

HICR

12

(11)

Date Referred: February 17, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/2/89

The FINANCE Committee considered:

HCR 12

HOUSE CONCURRENT RESOLUTION NO. 12

[MARINE HIGHWAY MASTER PLAN]

Relating to the Alaska marine highway system master plan.

RECOMMENDS:

- replacing with CS HCR 12 (Fin) the same title
- the 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
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published:
- zero fiscal notes(s) published:
Trsp. 2/17/89

SIGNING DO PASS:

Ronald J. Larson Larson

Lay Brown Brown

John Ulmer Ulmer

Denise Barnes Barnes

David Shultz Shultz

ROBERT PHILLIPS Phillips

Steve Rieger Rieger

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

Koponen no rec Koponen

Ronald J. Larson
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "Relating to the Alaska Marine
 Highway System Master Plan"
 Sponsor: Hudson et al
 Requestor: _____

Agency Affected: DOT/PF-AMHS
 BRU: Marine Facilities Engineering
 Components: CIP Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact is anticipated. See Position Paper.

Prepared by: George W. Davidson, System Director
 Division: Alaska Marine Highway System

Phone: 465-3950

Date: 2/15/89

Approved by Commissioner: Mark S. Hickey
 Agency: Department of Transportation/Public Facilities

Date: 2/15/89

Distribution (by preparer):

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

Original sponsors: Hudson, Cato,
Ulmer, et al.

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 12 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Relating to the Alaska marine highway
6 system master plan.

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

8 WHEREAS the Alaska marine highway system was created to provide an
9 intrastate transportation link between coastal communities in Southeast and
10 Southwest Alaska and an interstate link between Alaska and the continental
11 highway system; and

12 WHEREAS expansion of the Alaska marine highway system has been direct-
13 ly associated with the growth and economic and social development of the
14 coastal communities served and the changing transportation needs of the
15 state as a whole; and

16 WHEREAS the first priority for the Alaska marine highway system is to
17 provide intrastate transportation to communities not linked by road to the
18 state highway system; and

19 WHEREAS the Alaska marine highway system is essential to the economic
20 viability of Southeast and much of Southwest Alaska and supports signifi-
21 cant over-the-highway freight and tourist trade and travel between central
22 Alaska and Alaska's state capital; and

23 WHEREAS five of the nine vessels of the Alaska marine highway system,
24 including the mainline ferries Matanuska, Taku, Malaspina, and Tustumena,
25 are over 25 years old and will be approaching the end of their useful
26 economic lives in 5 to 10 years; and

27 WHEREAS there is growing public dissatisfaction with ferry schedules,
28 fares, and services provided by the Alaska marine highway system; and

29 WHEREAS a new breed of fast ferries exists today that offers improved

1 services with lower capital and operating costs; and

2 WHEREAS fast ferries can be acquired for a fraction of the replacement
3 cost for the existing LeConte-class vessels and would provide greater
4 flexibility for system expansion and scheduling; and

5 WHEREAS strategically employed fast ferries can maximize the use of
6 mainline ferries and extend the useful and economic life of these expensive
7 vessels; and

8 WHEREAS the Southeast Transportation Plan, dated June 1986, recognized
9 the growing obsolescence of the fleet and recommended the purchase and
10 employment of three new fast ferries to operate on the Ketchikan to Hollis,
11 Sitka to Juneau, and Juneau to Skagway routes and recommended new roads be
12 constructed, subject to funding and further environmental impact analysis;
13 and

14 WHEREAS the concept of mainline ferry service, supplemented by fast
15 ferries, new roads, and beneficial schedule changes has been adopted by the
16 Southeast Conference and recent agreements adopted by the cities of Haines,
17 Skagway, and Juneau; and

18 WHEREAS chapter 128, SLA 1986, appropriated \$4,900,000 to acquire the
19 first of the recommended fast ferries; and

20 WHEREAS the Department of Transportation and Public Facilities has
21 expended more than \$600,000 of that appropriation for other marine highway
22 projects and has not taken any action to purchase a fast ferry; and

