prince of Wales depend a great deal on the AMHS to provide transportation and freight to their thriving economies. All economic development efforts, as well as existing industries, would not function without the AMHS. The cold storage in Craig, a major employer, sends all its fish to Ketchikan via ferry, both summer and winter. They already use the service to capacity. A loss or

reduction of service for the cold storage does not just mean more expense; it means the potential loss of the business itself. Quality is the single most important factor. Fresh fish must be processed and transported as quickly as possible. There exists a fear in Craig that if ferry service is reduced, off-shore processors and tenders will move into the area to service the fishermen on the fishing grounds, and that the Craig cold storage will be by-passed completely.

The lumber camps are supplied almost exclusively by the ferry. Five refrigerator vans and four dry vans of groceries come onto the island every week via the ferry. All logging equipment, materials, parts, and supplies arrive by ferry. Forest Service vehicles come by ferry. Nearly all motorized vehicles on the island come and go via the ferry. In 1985 15,881 passengers and 4,739 vehicles embarked at Hollis. 16,591 passengers and 5,116 vehicles disembarked

Mail also arrives by ferry, as does an annual convoy of state road equipment. There is no doctor or dentist on the island, so patients must go to Ketchikan, as do participants in local alcohol rehabilitation and mental health programs. The ferry system is also heavily used by the island's senior citizens. Of course, the residents rely upon Ketchikan for regional shopping for all goods and services not available on the island, and the ferry is the chief mode of transportation.

Residents of the island have long been of the opinion that they are under serviced by the ferry system, and recent developments have not seemed to help. A facility upgrade at Metlakatla last summer now prevents the state's smallest ferry, the Chilkat from docking there. The Chilkat had regularly serviced Metlakatla. As a result, the Chilkat has been switched over to the Ketchikan-Hollis run, and the larger ferry, the Aurora, is utilized for the Metlakatla run, except for Tuesdays, when it goes to Hollis. So the Chilkat serves Hollis approximately six days a week. But it is seriously undersized for the daily trip across Clarence Strait. As a result, many of its trips are delayed or cancelled due to adverse weather and sea conditions. Further, because the Chilkat has such limited vehicle capacity (15 vehicles), competition is fierce for the Tuesday sailing on the Aurora. The situation has caused problems, inconveniences and added expense this past winter.

The real concern, however, is that even without any reduction in service from budget cuts, service to the island may not be adequate to support the burgeoning economy. The situation appears to be a lost opportunity for the ferry system, as well. The demand for service is there, almost all of it freight, which should make the run highly cost-effective for the ferry system. The residents hope the situation can be improved soon, as they must depend on consistent reliable ferry service - at least at the current level.

WRANGELL

The City of Wrangell is located on the northern tip of Wrangell Island, 89 miles northwest of Ketchikan. Its population as of July 1, 1986 was 2376. Bordered by Zimovia Strait, Wrangell is situated near the mouth of the Stikine River, which reaches into the Canadian interior. As the Stikine developed into a gateway for trappers and prospectors, the northern tip of Wrangell Island became a strategic location that was the key to Wrangell's early development as a military outpost, a fur trading center, and an outfitting, support and entertainment center during three successive gold rushes. Changing interests led to several boom and bust cycles in Wrangell's early history.

Today, Wrangell's economy is structured around harvesting and processing renewable resources of the area. The Alaska Lumber and Pulp sawmill employs up to 100 workers and is Wrangell's largest private employer. Fishing is Wrangell's other major resource based industry. More than 100 residents fish commercially, and for about half of these, fishing is their principal source of income. There are two seafood processors in Wrangell, with a combined workforce of about 100 workers during peak processing months each year. Most of the fish processed in Wrangell is canned, but there is an increasing demand for fresh fish. Presently, fresh fish is flown out of Wrangell, though the entire halibut harvest in 1986 (620,000 lbs.) was shipped via ferry. Expanded use of ferries for the shipment of fresh fish south is foreseeable, especially if jet service to Wrangell is suspended.

Recently, Wrangell has begun a conscious shift to develop its tourism potential. They are trying to encourage people to discover the unique attractions of Wrangell, including its petroglyph beach, access to the Stikine River and the hot springs, Chief Shakes Island which is home of many totems and carvings, and their 2 annual community festivals - Tent Days and the 4th of July. The ferry system plays an important role in tourism development and is viewed by Wrangell businesses as a key ingredient for the future. Wrangell, along with a number of other Southeast communities is currently engaged in a promotional campaign to lure the "independent traveler" back to Southeast. The "independent traveler" is seen as the person who eschews both group trips and package tours. Studies have shown that a high percentage of independent travelers choose the ferry as their mode of transportation. Even now, Wrangell's Economic Development Director estimates that 40% of Wrangell's visitors arrive by ferry on an annual basis. Further, he advised that approximately 70% of the guests of the city's four hotels arrive via ferry. During

the summer, a steady flow of recreational vehicles disembark from the ferry and use the RV parking area provided free of charge by the City. Their average stay in Wrangell is 5 days, during which time they help support local businesses. Needless to say, any cut back in ferry service would severely curtail the most important aspects of Wrangell's tourism potential.

The ferries are used for close to 100% of student travel. A minimum of one group of Wrangell High School students travels each week of the school year to athletic events, Close-up, RSVP, band performances, or Native Education functions. The ferries are also important to the Native people of Southeast as a whole. Travel between southeast villages and communities to attend potlatches, 40-day parties, 'Celebrations' of heritage, and Native dance performances most often occurs by ferry.

Like Petersburg, Wrangell is presently threatened with a loss of jet service. Should this occur, the importance of the ferries would expand suddenly, and dramatically. Ferry travel for business and pleasure has become a way of live for Wrangell residents - a way of life which would be jeopardized by reductions in ferry service.

PETERSBURG

The City of Petersburg is a fishing community of 3252 permanent residents located on the north end of Mitkof Island where Wrangell Narrows meets Frederick Sound. By air, it lies halfway between Juneau to the north and Ketchikan to the south. Petersburg grew up around a cannery established by a Norwegian immigrant named Peter Buschmann. The cannery began operating in 1900.

Today, fishing and seafood processing continue to be the mainstay of the town's economy, though wood processing has also been important at times. During the fishing season the town's population swells by an additional 600 seasonal workers who are employed in the town's three processing plants. This does not count the fishermen themselves and their crew who make Petersburg their home base during the fishing season. Managers of the processing plants estimate that about half of the seasonal workforce arrives on the ferry and departs in the same manner. The ferry system is used to ship fresh fish south to Seattle. Last year, the second largest processor in Petersburg shipped more fresh fish in this manner than by air. The use of the ferries for the purpose of shipping fish product south (and for other purposes as well) may suddenly increase in the foreseeable future. Both Petersburg and Wrangell are presently threatened with the loss of jet service if the present federal subsidy of that service should end. Last year the number of passengers arriving by air and by ferry into Petersburg was about the same: approximately 15,000 passengers by each mode. Therefore, the amount of passenger traffic into Petersburg by ferry could possibly double unless some alternate type of airplane service is provided.

Presently, during the month of March 1987, ferry service to Petersburg consists of an average of three mainline stops per week, north and south. It also presently has two feeder stops/week, north and south. During the summer season, service expands to an average of six mainline stops per week, north and south. Feeder service remains about the same. In 1985 15,650 passengers and 3,650 vehicles embarked in Petersburg. 15,720 passengers and 3717 vehicles disembarked.

It appears that in the case of both Petersburg and Wrangell, the ferry system is often the preferred alternative for persons travelling to Juneau, Ketchikan or Sitka because of the relative cost. One way passenger fare from Petersburg to Ketchikan is \$24 by ferry and \$76 by air. One way fare to Juneau is \$26 compared to \$73 by air. To Sitka it is \$16 by ferry and \$69 by air.

The ferry system is also important to Petersburg in general ways. A significant amount of the food consumed in Petersburg arrives by ferry, viz. 25 - 30% of all produce, meat, and dairy products. As with virtually all other Southeast communities, it is heavily used for student travel. Petersburg school officials report that at least one group per week, averaging 30 students per group, travels on the ferry throughout the entire school year. 85 - 90% of all student travel is via ferry. Also similar to other Southeast communities, all third class and fourth class mail (parcel post) comes by ferry.

KAKE

Kake, Alaska is a Tlingit community of approximately 600 residents located on the Northwest end of Kupreanof Island in Southeast Alaska. Its direct ferry connections are to Sitka (8 1/2 hours) and Petersburg (4 hours). In addition to being linked to these two communities by air, it has two direct flights to/from Juneau daily.

Fishing and seafood processing provide the main economic base to the town's economy. It is a community where subsistence hunting and fishing are still an important part of life. Timber harvesting has been important, but recently, poor market conditions have forced operators to severely cut back or suspend operations altogether.

Kake is in the unique position of having three community links which are important to it. Petersburg, Sitka, and Juneau all play a role for Kake's residents. Of the three communities Kake is linked to, Petersburg has become the most important, mainly due to its close proximity and its one day ferry turnaround service. Residents go to Petersburg to purchase items not available in Kake, to take care of their banking needs as there is no bank in Kake, and to take care of general business which they can't do in Kake. In addition, Cuprenof Seafoods, the seafood processing company in Kake is under the same ownership as Chatham Straits Seafoods in Petersburg. There is frequent transfer of equipment between the two by ferry. All of the goods sold by the largest store in Kake (approximately 70% of all goods sold in Kake) arrive by ferry from Petersburg. Also the bookkeeping office of this store is in Petersburg. This relationship requires frequent travel of personnel between the two communities. The non-native residents of Kake generally travel to Petersburg for their medical and dental needs, as they are not eligible for service by the regional health corporation in Sitka. This travel is usually scheduled around ferry service.

Sitka is important as a regional health center for the majority of Kake residents, as well as a somewhat larger shopping center than Petersburg. Round trip travel to Sitka by ferry is difficult as the ferry usually arrives very early in the morning and does not provide same day, or even next day return service. The cost to fly back is \$75, as opposed to \$14 on the ferry.

Juneau maintains its importance as a regional shopping and service center with Kake. However ferry service to and from Juneau is even more difficult and expensive than Kake to Sitka. The ferry situation for Kake residents tends to add to their isolation.

As with all other Southeast communities served by the ferries, the school district utilizes the ferry system a great deal for school travel. The athletic teams using the ferry include basketball, volleyball, and wrestling. Other student organizations utilizing the ferry are RSVP, student dancers, and the student council. The principal of the high school stated that without a doubt, any reduction in ferry service would concomittantly limit activities.

In 1985, 3,490 people boarded the ferry in Kake; 3,421 people arrived in Kake by ferry. There were 830 vehicle arrivals and departures. As with all other smaller communities served by the ferries, travel to meet medical needs and travel by senior citizens is greatly dependent upon the ferries. Kake's general dependence on the ferry is such that it would suffer greatly by any overall reduction in service; indeed residents would like to see it expanded.

ANGOON

Angoon is a Tlingit Indian village located on the southwest side of Admiralty Island. By ferry, it is halfway between Juneau to the north and east, and Sitka to the west. Angoon is the only permanent community on the island, and is considered to be the most traditional of all Tlingit communities in Southeast. Angoon's 700 residents have, for the most part, maintained their subsistence lifestyle, though commercial fishing is important. Angoon consistently registers the highest level of unemployment in the state, as well as the lowest income per capita.

Angoon is served by one main store. This main store carries a large inventory of fresh produce, dairy products, and meats as well as dry goods, and a variety of other items. All fresh produce, dairy products, meats, and some frozen foods are supplied by the ferry. Prior to its weekly ferry service, Angoon had no fresh or frozen foods available. The cost of flying them in makes the consumer cost prohibitive.

Beyond its dependence on the ferries for all fresh and frozen food, there are other significant dependencies. All food for the Senior Citizens Lunch Program arrives by ferry. All building contractors operating in Angoon use the ferry exclusively to transport equipment and machinery. The ferry also allows for both students and adults to be involved in sports programs. Despite its small size, Angoon consistently produces quality sports experiences. Angoon always places well in the annual Gold Medal Basketball Tournament in Juneau, for example. The City of Angoon, incidentally benefits by serving as the local agent for the ferry system. The city receives a 7% commission on ticket sales. Last year these commissions totalled \$12,000 or about half the salary of the municipal secretary. As with other Southeast communities, Angoon depends heavily on the ferries for student travel. Prior to the establishment of ferry service, this function was extremely limited. In addition, the community utilizes the ferries for a wide variety of cultural events, such as potlatches, and forty day parties (a wake forty days after the passing of a loved one).

In 1985 4,834 passengers and 458 vehicles embarked at Angoon. 5,212 passengers and 465 vehicles disembarked.

The people of Angoon appreciate the service they now receive, but express apprehension at a possible reduction in service, especially a reduction in winter service. It is during the winter that they are most dependent on the ferries. Winter weather in Chatham Strait can be most vexing.

Wind, waves, snow and fog each or together can and often do prevent planes from getting in or out often for days at a time. During such times the ferry is the only means of transportation. Additionally, Angoon's dependence on the ferries for food is somewhat greater in the winter as it is then out of season for fishing and hunting. Lastly, Angoon's barge service in winter is less frequent than in summer, by two weeks. Consequently, even goods that might otherwise be brought by barge are shipped by ferry. In winter, Angoon receives two vans (approximately 4,000 lbs) of produce, milk, and supplies by ferry each week. Angoon is a prime example of the rule that dependency on the ferry system rises as the size of the community decreases. In the case of Angoon, even a slight reduction of its present service would hurt. Angoon has already experienced some reduction of service and it has hurt. Last winter the Juneau turnaround was discontinued. This created difficulties in terms of the arrangement that had existed for getting groceries from Juneau.

SITKA

The City and Borough of Sitka, Alaska is located on the west coast of Baranof Island. It is home to 8200 people. The borough's boundaries also include a large portion of Chichagof Island. Sitka was Alaska's first capital and also served as Alaska's capital during Russian settlement. Sitka's rich Russian heritage makes it a favorite stop for tourists. The Sitka Summer Music Festival has become one of the nation's premier chamber music festivals. Sitka is also home of Sheldon Jackson College, Southeast's only privately owned and operated college, and one of only two in the state. In addition, Mt. Edgecumbe High School, the state's only public boarding high school is in Sitka, as is Mt. Edgecumbe Hospital, which provides health services to Southeast's Native population. Sitka is also home to Alaska's shortest and most unusual fishing season. The Sitka sac-roe herring fishery lasts just a couple hours, but involves over 50 teams of seine boats, power skiffs, spotter planes, and tenders, all packed into just a couple small bays and inlets.

Sitka receives both mainline and feeder service from the AMHS. In March of this year, it averages a little more than one stop/week, north and south by mainline ferries, and about three stops/week by the LeConte. In summer this changes to an average of more than two stops per week by mainline ferries and less than two stops per week, north and south by feeder ferries. In 1985 18,381 passengers and 3,536 vehicles embarked at Sitka. 18,463 passengers and 4,002 vehicles disembarked.

One run that is both convenient for the communities it serves and to Sitka's economy is the Saturday feeder turnaround. This ferry leaves Juneau late Friday afternoon and picks up passengers from Hoonah, Tenakee Springs and Angoon enroute to Sitka. It arrives in Sitka at 8:00 a.m., then sails at 4:00 p.m. on the return trip. This run allows the residents of the smaller communities an opportunity to buy supplies without having to spend money on hotels or air fares, which could make their whole trip uneconomical. It is important to Sitka's retail economy as it is the only winter "boost" for the town. Sitka's winter economy is stronger than some other communities largely because of this "turn-around" run.

This "turnaround" run is also key to some important human services provided by the Southeast Regional Health Corporation hospital in Sitka. The hospital serves Native people from all of Southeast, and the ferries are the primary means of transportation for all who do not live in Sitka.

The importance of the Saturday turnaround is demonstrated by the fact that until the service was cut this past winter, the hospital's operations were specially geared for the Saturday turnaround. It would be fully staffed by physicians and dentists for their patients who would arrive on that ferry. When the turnaround service was cut this past winter, patient visits decreased significantly.

The ferry system also serves Sitka in more general ways. The U.S. Postal Service delivers 25,000 pounds of mail each week to the city via the ferries. Nearly 100,000 pounds of meat, produce, and dairy products are delivered each week by the ferries to Sitka grocery stores. One grocery store in Sitka estimates that 40% of its groceries come by ferry.

The AMHS is thus important both as a major support to the local retail and tourist trade, and as the primary method of transportation for clients of regional human services that are provided in Sitka.

TENAKEE SPRINGS

Tenakee Springs, also known as Tenakee, is a small community of about 125 people located on the north shore of Tenakee Inlet on the east side of Chichagof Island. It is about equidistant between Sitka and Juneau, 55 miles either way, or about 45 minutes by air. It is well known for its hot springs. Indeed, the existence of the springs is the reason for its founding. Early prospectors and miners apparently discovered the springs, and began using it as a winter haven - a place to wait out the cold winters while taking advantage of the natural springs. Tenakee became a booming resort, complete with card rooms and pool halls. Later, several canneries operated in the area, with the last one closing in 1974. Today Tenakee is a significant retirement community, a seasonal home for some, and a fishing community. The extent to which it is a seasonal home is significant - of the 125 houses and cabins in Tenakee, only 64 are occupied year-round. Of the year-round population, it is estimated that 30% is over 60 years of age.

Tenakee has a special nostalgic appeal. It has no roads. The only vehicles in Tenakee are a fuel truck, a fire truck, and some ATVs. It is a safe harbor for those who would live apart from the modern world. Life in Tenakee has been described as "like turning the clock back 40 years."

Tenakee has three private businesses: the Blue Moon Cafe, the Tenakee Inn and Bar, which offers ten rooms in addition to its food and beverage service, and Snyder Mercantile, a general store selling food, basic hardware, drug items, and fuel. Snyder Mercantile also has five cabins, with another four or five planned. Owners of the Inn and the cabins estimate that 85% of their customers travel to Tenakee by ferry. The expansion of Snyder Mercantile is based on the assumption of continued ferry service, especially continued weekend service from Juneau.

When ferry service was initiated less than ten years ago, its residents chose to limit loading capabilities to passengers only. No vehicles can offload at Tenakee. Thus, use of the ferry for freight purposes by the community is limited. However, its use for passenger transport is quite important. The residents depend upon the ferry for trips to Juneau and Sitka for shopping and medical care. The residents especially appreciate the availability and dependability of the ferry during the winter. Since Tenakee has no land based airstrip, all planes coming in must land on the water. Boarding float planes is quite difficult for some of the older people, as well as for the wheelchair-bound residents. Therefore these residents have a greater degree of reliance on the ferries.

The residents have found that the introduction of ferry service has not impaired their lifestyle. Indeed, they now rely upon it as their primary mode of transportation.

PELICAN

Pelican is a fishing community of 200 permanent residents located on the Northwestern corner of Chichagof Island. Fishing and seafood processing are nearly the whole of Pelican's economy. Pelican Seafoods is the primary employer. During the fishing season, Pelican's population doubles in size, partially due to the increase in Pelican Seafood workers and partially due to an increase in the fishermen themselves. Seven million pounds of seafood are processed in Pelican per year.

Pelican is not accessible to any other community by road. Juneau is Pelican's primary source of goods and services, though Sitka also serves that function. Pelican has daily scheduled flights from Juneau and scheduled flights three times/week from Sitka. Direct air time is 45 minutes from Juneau. One way air fare is \$72 from Juneau, three times the cost by ferry. Pelican does not have a landbased airfield. Therefore, only seaplanes can land in Pelican.