23 WHEREAS the federal government has advised the Department of Transpor-
24 tation and Public Facilities that federal funds will not be authorized to
25 purchase fast ferries until a marine highway system master plan has been
26 prepared and adopted by the commissioner of transportation and public
27 facilities; and

28 WHEREAS the Department of Transportation and Public Facilities advised
29 the legislature that the Alaska marine highway system master plan was in a

1 draft stage in January 1988, and should be completed in 60 to 90 days; and

2 WHEREAS the Department of Transportation and Public Facilities has
3 neither adopted the plan nor circulated the plan for legislative review;
4 and

5 WHEREAS it is in the best interest of all affected communities, tradi-
6 tional ferry users, and the state as a whole, that the master plan be
7 completed, transmitted to the legislature for review and approval, and
8 adopted and implemented on schedule by the Department of Transportation and
9 Public Facilities; and

10 WHEREAS the legislature should be provided drafts and completed plans
11 of all major transportation proposals affecting the citizens of this state
12 in a timely manner and any changes to an adopted plan should be transmitted
13 for review and approval before those changes are effected;

14 BE IT RESOLVED that the Alaska State Legislature respectfully requests
15 the Governor to direct the Department of Transportation and Public Facili-
16 ties to expeditiously complete the federally required Alaska marine highway
17 system master plan and to submit the master plan to the legislature for
18 review by April 15, 1989; and be it

19 FURTHER RESOLVED that the master plan must include

- 20 (1) community and user comments and recommendations;
21 (2) Alaska marine highway system employee recommendations;
22 (3) a written summary of the relationship between the Alaska
23 marine highway system master plan and the state transportation long-term
24 plan;
25 (4) preliminary assessments of environmental impacts;
26 (5) a condition survey of vessels and facilities;
27 (6) a marketing, advertising, and promotional plan;
28 (7) proposals for changes in short-term and long-term operating
29 budgets;

1 (8) crew schedules;

2 (9) a statement on the effect of the Alaska marine highway
3 system on Alaska hire, Alaska residency, and local purchase;

4 (10) information relating to training;

5 (11) a statement on the compatibility of the plan with tradi-
6 tional commercial users; and

7 (12) a statement of the improvements in services provided by the
8 Alaska marine highway system.

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Dept. of Transportation & Public Facilities

POSITION PAPER

BILL NO: HCR 12

TITLE: Relating To the Alaska Marine Highway
Master Plan

APPROVED: Mark S. Hickey
Commissioner
DATE: February 15, 1989

HCR 12 requests that the Alaska Marine Highway System Plan be completed and submitted to the legislature for review and approval by April 15, 1989 and that it include the following elements:

<u>Item</u>	<u>Concur</u>	<u>Disagree</u>
(1) community and user comments and recommendations;	See comment	
(2) Alaska Marine Highway System employee recommendations;	See comment	
(3) consideration of road alternatives;		See comment
(4) assessments of environmental impacts;		See comment
(5) a condition survey of vessels and facilities;	Concur	
(6) a marketing, advertising and promotional plan;	Concur	
(7) proposals for changes in short-term and long-term operating budgets;		Concur
(8) crew schedules;	Concur	
(9) a statement on the effect of Alaska hire, Alaska residency, and local purchase on the Alaska Marine Highway System;	Concur	
(10) information relating to training;	Concur	
(11) a statement on the compatibility of the plan with traditional commercial users;	Concur	
(12) a discussion of the relationship between the Alaska Marine Highway System master plan and the state transportation long-term plan;	Concur	
(13) a statement of the improvements in services provided by the Alaska Marine Highway System.	Concur	

(1) Community and User Comments and Recommendations: This information was collected in 1986 in a public involvement program conducted as part of development of the draft System Plan. The comments and recommendations received will be published with the plan. Completion of this task is included in the present AMHS capital budget, and will have no additional fiscal impact. A new effort to collect this information would prevent completion of the plan by April 15, 1989, and would cost an additional \$15,000.00. Since there have been no significant changes to the plan since the public review, it does not appear to be necessary to repeat this process.