Ferry service is very limited to Pelican. Only one ferry per month travels to Pelican in winter, and two per month in the summer. However, Pelican residents do depend upon it. Because of the town's location, it has more weather problems and planes have a more difficult time getting in and out than with communities on the inside of the Archipelago. Almost every winter Pelican experiences a period of a week at a time without air service due to weather conditions. Some residents expressed the opinion that even though the ferry probably serves more people in the summer, it is more important to them to have good ferry service in the winter, when fewer flights are getting in, and when they don't have access to local boats to take them to town.

There is only one general store in Pelican, owned by Pelican Seafoods. Prices are high in the store. Thus, local residents try to avail themselves of the once/month ferry service which delivers groceries and goods for about half the cost of the general store. There are three restaurants in town, two of which close in the winter. Two of the three restaurants receive all their food and supplies by ferry.

Ferry service is important to Pelican both for passenger transport and some vehicles. Equipment of both the City and school District is sent to Juneau for maintenance. As with all other communities served by the ferries, elderly people much prefer the ferries. It is very difficult for them to attempt to board seaplanes. Also as with other Southeast communities, ferry service is viewed as very important for student travel. All student travel is planned around the ferry schedule. Pelican cannot afford a reduction in service.

HOONAH

Hoonah, Alaska is a Tlingit Indian community (pop. 906) located on Chichagof Island, 3 1/2 hours by ferry from Juneau and 20 minutes by air. Hoonah is not presently connected by road to any other town or village. However, there is a logging camp of approximately 250 people at peak season two miles from town.

Hoonah's economy has changed from a subsistence way of life to a varied one where commercial fishing forms the economic base. During the past five years, logging has also become important. However, in 1987 the loading of logs on ships bound for Japan will cease. This will reduce the number of Huna Totem shareholders employed in the industry by 32. This loss will dramatically affect local employment.

Hoonah is now looking at ways to diversify their economy. Tourism is an option being explored as a means to stabilize the economy. People involved in the operations of the Inn, the Lodge, the restaurant, and the City all spoke of promoting Hoonah as an entry point to Glacier Bay. Hoonah is the closest community to Glacier Bay with ferry service. It is this service that would be essential to the development of tourism for Hoonah.

Presently, the ferry system is essential to the community in a number of ways. 100% of the community's fresh produce, eggs, and bread arrives via the ferry, and 50% of the milk and other dairy products. A total of 8,000 lbs. of food arrives each week destined for three stores, two restaurants, and two food co-ops. An additional 6,000 lbs. of food is delivered each week via the ferry when the logging and fishing seasons are in full operation. 5,584 passengers and 1051 vehicles embarked in Hoonah in 1985. 5,947 passengers and 1172 vehicles disembarked. Perhaps just as important as the transportation of food into town, is the transportation of fish out of town. 100% of the fish from Hoonah Cold Storage is shipped on the ferry. During the fishing season, every northbound ferry (bound for Juneau) is used for the transport of fish. In 1986 approximately two million pounds of fish were shipped in this manner. This year, a 30% increase is anticipated, due to an increased freezer capacity. A common concern voiced by the owners of restaurants and stores stems from their limited storage capacity. The growth of their businesses without a corresponding increase in their storage capacity has resulted in a greater dependence on the ferry system.

In addition to the essential functions of food and fish transportation, there is the normal function of people transport. Hoonah, with its small population, has little selection of clothing, and its selection of items such as furniture,

appliances, and building materials is almost non-existent. For these items and many others there is a significant amount of commerce by the Hoonah residents with Juneau. The ferries provide both the cheapest and most convenient method for the Hoonah citizens to do their regional shopping.

As with other southeast communities, heavy use is made of the ferries during the school year for the transportation of school children for athletic, cultural, and music events. 50% of student travel is by ferry. Most Southeast school events are planned around the ferry schedule. In a time of decreasing revenues to the schools, any significant decrease in ferry service would limit student travel correspondingly.

Significant use of the ferries is made by people in need of medical treatment. Hoonah has limited medical facilities and staff. People travel to Juneau or Sitka to visit the doctor, enter the hospital, get prenatal care, have a baby, get more diagnostic tests, etc. Indeed, unless an emergency exists, it appears that the vast majority of patients and attendants utilize the ferry rather than flying. The Southeast Regional Health Corporation provides vouchers for patient transport by ferry, rather than by air, whenever possible.

In questioning the local citizens regarding their use of the ferries, it was discovered that people who prefer to ride the ferry do so for three reasons: 1) cost. The regular roundtrip airfare from Hoonah to Juneau is \$94. But roundtrip fare on the ferry is only \$20 (winter rate), and senior citizens and children under the age of six can ride the state ferries for free. 2) safety and the fear of flying. Numerous responses were received citing this as the reason for using the ferry. 3) people can take their car, which makes it much easier to operate in a larger city. Hoonah's senior citizens use the ferry almost exclusively in traveling from Hoonah.

The ferry is also important in the transport of vehicles, machinery, and equipment in and out of Hoonah. Whitestone Logging utilizes the service to bring in trucks and heavy equipment, as does the Forest Service and the Huna Totem Corporation. This year the water line installation should be completed and the roads are scheduled to be paved. Equipment used for these projects is transported on the ferry. In general, all regular size vehicles coming into or going out of Hoonah will be transported by ferry.

Hoonah is a prime example of a community which has both a general and particular dependence on the ferries. The general dependence has to do with the overall transportation needs of a small, isolated community. The particular needs are the dependence on the ferry to transport food into Hoonah and fish out.

JUNEAU

Juneau, Alaska, population 29,370, is Alaska's state capital and third largest city. It is located on the mainland, but is not connected by road to any other mainland community. It's closest link to mainland travel is with Haines, 75 miles to the north.

The discovery of gold in Juneau was the basis for Juneau's early growth. For centuries before this discovery, Tlingit Indians had established and enjoyed a sophisticated culture in the area. However, Juneau's destiny changed dramatically in 1880, when Joe Juneau and Richard Harris found gold. Within a few years Juneau became a center for large-scale hard-rock mining. Three gold mines, the Alaska-Juneau (AJ), the Alaska-Gastineau, and the Treadwell Gold Mining Co. were established and became world renowned. Treadwell production peaked in 1915, but closed two years later due to a cave-in which flooded the mines. The Alaska-Gastineau folded due to high costs in 1921. And the AJ mining was halted by the war in 1944.

By the time the mines closed, the government had been transferred to Juneau, establishing Juneau as Alaska's capital. Government remains the focal point. Today government employs one of every two Juneau workers. As in other Southeast communities, fishing is important in Juneau. Tourism is an ever-expanding industry. In the summer of 1985, Juneau was the most visited community in Alaska by vacation/pleasure visitors and the second most visited community by all visitors.

Each year Juneau's population goes through seasonal cycles. In the winter, as host to Alaska's Legislature, Juneau is home to people from all over Alaska who come here to take part in Alaska's government. In the summer, Juneau is a bustling city, entertaining visitors from all over the world.

Many of these visitors come to Juneau by way of the Alaska Marine Highway System. In 1985, the ferries transported more than 60,000 passengers to Juneau and more than 14,000 vehicles. Juneau receives more ferry traffic than any other community in Alaska. Many of these travellers are tourists, but many are people from outlying communities coming to town to avail themselves of the shopping, medical, social service, and other service opportunities which are not available in their communities. Juneau has become a regional trade and travel center for the northern panhandle. Because it is the only community in northern southeast with year-round jet service, residents from the smaller communities travel to

Juneau to connect with jet flights going both north and south. But in travelling to Juneau from the smaller communities, the residents often prefer to use the ferry system because of its lower cost, safety, and dependability.

Juneau has the widest selection of available goods in Southeast due to its frequent barge, ferry, and air service, and its population base. There are also more doctors, dentists, and medical specialists in Juneau than in other Southeast communities. The Southeast Alaska Regional Health Corporation operates a regional clinic in Juneau; and an alcoholism treatment facility as well as a shelter for battered women and children, serving northern southeast are in Juneau. Juneau is also the regional headquarters for many organizations and government agencies including, the Forest Service, the Bureau of Indian Affairs, the Coast Guard, the Postal Service, and many others. In general, people from all over Southeast travel to Juneau to meet their shopping, business, and medical needs. Frequent and dependable ferry service is essential to this travel.

The movement of construction equipment to smaller communities from Juneau by ferry is extremely important. Many Southeast communities do not have paving equipment, asphalt plants, cement trucks, a sufficient number of dump trucks for projects, or good crane trucks to complete certain projects. Contractors from Juneau have the equipment and move it with them to the communities for projects such as water line installation, paving roads, and building projects. The ferry is the only practical way to move it.

As with other Southeast communities, student travel by ferry has become very important. 98% of the student's travel is by ferry. Students travel in groups of 10-60 to sports activities, music and drama festivals, and to debate and foreign language conferences. There is approximately one of these groups from Juneau-Douglas High School travelling in SE Alaska each week. Any reduction in ferry service would mean a corresponding reduction in student travel.

The Gold Medal Tournament is an annual adult basketball tournament in which most of the Southeast communities participate. It is held in Juneau and attracts approximately 1,000 people. The demand for ferry service at tournament time is so great that walk-on reservations must be made to get on the ferry bringing participants and spectators into Juneau. This event may seem minimally important, but it is the highlight of many communities' spring and has become a social tradition throughout. Angoon even closes its schools to coincide with tournament time. Gatherings such as this decrease the isolation people begin to feel after a long, cold winter.

Juneau to the smaller communities is equally important. Juneau receives approximately 16 27-ft. vans each week from the south, loaded with groceries, mail, and supplies. The desire for quick, frequent dependable service are reasons freight companies cited for ferry use. Juneau is served by barge lines once a week. Ferries arrive from Seattle or Prince Rupert 3 times a week. Ferries are off-loaded quickly, with vans heading for their destination upon arrival. With barge service it takes longer from the time the barge docks, to the loading and delivery of containers. There is no benefit to shipping on the ferry from Seattle or Prince Rupert if the frequency is no better than that of the barge. Thus, if the Seattle and Prince Rupert runs are reduced in the winter from 3 to 1 per week, the ferry system would loose more than the corresponding reduction in revenues; it would loose the business of those who use the ferry for its more frequent deliveries from the south. Foodland, a local store, uses the ferry exclusively in order to insure the freshest produce, milk products, and meat by getting deliveries twice a week. This is not possible by using the barge. Contractors, hospitals, the fishing industry, and the forestry industry use the ferry for its speedy delivery.

The movement of freight out of Juneau to the smaller communities is of growing importance. People in the smaller communities have become accustomed to diets of fresh produce, meats, and dairy products. The ferries are the only cost effective way of providing these items to some communities. Since many of these communities are served by barge once every 4-6 weeks, a reduction in ferry service would severely limit the availability of these products. Other freight such as car parts, hardware, furniture, fishing gear, etc. make up the bulk of items for transport to the smaller communities. As it is now, the car decks of the feeder ferries are oftentimes too full to carry all the traffic needing transport. A cut in the service offered by these ferries would increase this problem and the ferries may get into the undesirable position of prioritizing users of the system.

In general, the ferry's importance to Juneau is derived from the transport of tourists and Southeast residents from outlying communities into Juneau, and the transport of freight out of Juneau.

HAINES

The City and Borough of Haines (pop. 1847) is located 75 miles north of Juneau on Lynn Canal. It is 1/2 hour from Juneau by air and 4 1/2 hours by ferry. Haines is connected by road to the interior. Twenty-two miles up this road is Klukwan, a small Chilkat Indian Village with a population of 192. Klukwan has no businesses, so it relies totally on Haines for goods and services. Haines is a major entry point for land travel from Southeast Alaska into Canada or the Interior of Alaska, and from the interior to Southeast, Prince Rupert, and Seattle. This function, however, is only possible because of the ferry system. Despite the still recent completion of the Klondike Highway connecting Skagway to Whitehorse, Haines may still be described as the northern terminus of the Marine Highway System. It is the Panhandle's closest link to the rest of Alaska.

The Haines economy in the past ten years has often seemed to be reacting to the on-again, off-again attempts to keep the sawmill operating. Presently, the sawmill is not operating. Fishing has been an important contributor to the economy, but has recently been facing tougher times. Now the community is turning towards its tourism potential as a means of finally stabilizing the Haines economy. This effort has been helped a great deal by the publicity and attention which has been given to the annual fall eagle migration to the Chilkat River. Work on promoting the eagle reserve as a place to visit is progressing, and a visitor information center is under construction. In addition, other efforts are being made to promote Haines as a place to visit rather than just pass through. The underling key ingredient for Haines' tourism potential is its accessibility by ferry. Without the ferries, Haines becomes simply a place at the end of a very long spur road.

It is difficult to overemphasize the importance of the ferry system to the Haines economy. For example:

- (1) There are five hotels in Haines (a total of 128 rooms), with a gross income of \$625,000. The owners of the hotels state that 90% of their business is derived from travellers on the Marine Highway System.
- (2) Even though Haines has little more than a thousand residents, it has 11 restaurants, seven of which remain open year-round. The owners of the restaurants estimate that 80% of their business is derived from ferry travellers.

- (3) There are are four automobile service stations. The operators of these stations state that 40% of their business derives from ferry traffic.
- (4) In 1985 43,534 passengers embarked at Haines, and 13,454 vehicles. 40,867 passengers and 12,424 vehicles disembarked. In comparison, Juneau, which had the highest number of disembarkations had only 1,650 more vehicles disembarking than Haines.

It appears that when people drive down from the interior to connect with the ferry, they have a strong desire not to miss their connection south. And so they arrive early - early enough to need accommodations. Other examples abound of the importance of the ferry system to the Haines community:

- (5) Approximately 1/2 of the food in the grocery store arrives via the ferry; restaurants and bars receive all their supplies by ferry.
- (6) Approximately 1/2 of the construction materials sold in Haines arrives by ferry.
- (7) The ferry system itself has 27 employees in Haines; including two seasonal and one part-time.

Of all the communities of Southeast Alaska, it is clear that Haines is the most vulnerable and would be hurt the most by any significant curtailment in ferry service. The community has experienced a taste of the impact of ferry service reductions this winter. Last winter Juneau residents could conveniently travel via ferry for the weekend to Haines. This year, however, the schedule will not allow them to go to Haines and return for the weekend. The result is that some businesses in Haines have had their worst winter ever. Indeed, a tour company that had planned some group tours to the Haines area to enjoy the eagle migration had to cancel their plans due to the scheduling difficulties.

Apart from the aspects already identified, it appears as well that Haines is more dependent upon the ferry system than other communities in terms of social and cultural events. Haines is the site of the annual Southeast Fair. The fair, scheduled every year in August, has become a major event. Last year, attendance was approximately 8,000. And the ferries play a vital role. The event has become such a popular one for for Juneau residents (and those travelling

through Juneau) that demand for space far exceeds capacity. To their credit, managers of the system have cooperated by scheduling an extra run to Haines. The ferries carry horses, other animals, and exhibits as well as people to the fair.

While the fair may be the largest event, there are other cultural events and ongoing functions which depend on the ferries. The famous Chilkat Dancers of Haines use the ferries exclusively in their regional tours. They report that approximately 25% of their audience for Haines performances stem from the ferries. Also, there is an annual drama festival and competition in the summer which draws people to Haines by ferry.

As with most other communities served by the ferries, school travel relies greatly on the ferry system. 90% of student travel from Haines is via ferry. The purposes include travel to the annual music festival (this year held in Ketchikan) and a foreign language festival in addition to athletic events. Choosing ferry travel over air is a matter of safety more than cost, according to the high school principal.

Finally, but not least, there are numerous ongoing people services and functions which depend upon the ferries in a manner which makes life in this and other smaller Southeast communities more manageable. There are only two doctors in Haines, one of which also serves Skagway. There is no hospital. People from both communities depend on the ferries for transportation to Juneau for medical treatment unless an emergency exists. Also, periodic visits to Haines are made by a veterinarian, an optometrist, and a chiropractor, all of whom use the ferry as they carry with them a fair amount of equipment. And, twice a month both the Public Defender and District Attorney along with a judge come to Haines for judicial proceedings. They usually fly, but schedule their visits according to the ferry schedule as a backup. The local magistrate estimates that it would cost the state approximately \$1500/day should those three people get weathered in. Of course, as with Skagway and Hoonah, many residents depend upon the ferry to be able to travel to Juneau for consumer goods which are simply not available in their community. It is cheaper, safer, and more dependable than flying.

In this study and report, it appears to a significant degree that the importance of the ferries rises in inverse proportion to the size of the community. Haines happens to be the one example which demonstrates the rule most dramatically. The ferries quite simply are a major factor, not just to the economy, but to the quality of life.

SKAGWAY

The City of Skagway is located at the northern end of Lynn Canal. The current population is 790. It is 93 miles north of Juneau, 45 minutes by air and 6 1/2 hours by ferry. Like a great many other places in Alaska, it has had its economic ups and downs, but Skagway's history appears to have peaks and valleys which are both higher and lower than perhaps any other. Soon after its beginning, and at the height of the rush to the Klondike gold fields, Skagway (combined with nearby Dyea) was the largest city in Alaska (pop. 8500). Of course when the boom turned to bust, the population declined rapidly. Skagway might have turned into a ghost town were it not for the construction of the railroad in 1899. Eventually the railroad became the mainstay of the economy, transporting ore from the Yukon to Skagway to be loaded on ships, and tourists and freight north to Lake Bennett and Whitehorse. But the iron mines closed in 1981 forcing the railroad out of business in 1982. This put the very life of Skagway in jeopardy. But the opening of the Klondike Highway connecting Skagway with Whitehorse has given the town new vitality.

Now Skagway concentrates almost entirely on tourism and the ferries are an important component of this economy. 230,000 people visited Skagway last year. Skagway's population doubles in the Summer in an effort to accommodate their visitors.

While the vast bulk of tourists come by cruise ship, it is the visitors who come by ferry who spend money in local restaurants, hotels, service stations and grocery stores. This is because food and lodging is included in the cruise ship package. Thus, the 36,000 visitors who came by ferry in 1986 are an important component to these Skagway businesses. And, to an increasing degree, this component is not restricted to the Summer period. Skagway is working hard at encouraging Juneau residents to travel north for winter breaks. Since this winter is the first winter that the road to Whitehorse has remained open, visitors are being encouraged to come to Skagway for cross-country skiing or to go to Whitehorse. Due to the winter opening of the road, those businesses remaining open all report increased winter business. Of course, the ferries play an important role in making the increased winter traffic possible.

The opening of the road also means that tourists traveling north with their car now have the option of disembarking at Skagway. Thus, Skagway now joins Haines as an entry point for travel to the interior and Canada. The 1985 Port Traffic Summary Data indicates that 29,577 passengers and 5,731 vehicles embarked from Skagway. 31,522 passengers and 6,402 vehicles disembarked. Presently, (March 1987) Skagway receives four main-

line ferries/week, and one visit by the Le Conte. In the summer, service increases to five mainline ferries while service by the Le Conte remains about the same.

Like other Southeast communities, Skagway depends on the ferry system for its basic transportation needs. The ferry offers a low-priced, dependable means of transportation to Juneau with its greater selection of consumer goods and services. Since Skagway is situated in a narrow valley with steep mountains on either side, it receives winds from the north, especially in winter, which are severe. The winds make flights into Skagway uncomfortable and at times impossible. The ferry offers a dependable option. Most people schedule their departures according to the ferry schedule, so that even though they may plan to fly, they will not be stranded by a flight cancellation.