(2) Alaska Marine Highway System Employee Recommendations: This information was also collected in 1986 as part of development of the draft System Plan. These recommendations will be included with the report on the public involvement program and its results. A new effort to collect this information at this time would seriously jeopardize completion of the plan by April 15, 1989, but would not add any significant cost.

(3) Consideration of Road Alternatives: As part of the Department's planning structure, the AMH System Plan relies on regional plans for the analysis of other transportation modes such as roads and aviation. The System Plan focuses on effective delivery and improvement of AMHS services. With this focus, The System Plan uses the work on roads and highways, to be found in the Southeast Alaska Transportation Plan, the Kenai Regional Transportation Study, etc., as its base for evaluating alternatives for making connections between communities and highways. Including analysis of road alternatives in the AMH System Plan would duplicate work already done elsewhere, and would prevent completion of the plan by April 15, 1989. Such work would increase the cost of System Plan completion by \$100,000.00. The various Southeast Alaska road options presently under consideration were all evaluated by the Southeast Alaska Transportation Plan, and have been taken into consideration in development of the AMH System Plan.

(4) Assessments of Environmental Impacts: In a similar vein, the AMH System Plan relies on the the general environmental assessment

provided by the regional plans for the geographic areas in which it operates. Incorporating any more detailed environmental assessment in the System Plan goes far beyond the scope of the planning process and would incur unjustifiable delays and expense. More detailed environmental analysis is properly conducted as part of individual projects implementing the recommendations of the Plan.

(5) Condition Survey of Vessels and Facilities: Condition surveys of vessels and facilities are an ongoing activity of the AMHS Operations and Marine Facilities Engineering branches. Surveys of shore facilities are published each year in the Shore Facility Condition Survey report. Vessel surveys are conducted by AMHS Operations maintenance personnel on a more or less continual basis and by the American Bureau of Shipping on a periodic basis. This information has been collected and used as the basis for System Plan recommendations on maintenance and in developing the long term capital improvement portion of the Plan. Inclusion of this element will have no impact on the schedule or cost of completion of the Plan.

(6) Marketing, Advertising and Promotional Plan: A marketing , advertising and promotional plan was one of the recommendations received during the public involvement program previously conducted. Such a plan will be included in the final System Plan and has been anticipated in the present budget for completion of the plan. Inclusion of this element will have no impact on the schedule or cost of completion of the Plan.

(7) proposals for changes in short-term and long-term operating budgets: The draft Plan makes recommendations for changes in short and long-term AMHS financing, both capital and operating. This task has been anticipated in the present budget for completion of the plan. Inclusion of this element will have no impact on the schedule or cost of completion of the Plan.

(8) Crew Schedules: Crew schedules are included in a number of analyses conducted in development of the draft plan. In particular, crew schedules are included in the evaluation of high speed ferries and alternative route configurations for the existing fleet. The draft Plan takes into consideration both the cost and employee

impacts of the crew schedules required to implement the Plan's recommended route and fleet structure. This task has been anticipated in the present budget for completion of the plan. Inclusion of this element will have no impact on the schedule or cost of completion of the Plan.

(9) Statement on the Effect of Alaska Hire, Alaska Residency, and Local Purchase on the Alaska Marine Highway System: A statement on the effect of Alaska hire, Alaska residency and local purchase on the Alaska Marine Highway System will be included in the final plan. Inclusion of this element will have no impact on the schedule or cost of completion of the Plan.

(10) Information Relating to Training: Information relating to training has already been included in development of the marketing portion of the Plan. Other recommendations of the Plan which require training as part of implementation will include information on the training required. Inclusion of this element will have no impact on the schedule or cost of completion of the Plan.