Skagway's health professional is a Physician's Assistant, with a doctor from Haines visiting once every two weeks. The ferry is an important link between Haines and Skagway for the transfer of medical supplies, drugs, and personnel. If people need more medical services than are available in Skagway, they usually travel to Juneau, and often by ferry.

Given the recent efforts by Skagway businesses to attract winter business, buoyed by the opening of the road for winter traffic, people in Skagway are naturally disheartened at the prospect of decreased ferry service. For it is the current level of ferry service which largely makes it possible for the winter business to grow. That is, the appeal is being made to Juneau residents for a winter foray to Skagway and Whitehorse, and such a visit by car necessarily involves use of the ferries.

V.

RECOMMENDATIONS AND FINDINGS

RECOMMENDATIONS AND FINDINGS

The intent of this section is to provide a helpful perspective of ways to improve our Alaska Marine Highway System (AMHS). We intend no offense. Indeed, this section, like each of the others is to lend assistance.

From the beginning, the goal of the AMHS has been to allow residents of Southeast access to the same transportation opportunities as those residents of areas on maintained road systems. The service has been treated fiscally as lump sum appropriations, turned over to an administrator for disbursement, much like other passthrough programs such as Education Foundation, Municipal Assistance, and Revenue Sharing. But there is a major difference: school districts and local governments statewide are not able to meet their own funding needs. For that matter, neither is the State's land based highway system. But the AMHS on the other hand, is entirely capable of providing most of its own revenues. It has in the past, and studies indicate that the system has the potential, in the short-term (within five years) to provide from 55 to 60 per cent of its operating costs through system receipts.

This potential, however, is dependent upon the continuation and expansion of service. The system generates no revenues sitting off-line at dockside, and in some cases may cost the system more than when operating and generating revenues. The system is a long way from realizing its revenue potential. The solution, however, does not lie in a change of schedule or reduction of service. It lies in necessary changes to the delivery of those services, specifically day-to-day operation, manning requirements, public perception, and management. The following are some areas revealed during this study where significant improvements could be made:

(1) Advisory Board

Foremost among our suggestions is that the Legislature and Governor form a small advisory board to work with the AMHS to develop goals and implement strategies over the next three years. This recommendation cannot be overstated. The board could well serve as the ingredient necessary to make the AMHS the paradigm of marine transportation and the backbone of economic development. The small board should be comprised of transportation and marketing professionals, legislators, and users.

(2) Vessel Lay-Up

One item that should play an important role in the decisions on funding levels are vessel lay-up costs and the amount

of time vessels spend in port for maintenance. Here is a listing of overhaul costs per week for each vessel, shown as a percentage of its weekly operating costs:

Aurora - 51.4%	Tustemena - 65.5%
Chilkat - 82%	Bartlett - 90.8%
LeConte - 49.8%	Columbia - 71.1%
Matanuska - 66.1%	Malaspina - 42.9%

Lastly, the Taku has a percentage of 50.3%.

If you accept the validity of the 1984 Task Force Report that the system could be providing 55 to 60 per cent of its own funding within five years, then only on the Malaspina would it cost significantly less to lay-up for maintenance than to operate. Further, the time periods for lay-ups for maintenance seem to be excessive. They range from a five week maintenance period for the Chilkat to 19 weeks for the Columbia. By contrast, the cruiseship Stardancer lays up for 8 days per year. All other maintenance is done on board, during operation.

Our recommendation is that the Legislature and Governor establish a five year series of attainable revenue goals as a percentage of operating cost, and that these goals be evaluated along with actual experience prior to each fiscal year appropriation. In this manner, the Legislature can encourage the system to eliminate those areas of apparent excess cost, such as the maintenance time on vessels.

(3) Inventory Control and Purchase of Provisions

Perhaps the most common complaint has been the warehousing of supplies, especially foodstuffs, and the system's inability to track those provisions. We came across a report dated August 4, 1983 from Gerald Wilkerson to members of the Legislative Budget and Audit Committee regarding an audit of AMHS warehouses in Seattle and Juneau. The State Accounting System (SAS) records for the inventory at the Seattle warehouse showed the Seattle inventory at \$230,621.49; while the warehouse records showed inventory at \$87,161.18, a difference of \$143,460.31. Acting Deputy Commissioner Eugene Black attributed the discrepancy to inadequate reconciliation procedures between the AMHS warehouses and the State Accounting System. Indeed, there were consistent differences between other AMHS records and the SAS. The Seattle finding stands out, however, because of Governor Sheffield's AHMS Task Force, which was conducting its inspections during the same general time period. In its official report dated April, 1984, the Task Force had the following to say about its inspection of the Seattle warehouse:

The warehouse space at Pier 48 currently leased by the system is not being utilized to its fullest capacity. In addition, the main warehouse is disorganized with little control in effect. Both front and rear doors to the main warehouse were open with vehicles entering unrestricted. There appears to be excess warehouse capacity and minimal control of the main warehouse area.

In the same audit report, Wilkerson also points out another shortcoming that we feel warrants immediate attention. Wilkerson states:

Juneau warehouse records do not provide historical detail of inventory transactions which would show all purchases, adjustments, and issuance of inventory items. By not having this detail, the disappearance of inventory and subsequent adjustment of records could go undetected.

Black responded that "the data processing program purchased for use at the warehouse does not have the capability of keeping transactions by item."

We are aware that the management is reviewing these cost saving measures. Our recommendation on this matter is that the Legislature and the Governor direct the AMHS to pursue "shipside" purchase of Provisions. That is, shifting to a system of little or no inventory. The benefits are several. There seems little justification for the amount of space currently being payed for in Seattle, especially if supplies were to be purchased "shipside". Inventory could be more easily tracked because everything purchased would actually make it onto the ship rather than be warehoused. It would also allow Alaska dollars to stay in Alaska, and help to support local economies along its routes, plus build a stronger relationship with the business community. An additional effort should be made to evaluate the current procedures for the purchase of fuel by AMHS. This particular purchasing strategy needs a review beyond our budget and timetable. However, it is equally important and seems to be an area which has been neglected. It is a complex question and entails cost comparisons of food purchase alternatives and warehouse efficiencies.

(3) On-Shore Ship Services

The system seems to have little or no control over docking costs, and certainly no consistency in approach. One

community charges the system \$600 every time they tie up a boat, while another community provides the service gratis, in recognition of the importance of the ferry to the community. We do not suggest there is no reasonable explanation, we simply do not have one. A similar problem exists with on-shore agents at the various ports of call. Some are AMHS employees, some are contract agents. Some are dedicated to their work and represent the ferry system very well. They keep regular office hours, sell tickets, meet ships, help with tie-ups etc. Some (more likely to be contract agents) keep minimal staff and minimal office hours, do a poor job on-shore costs (such as tie-ups) that are billable directly to the AMHS, do not present a good impression to passengers, and collect a higher percentage of ticket sales than do travel agents.

Our recommendation is that the Legislature and Governor direct the AMHS to determine the most cost-effective method of handling on-shore services, and further direct that those costs and methods should be as consistent as possible throughout the system. Further, that the system should function within a strict set of guidelines to ensure a consistent level of service at a consistent cost.

(5) Ferry Freight

We found a tremendous dependence by some businesses on the ferry system for freight service, but also received many complaints regarding practices on the cargo deck that often cause inconveniences to clients. There was expressed to us a feeling that the AMHS did not consistently recognize the importance of their commercial clients as a source of revenues. One example given is that the system does not enforce its prepayment requirement on vehicles. The result is that commercial opportunities are lost when a passenger vehicle cancels, because there is no incentive for the person cancelling to notify the AMHS. There is then no opportunity for the space to be filled, though there may be a commercial carrier who would desire the space.

Our recommendation is that the Legislature and Governor instruct the AMHS to consider methods of maximizing revenues from commercial freight users through adjustments in scheduling or lay-up schedules so as to "cater" to commercial clients during periods of high freight volume, such as those noted in the community sections of this report.

(6) Promotion and Marketing

The AMHS is the largest public water transportation system in the United States. Southeast Alaska is one of the nation's major tourist destinations. In a recent survey, 58 percent

of all respondents identified the ferry system as their preferred method of travel to Alaska. Yet until just four months ago, very little effort was made at promoting the system "outside", and even less within Alaska. If the AMHS is to survive without dramatic reductions in services, major sources of revenue have to be identified. There is very nearly unlimited potential for "selling" the system, but several changes do need to occur to realize its tourism potential. We believe this can occur in concert with private enterprise, particularly during the winter months.

Our recommendation is that the Legislature and Governor instruct the AMHS to actively pursue changes within the reservation system that will expedite that system. Areas to be considered should include contracting out the reservation function or the training of the staff to experienced professionals within the travel industry; transferring reservations onto one of the major airlines computer systems so that no extra equipment would be needed by travel agents to write tickets for the ferry system; increase the commissions on tickets to at least minimum industry standards; actively recruit and pursue private/public partnerships in the marketing of the system; work closely with the State Division of Tourism for promotional purposes; initiate efforts to improve the impression the system presents at its Seattle and Prince Rupert terminals; provide training to employees in public contact positions, both on-shore and on-ship. Finally, the Legislature and Governor should urge the management and employees to help realize its potential.

(7) Operations

This brings us to our final "operational" recommendation, and the most common issue we found among systems users. We recommend that the AMHS conduct a thorough, comparative review of all contract provisions with organizations representing employees of the system. Further, that special attention be paid to provisions relating to manning requirements, seniority, training programs, assignment of duties, annual leave, sick leave, penalty and overtime compensation, ship-based versus shore-based compensation and benefits, call-out practices, and residency requirements. The various contracts should be consistent in the different provisions. In addition, a similar review should be conducted of the cost of administering the system, and appropriate recommendations made. The findings and recommendations of this contract review and the administrative review should be implemented at the earliest opportunity, in order to help stabilize the system's operating expenses at a level that will assure continued Legislative support. The labor forces of the AMHS are the element primarily responsible for the successes of the system and

maintaining its effectiveness through recent turmoil. They must be full partners in meeting the current challenges.

The conclusions reached by our research lead us to believe that much of the expense in operating the AMHS is not inherent in the ferry service itself. It appears rather to be entrenched in the delivery of that service by the AMHS. Ferry loads are adequate and the system is being used. For that reason, every effort should be made to avoid a reduction in actual service. By the same token, it is imperative that every effort be taken to encourage the system to streamline its delivery of service in an effort to increase revenue, without sacrificing its commitment to basic transportation needs of all Southeast residents. It would be truly unfortunate if any reduction in funding should result strictly in a commensurate reduction in service without regard to other areas of the system. We see the decisions made this session as decisions affecting the entire future of the AMHS.

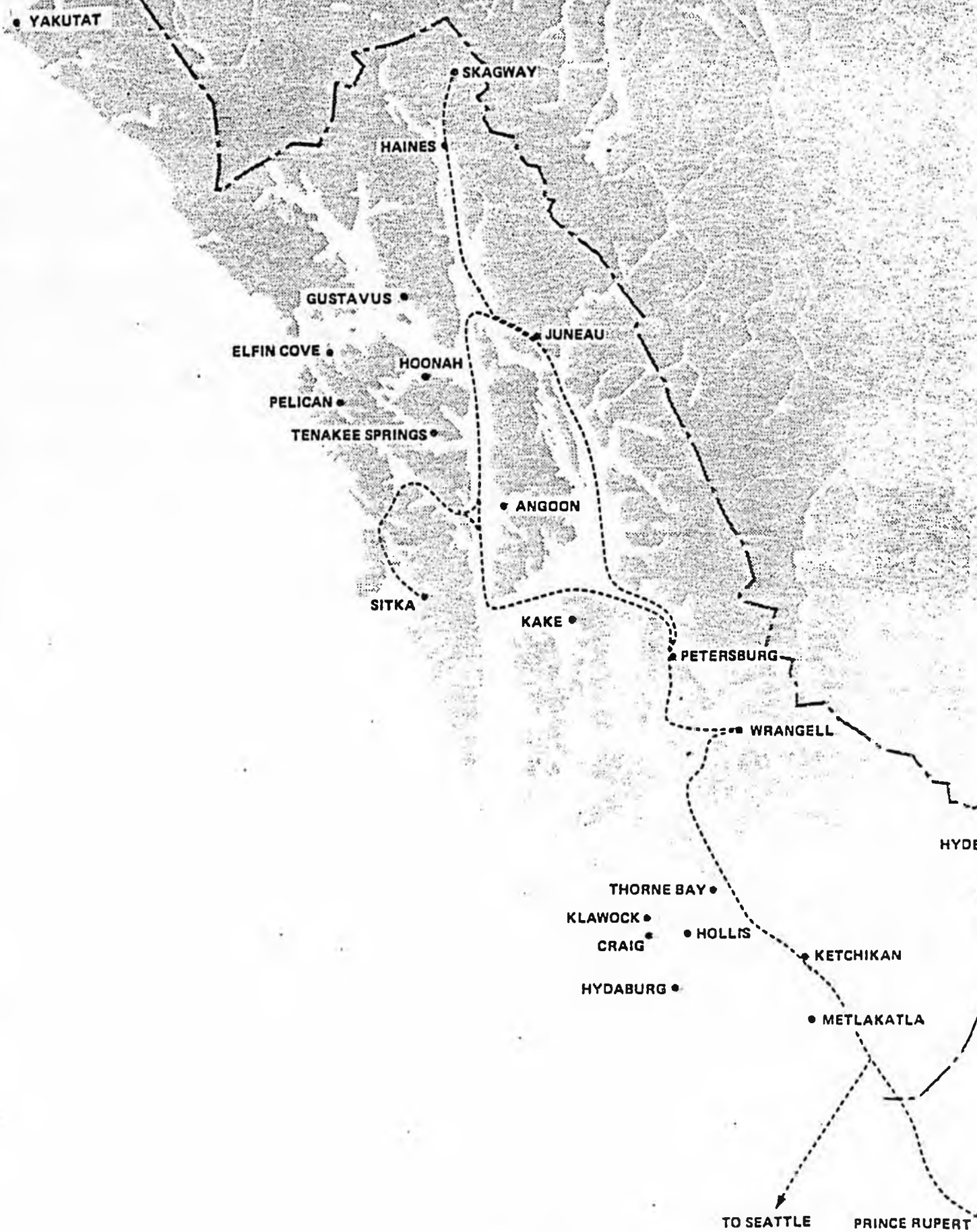
We feel strongly that there are quantifiable ways of both reducing the cost of operation, and at the same time increasing revenues. We urge your support of funding levels that will guarantee the continuation of the essential service level currently being provided by the AMHS. By the same token, we implore you to adopt an aggressive handling of the system's managerial and operational deficiencies. On no level of management theory have we found justification for allowing a billion dollar infrastructure to sit idle. It would be a questionable business decision to do so, and absolutely unacceptable as a matter of public policy. We urge the legislature and governor to fund the AMHS for FY 88 at a level of 62.6 million, and to adopt intent language that service levels be maintained. Since this is the first year of the session, we would also encourage the governor and the legislature to set some General Fund net operating goals for the AMHS for FY 88. A report from management on the status of that effort, with specific citations, should be requested for delivery to the Legislature by the first day of April, 1988.

Thank you for your consideration. We believe that a strong directive from the legislature and Governor to the management of the AMHS, combined with a maintenance level appropriation for FY 88, can assist the AMHS to make great strides toward ensuring that the system will continue to provide adequate levels of service to the State in the future. We do not pretend or suggest that all of our recommendations are absolutes. There is no claim that we have all the answers, but we believe in the viability and future of the ferry system.

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VI.

APPENDICES



MAINLINE FERRY ROUTES

• YAKUTAT

• SKAGWAY

HAINES

GUSTAVUS

ELFIN COVE

HOONAH

PELICAN

TENAKEE SPRINGS

JUNEAU

• ANGOON

SITKA

KAKE

• PETERSBURG

WRANGELL

HYDER

• THORNE BAY

• KLAWOCK

• CRAIG

• HOLLIS

• KETCHIKAN

• HYDABURG

• METLAKATLA

PRINCE RUPERT

FEEDER FERRY ROUTES

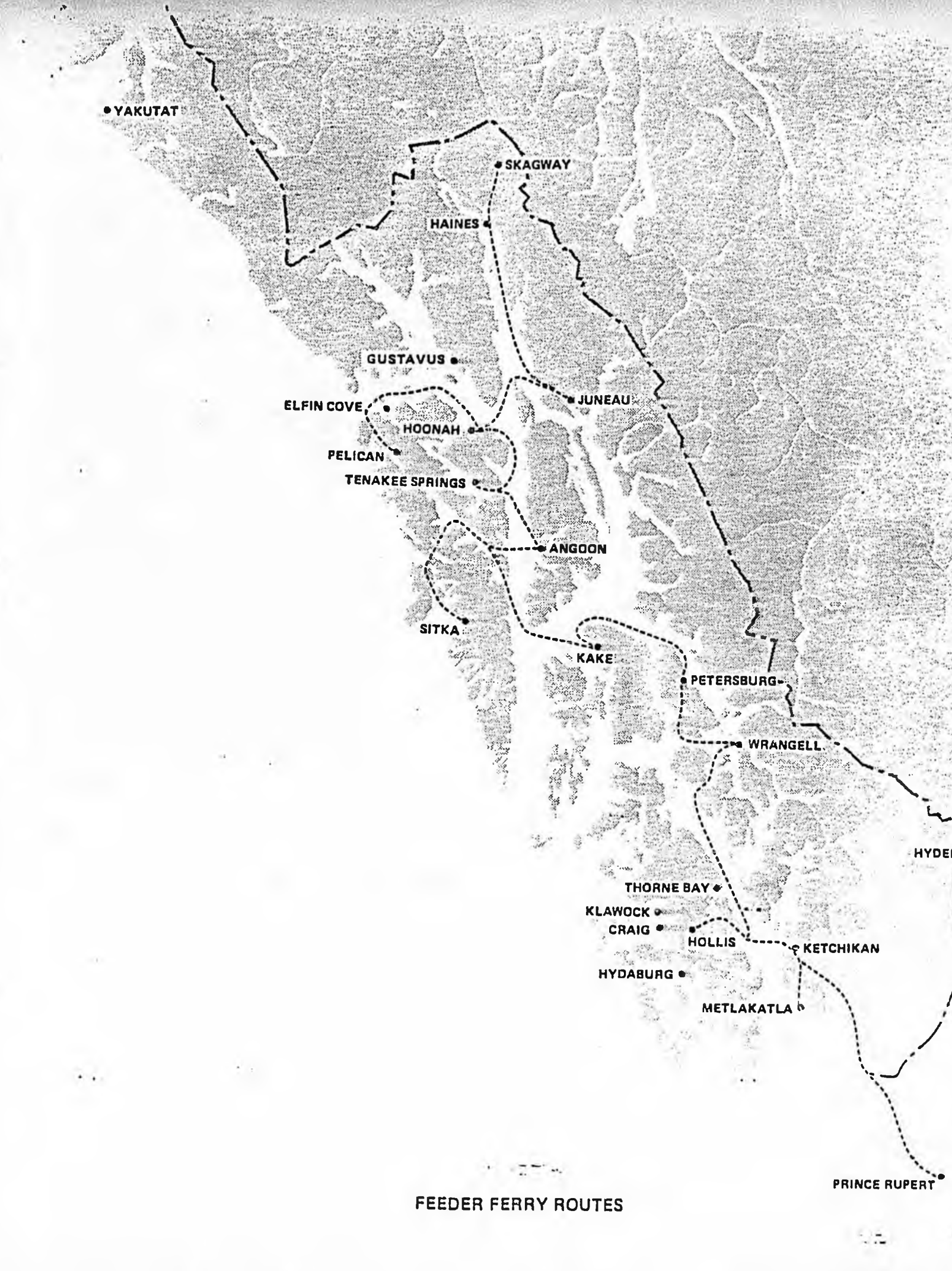


TABLE 1

FERRY SERVICE FOR SOUTHEAST ALASKA
MARCH 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	14	13	21	23
WRANGELL	14	13	0	1
PETERSBURG	13	13	6	7
SITKA	5	5	12	14
JUNEAU	14	14	17	18
HAINES	14	14	5	5
SKAGWAY	14	14	5	5
METLAKATLA			26	27
HOLLIS			22	22
KAKE			6	10
ANGOON			10	12
TENAKEE			9	9
HOONAH			9	12
PELICAN			3	3

Note: Hyder does not receive service during the period of the winter schedule.