(11) Statement on the Compatibility of the Plan with Traditional Commercial Users: The impacts of the plan on traditional commercial users were explored in the public involvement program previously conducted. The comments and recommendations of commercial users have been incorporated in the plan and will be reported in the appendix detailing the public involvement program. This task has been anticipated in the present budget for completion of the plan. Inclusion of this element will have no impact on the schedule or cost of completion of the Plan.

(12) Discussion of the Relationship Between the Alaska Marine Highway System Master Plan and the State Transportation Long-Term Plan: The draft Plan discusses and explains the relationship between itself and the State's long term transportation plans in detail. This task has been anticipated in the present budget for completion of the plan. Inclusion of this element will have no impact on the schedule or cost of completion of the Plan.

(13) Statement of the Improvements in Services Provided by the

Alaska Marine Highway System: The final plan will include a statement of the improvements in services recently initiated by the System. Inclusion of this element will have no impact on the schedule or cost of completion of the Plan.

Other Comments: The draft System Plan represents a flexible guide to the improvement and development of the Alaska Marine Highway System. The Plan provides the public with a consistent standard for decisions about System development, while affording Department management a vehicle for affecting the System's direction. The Plan represents today's best guess about the future and must be periodically updated in order to remain relevant. In order to keep the Plan current, computerized tools have been created to help make sure that the plan can be responsive to Alaska's economic environment.

A microcomputer model of the System's financial behavior has been built. This model allows management to estimate the short and long term cost of operating the system with almost any fleet and route configuration. Called the "System Performance Model, or SPM for short, the model was used to produce the financial projections in the present draft System Plan and will be used again in the completion of the Plan to bring those projections current. The SPM has also been used to evaluate the various route configurations identified in the legislative intent attached to Chapter 95, SLA 87, page 99, as well as the change in southern terminus from Seattle to Bellingham.

The System Performance Model or SPM consists of three major parts all running in LOTUS 123. The Financial Module models system financial behavior and estimates net cash flow requirements (both operating and capital) for each year for twenty years into the future. This is the information which is used for comparison and evaluation of alternative operating scenarios. Feeding the Financial Module's revenue projections with data is the traffic projection module, AMFOR. This part of the SPM predicts traffic for each of the major sub-components of the existing AMHS route system (Southeast Mainline, Southeast Secondary and Southwest). The Vessel Scheduling Module, or VSM, allows "what if" analyses of route structures differing from those presently existing.

Together these various parts provide management with a powerful tool. Choices about the development or improvement of the system can be tested without incurring the costs actual changes.

Alaska State Legislature



REPRESENTATIVE BILL HUDSON

P.O. BOX V
Juneau, Alaska
99811
(907)465-3744 or 4991

COMMITTEES:

Transportation
Resources
Foreign Trade

FINANCE SUBCOMMITTEES

DOT/PF
C & RA

February 17, 1989

Representative Lyman Hoffman
and
Representative Ron Larson
Co-Chairmen - House Finance Committee
Alaska State Legislature
Juneau, Alaska

Dear Representatives Hoffman and Larson:

HCR 12, relating to the Alaska Marine Highway master plan, was referred to the House Finance Committee this morning.

This resolution calls for the Alaska Department of Transportation and Public Facilities to finish the federally required plan in order that Alaska can receive federal funding for fast ferries, roads or other associated ferry system costs.

The mainline ferries on the system are quickly approaching the end of their useful economic lives, and we must begin to consider how best to upgrade the system in order to meet tourist and over-the-highway freight needs in Alaska.

I believe fast ferries can be acquired for a fraction of the replacement cost for existing LeConte-class vessels and would provide greater flexibility for system expansion and scheduling, and that strategically employed fast ferries can maximize the use of the mainline ferries and extend the useful economic lives of these expensive vessels.

Your scheduling this resolution for a hearing before the House Finance Committee as soon as possible will be very much appreciated.

If you or your staff desire further information, please call me at 3744 or 4991.

Respectfully,

Handwritten signature of Bill Hudson in cursive script.
Bill Hudson