TABLE 2
 AVERAGE WEEKLY SERVICE FOR SOUTHEAST ALASKA
 MARCH 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	3.16	2.93	4.74	5.19
WRANGELL	3.16	2.93	0	.23
PETERSBURG	2.93	2.93	1.35	1.58
SITKA	1.13	1.13	2.71	3.16
JUNEAU	3.16	3.16	3.84	4.06
HAINES	3.16	3.16	1.13	1.13
SKAGWAY	3.16	3.16	1.13	1.13
METLAKATLA			5.87	6.09
HOLLIS			4.97	4.97
KAKE			1.35	2.26
ANGOON			2.26	2.71
TENAKEE			2.03	2.03
HOONAH			2.03	2.03
PELICAN			.68	.68

Note: Hyder does not receive service during the period of the Winter schedule.

TABLE 3

FERRY SERVICE FOR SOUTHEAST ALASKA
JULY 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	26	27	36	34
WRANGELL	26	29	0	0
PETERSBURG	27	29	4	4
SITKA	11	9	8	8
JUNEAU	28	26	14	14
HAINES	26	25	10	10
SKAGWAY	26	26	10	10
METLAKATLA			26	25
HOLLIS			30	30
KAKE			4	4
ANGOON			8	9
TENAKEE			8	5
HOONAH			14	10
PELICAN			2	2
HYDER			5	5

TABLE 4
 AVERAGE WEEKLY SERVICE FOR SOUTHEAST ALASKA
 JULY 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	5.87	6.09	8.13	7.67
WRANGELL	5.87	6.54	0	0
PETERSBURG	6.09	6.54	.90	.90
SITKA	2.48	2.03	1.81	1.81
JUNEAU	6.32	5.87	3.16	3.16
HAINES	5.87	5.64	2.26	2.26
SKAGWAY	5.87	5.87	2.26	2.26
METLAKATLA			5.87	5.64
HOLLIS			6.77	6.77
KAKE			.90	.90
ANGOON			1.81	2.03
TENAKEE			1.81	1.13
HOONAH			3.16	2.26
PELICAN			.45	.45
HYDER			1.13	1.13

TABLE 5

ALASKA MARINE HIGHWAY SYSTEM PERSONNEL BY COMMUNITY
(Also showing onboard personnel by union membership)*

	ONBOARD			SHORESIDE	TOTAL
	IBU	MM&P	MEBA		
JUNEAU	158	9	8	101	276
KETCHIKAN	245	19	19	11	294
HAINES	17	1	2	7	27
SKAGWAY	3	1	1	5	10
PETERSBURG	7	1	1	2	11
WRANGELL	2	0	0	2	4
SITKA	5	0	0	2	7
CRAIG	4	0	0	0	4
HOLLIS	0	0	0	2	2
HYDABURG	1	0	0	0	1
THORNE BAY	1	0	0	0	1
HOONAH	0	0	0	1	1
ANGOON	1	0	0	0	1
HYDER	1	0	0	0	1
AK NOT SE	71	10	8	15	104
NON-RESIDENTS	39	27	52	16	134
	<u>555</u>	<u>68</u>	<u>91</u>	<u>165</u>	<u>878</u>

Note: Figures include seasonal and part-time employees

- * IBU = Inland Boatmen Union
 MM&P = Marine Mates & Pilots
 MEBA = Marine Engineer Beneficial Association

TABLE 6

PORT TRAFFIC SUMMARY FOR SOUTHEAST ANNUAL 1985

PASSENGERS EMBARKING																		
MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	1006	2859	410	715	1977	1341	396	768	673	25	727	210	366	84	292	0	740	12589
FEB	973	2225	330	786	2256	1253	397	1167	530	29	746	464	497	86	382	0	402	12523
MAR	1532	3162	345	751	3483	1550	546	1079	1052	59	1172	220	336	105	318	0	636	16346
APR	1567	2658	367	804	3758	1811	912	1051	1459	63	1098	208	288	120	319	0	0	16483
MAY	2108	3834	450	1219	5201	2862	2146	1463	2260	70	1214	352	488	109	421	240	475	24912
JUN	2623	6385	910	2040	7508	5293	4565	2460	6150	70	1775	408	497	130	561	240	697	42312
JUL	2097	7576	1210	2627	11060	9049	8137	3247	7977	166	1731	337	326	167	522	0	486	56715
AUG	2331	8068	1395	2577	11011	9949	6899	2904	5761	79	2355	350	486	202	576	0	538	55481
SEP	1267	4952	706	1634	4828	4379	3273	1425	1674	159	1614	238	306	66	343	0	394	27258
OCT	1135	3317	476	879	3474	2528	1477	1109	864	22	904	208	257	99	482	0	527	17758
NOV	876	2804	437	730	2816	1647	418	728	645	36	1134	223	453	157	678	0	404	14186
DEC	856	3410	534	888	3267	1872	391	980	522	47	1411	272	534	159	690	0	675	16508
TOT	18371	51250	7570	15650	60639	43534	29557	18381	29567	825	15881	3490	4834	1484	5584	480	5974	313071

VEHICLES EMBARKING																		
MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	384	645	90	138	509	423	103	130	302	2	175	44	38	0	33	0	153	3169
FEB	490	595	80	128	508	363	101	131	270	6	198	68	40	0	41	0	115	3134
MAR	638	916	100	174	768	447	120	212	547	6	342	43	42	0	68	0	195	4618
APR	549	747	103	193	793	590	145	199	662	10	340	83	33	0	60	0	0	4507
MAY	591	1090	143	306	1283	886	419	266	898	5	370	63	36	0	106	0	131	6593
JUN	566	1632	284	510	1763	1548	881	506	1681	4	529	86	35	0	97	0	163	10285
JUL	438	1991	297	678	2341	2678	1457	639	1913	15	530	80	26	0	105	0	148	13336
AUG	519	2121	278	582	2259	2786	1216	551	1423	5	692	76	46	0	101	0	146	12801
SEP	338	1449	156	352	1333	1516	691	321	571	10	552	62	36	0	83	0	154	7624
OCT	436	1117	142	251	966	1028	370	230	389	2	347	79	41	0	134	0	176	5708
NOV	457	750	122	190	731	599	116	179	307	4	386	82	47	1	127	0	93	4191
DEC	368	768	99	148	723	560	112	172	231	5	278	54	38	4	96	0	158	3814
TOT	5774	13821	1894	3650	13977	13424	5731	3536	9194	74	4739	820	458	5	1051	0	1632	79780

PASSENGERS DISEMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNN	MJF	MET	TOT
JAN	598	3179	456	784	2472	1134	365	741	405	24	818	282	293	87	269	0	682	12589
FEB	587	2166	334	874	2919	1282	440	958	399	55	911	333	390	77	414	0	384	12523
MAR	741	3184	350	961	3091	2128	543	1158	567	71	1445	345	582	108	490	0	582	16346
APR	1147	2585	442	791	3677	2435	1034	1064	849	84	1267	195	355	130	428	0	0	16483
MAY	816	3985	536	1274	5062	3748	2706	1641	1566	94	1364	330	476	196	518	240	360	24912
JUN	1300	6594	1056	2200	7863	6405	5362	2385	4730	98	1804	417	540	117	577	240	624	42312
JUL	2175	7678	1276	2724	11318	7945	8611	3284	7605	187	2025	320	367	135	581	0	484	56715
AUG	2004	7952	1362	2425	10437	8058	7632	3019	8029	96	2317	382	516	171	517	0	564	55481
SEP	2264	4383	789	1333	4932	2662	2764	1410	3755	127	1540	241	311	74	339	0	334	27258
OCT	1495	3156	443	826	3393	2021	1224	1087	1567	56	898	139	362	101	464	0	526	17758
NOV	927	2787	459	759	2761	1630	461	806	827	24	996	154	384	175	642	0	393	14186
DEC	1431	3264	541	769	3160	1419	379	910	874	27	1206	283	636	183	708	0	718	16508
TOT	15485	50913	8044	15720	61085	40867	31522	18463	31173	943	16591	3421	5212	1554	5947	480	5651	313071

VEHICLES DISEMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNN	MJF	MET	TOT
JAN	226	651	103	132	627	395	91	181	209	2	258	58	36	0	40	0	160	3169
FEB	212	629	93	162	593	432	100	184	183	5	289	50	29	0	47	0	126	3134
MAR	215	957	125	235	765	752	125	249	270	10	480	92	60	0	102	0	181	4618
APR	296	782	130	190	851	880	183	228	330	10	445	62	33	0	87	0	0	4507
MAY	177	1119	183	306	1216	1331	522	361	501	4	471	79	37	0	137	0	149	6593
JUN	268	1750	301	537	1842	1902	1011	519	1220	7	518	88	40	0	119	0	163	10285
JUL	468	2076	329	688	2361	2108	1666	679	1962	17	621	80	28	0	103	0	150	13336
AUG	371	2080	289	558	2101	2055	1548	590	2110	6	688	97	45	0	102	0	161	12801
SEP	529	1321	184	310	1292	862	620	327	1357	11	465	61	33	1	106	0	145	7624
OCT	531	1009	136	243	1030	707	284	255	738	0	353	63	45	1	123	0	190	5708
NOV	361	815	127	193	739	579	130	239	379	5	303	56	41	5	101	0	118	4191
DEC	439	776	105	163	657	421	122	190	356	2	225	52	38	0	105	0	163	3814
TOT	4093	13965	2105	3717	14074	12424	6402	4002	9615	79	5116	838	465	7	1172	0	1706	79780

PASSENGERS DISEMBARKING

MON	SEA	KTH	WRG	PSG	JNU	IINS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	IINH	MJF	MET	TOT
JAN	598	3179	456	784	2472	1134	365	741	405	24	818	282	293	87	269	0	682	12589
FEB	587	2166	334	874	2919	1282	440	958	399	55	911	333	390	77	414	0	384	12523
MAR	741	3184	350	961	3091	2128	543	1158	567	71	1445	345	582	108	490	0	582	16346
APR	1147	2585	442	791	3677	2435	1034	1064	849	84	1267	195	355	130	428	0	0	16483
MAY	816	3985	536	1274	5062	3748	2706	1641	1566	94	1364	330	476	196	518	240	360	24912
JUN	1300	6594	1056	2200	7863	6405	5362	2385	4730	98	1804	417	540	117	577	240	624	42312
JUL	2175	7678	1276	2724	11318	7945	8611	3284	7605	187	2025	320	367	135	581	0	484	56715
AUG	2004	7952	1362	2425	10437	8058	7632	3019	8029	96	2317	382	516	171	517	0	564	55481
SEP	2264	4383	789	1333	4932	2662	2764	1410	3755	127	1540	241	311	74	339	0	334	27258
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NOV	927	2787	459	759	2761	1630	462	806	827	24	996	154	384	175	642	0	393	14186
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TOT	15485	50913	8044	15720	61085	40867	31522	18463	31173	943	16591	3421	5212	1554	5947	480	5651	313071

VEHICLES DISEMBARKING

MON	SEA	KTH	WRG	PSG	JNU	IINS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	IINH	MJF	MET	TOT
JAN	226	651	103	132	627	395	91	181	209	2	258	58	36	0	40	0	160	3169
FEB	212	629	93	162	593	432	100	184	183	5	289	50	29	0	47	0	126	3134
MAR	215	957	125	235	765	752	125	249	270	10	480	92	60	0	102	0	181	4618
APR	296	782	130	190	851	880	183	228	330	10	445	62	33	0	87	0	0	4507
MAY	177	1119	183	306	1216	1331	522	361	501	4	471	79	37	0	137	0	149	6593
JUN	268	1750	301	537	1842	1902	1011	519	1220	7	518	88	40	0	119	0	163	10285
JUL	468	2076	329	688	2361	2108	1666	679	1962	17	621	80	28	0	103	0	150	13336
AUG	371	2080	289	558	2101	2055	1548	590	2110	6	688	97	45	0	102	0	161	12801
SEP	529	1321	184	310	1292	862	620	327	1357	11	465	61	33	1	106	0	145	7624
OCT	531	1009	136	243	1030	707	284	255	738	0	353	63	45	1	123	0	190	5708
NOV	361	815	127	193	739	579	130	239	379	5	303	56	41	5	101	0	118	4191
DEC	439	776	105	163	657	421	122	190	356	2	225	52	38	0	105	0	163	3814
TOT	4093	13965	2105	3717	14074	12424	6402	4002	9615	79	5116	838	465	7	1172	0	1706	79780

A RESOLUTION BY THE SOUTHEAST CONFERENCE
RESOLUTION #87-1

WHEREAS, the Southeast Conference has completed a comprehensive review of the Alaska Marine Highway System's critical importance to Alaska communities; and,

WHEREAS, Alaska's rugged coastline prohibits road access to all but two of Southeast Alaska's twenty-four municipalities and boroughs; and,

WHEREAS, Southeast Alaska's severe and unpredictable weather frequently prohibits air access to those municipalities; and,

WHEREAS, the Alaska Marine Highway System is the foundation of Southeast Alaska's economy; and,

WHEREAS, the Alaska Marine Highway System is the primary and only dependable mode of transportation in Southeast Alaska; and,

WHEREAS, the Alaska Marine Highway System also provides a significant means of transportation to Southcentral and Interior Alaska that effects their economy; and,

WHEREAS, the Alaska Marine Highway System is critical to Southeast Alaska's fishing, timber, tourism, and retail industries; and,

WHEREAS, the Alaska Marine Highway System is also critical to the delivery of human services, such as health care and education; and,

WHEREAS, any reduction in the level of service in Southeast Alaska would have a dramatic affect on day-to-day life in Southeast;

THEREFORE, BE IT RESOLVED that the Southeast Conference respectfully urges Governor Cowper and the Fifteenth Alaska State Legislature to accept and implement to the maximum extent practical the recommendations presented by the Southeast Conference in the report entitled "The Alaska Marine Highway System: The Community Perspective;" and,

BE IT FURTHER RESOLVED that the Alaska Marine Highway System maintain its current level of service and be funded by an authorization of \$62.6 million for fiscal year 1988.

Adopted by the Southeast Conference on the 7th day of April, 1987.


Ernest Polley, President

PUBLICATIONS CONSULTED IN THE PREPARATION OF THIS REPORT:

Alaska Marine Highway Draft System Plan, AMHS, November 1986.

Alaska Marine Highway Schedules, Alaska Marine Highway System, Fall/Winter/Spring/Summer, 1986-1987.

Alaska Tourism Handbook, A Guide to Community Tourism Development, State of Alaska, Division of Tourism, September 1985.

Alaska Visitors Statistics Program; Alaska Visitor Arrivals, Summer Season 1985, Data Decisions Group, February 1986.

Alaska Visitors Statistics Program; Patterns, Opinions, and Planning, Summer Season 1985, Data Decisions Group, April 1986.

Alaska Visitors Statistics Program; Alaska Visitor Arrivals, Fall/Winter/Spring 1985-86, Data Decisions Group, September 1986.

Economic Indicators, Ketchikan Gateway Borough, March 1987.

Governors Revised FY 88 Operating Budget for the Alaska Marine Highway System, AMHS, March 1987.

1985 Annual Traffic Report, AMHS, May 1986.

Report and Recommendations of the Alaska Marine Highway Task Force, Prepared for Governor Sheffield, April, 1984.

Southeast Community Profiles, Department of Community and Regional Affairs, Dates vary by community: 1982-1984.

A Study of the Feasibility of Converting the Haines Tank Farm to a Maintenance, Refueling, and Watering Facility for the Alaska Marine Highway System, Homan-McDowell Associates, April 1979.

Original sponsors: Taylor, Hudson
and Menard

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 8 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 Relating to levels of service by the
6 Alaska Marine Highway System.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS interstate highways play an integral role in the commerce of
9 the state and the United States; and

10 WHEREAS the Alaska Marine Highway System is used by residents of the
11 Southeastern, Southcentral, and Interior Regions of the state as an inter-
12 state and intrastate highway; and

13 WHEREAS the residents of Southeastern Alaska have assented to a less
14 convenient manner of transportation due to the high cost of constructing
15 roads and the limitations, imposed by geographic circumstances, upon road
16 construction; and

17 WHEREAS the Alaska Marine Highway System is used by shippers to trans-
18 port produce and other essential goods from Seattle to the Southeastern,
19 Southcentral, and Interior Regions of the state, thus providing retailers
20 and consumers with these goods in the most timely manner possible; and

21 WHEREAS, in the winter months, approximately 40 percent of the users
22 of the Alaska Marine Highway System traveling between Seattle and Haines
23 are destined for the Southcentral and Interior Regions of the state; and

24 WHEREAS the closure of, or reduced service on, a highway during winter
25 jeopardizes the tenuous winter economy of communities in the state; and

26 WHEREAS the proposed reductions in the winter schedule of the Alaska
27 Marine Highway System could severely damage the economy of communities
28 dependent upon the Alaska Marine Highway System for the reliable and con-
29 tinuous supply of produce and other essential goods and for transportation

1 services;

2 BE IT RESOLVED that the Alaska State Legislature respectfully requests
3 the Governor to direct the Department of Transportation and Public Facil-
4 ities to maintain the operation of the Alaska Marine Highway System at the
5 present level of service.

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April 24, 1987

Be it resolved that the Alaska State Legislature respectfully requests the Governor to direct the Department of Transportation and Public Facilities to maintain the operation of the Alaska Marine Highway System at the present level of service.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
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POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS.

4-24-88

1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/11/87

FURTHER REFERRALS: Finance

DATE: April 24, 1987

The Transportation Committee has considered HCR 8
Relating to levels of service by the Alaska Marine Highway System.

RECOMMENDS:

- replace with CSHCR 8(Trsp) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

E. A. ...
Bill ...
Bette ...

SIGNING OTHER RECOMMENDATIONS:

... - No Rec
... No Rec

Bette ...
 Chairman's signature



Official Business

COMMITTEE:

House Transportation Committee

DATE: April 24, 1987

SIGN-IN

Subject of meeting:

- * HB 256: Dalton Hwy Use & Other Motor Vehicle Laws
- * HCR 8: Winter Service; Alaska Marine Highway

NAME Please include title **ADDRESS** Please use full address. Please include zip. **PHONE** **REPRESENTING** **DO YOU WANT TO TESTIFY?**

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Deputy Comm. Jim Vadev	Box N Juneau	4322	Dept. of Public Safety	Yes
Special Acct. Gretchen Derr	P.O. Box N, Juneau 99801	465-4500	Criminal Division DPS HB 256	No
GAYLE HORETSKI	BOX KC JUNEAU	465-3428	Criminal Division DEPT. OF LAW	HB 256 YES
John Vincent Roscup	204 N. Franklin Juneau 99801	586-2305	Alaska Environmental Lobby	Yes

HB 256

256

256

* indicates first public hearing