

**HB 175**

## HOUSE BILL NO. 175

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES GRUSSENDORF, Ulmer, Mackie, Davidson, Kubina, Hudson, C.Davis, Taylor

Introduced: 3/1/91

Referred: Transportation, Finance

Funding Information:	General Fund	\$45,000,000
	Other Funds	<u>-0-</u>
		\$45,000,000

## A BILL

## FOR AN ACT ENTITLED

1 "An Act making an appropriation to the Alaska marine highway system vessel replacement  
2 fund; and providing for an effective date."

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

4 \* Section 1. The sum of \$45,000,000 is appropriated from the general fund to the Alaska marine  
5 highway system vessel replacement fund (AS 37.05.550).

6 \* Sec. 2. This Act takes effect July 1, 1991.

REPRESENTATIVE  
BEN GRUSSENDORF  
1221 HALIBUT POINT ROAD  
SITKA, ALASKA 99835  
(907) 747-8458

RULES COMMITTEE  
LEGISLATIVE COUNCIL

DISTRICT 3  
ELFIN COVE  
PELICAN  
PORT ALEXANDER  
SITKA  
TENAKEE

# Alaska State Legislature



WHILE IN JUNEAU  
P.O. Box V  
JUNEAU, ALASKA 99811  
(907) 465-3824  
(907) 465-3720

House of Representatives  
SPEAKER OF THE HOUSE

## MEMORANDUM

**TO:** Rep. Mike Navarre, Co-chair  
Rep. Eileen MacLean, Co-chair  
Members  
House Finance Committee

**FROM:** Rep. Ben Grussendorf

**DATE:** April 26, 1991

**RE:** HB 175-Appropriation to the Alaska marine highway system vessel replacement fund

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HB 175 would appropriate \$45 million dollars into the vessel replacement fund which was created by the legislature last session.

The Department of Transportation and Public Facilities estimates that it will cost \$29 million to replace a small, feeder ferry, \$39 million to replace a mid-sized ocean-going vessel and \$102 million to replace a large vessel such as the Columbia. The average age of our fleet is approximately 23 years and it would cost over \$300 million to replace all vessels. In the fleet conditions survey, which was just released by DOT/PF, an estimate for refurbishing our entire fleet to operate through the turn of the century could be as high as \$92 million.

When the vessel replacement fund was established last year, it was anticipated that annual appropriations would be made to the fund. Governor Cowper had included \$45 million in his original budget. Unfortunately, Governor Hickle did not include any funding for this proposal in his current budget.

In your packet you will see letters of support for funding of the replacement fund from communities and businesses including Alaska Electric Light and Power in Juneau, the City and Borough of Juneau, the City and Chamber of Commerce in Haines, and the communities of Skagway, Craig, Sitka and Tenakee.



*Department of Transportation  
and Public Facilities*

# POSITION PAPER

BILL NO: HB 175

APPROVED: 

TITLE: An Act making an appropriation to the Alaska Marine Highway System Vessel Replacement Fund; and providing for an effective date.

DATE: March 7, 1991

In early 1990, the Alaska Marine Highway System commissioned a survey of the fleet in order to determine the level of investment necessary to maintain the ships in good condition over the next 15 years. The preliminary results show a demand for investment funds in excess of the historical allocation of federal funds. The capitalization of the vessel replacement fund will create an alternative funding source for the fleet, which will allow the Alaska Marine Highway System to continue to meet its mission of providing basic marine transportation to the coastal communities of the state. The Department of Transportation and Public Facilities supports the legislation.

The Alaska Marine Highway System Vessel Replacement Fund was created in 1990 for the purpose of financing the replacement and refurbishment of Alaska Marine Highway System vessels. The Alaska Marine Highway System consists of 8 vessels ranging in age from 14 to 28 years. Each vessel requires periodic refurbishment in order to maintain a safe and adequate level of service. This refurbishment includes all components of the vessels, including hotel and public areas, as well as major mechanical systems. In the last several years, vessel refurbishment projects have been primarily financed with federal highway funds. The system's share of the FHWA funds received by the state has been approximately \$9 million a year.

*For Further Information contact Katy McHugh at 465-3900.*

Presented by: Mayor and Assembly  
Introduced: 04/01/91  
Drafted by: B.J.B.

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 1503

A RESOLUTION URGING THE ALASKA LEGISLATURE TO ADOPT HOUSE BILL NO. 175 WHICH WOULD APPROPRIATE \$45 MILLION FROM THE GENERAL FUND TO THE ALASKA MARINE HIGHWAY SYSTEM VESSEL REPLACEMENT FUND IN THE FISCAL YEAR 1992 BUDGET.

WHEREAS, in 1990, the Sixteenth Alaska Legislature adopted House Bill No. 372 establishing within the State of Alaska General Fund the Alaska Marine Highway System Vessel Replacement Fund, and

WHEREAS, the vessel replacement fund was established for the purpose of financing the timely replacement and refurbishment of vessels in the Alaska Marine Highway System, and

WHEREAS, the Seventeenth Alaska Legislature has now introduced House Bill No. 175 which would appropriate \$45 million from the General Fund to the Alaska Marine Highway System Vessel Replacement Fund in the Fiscal Year 1992 Budget, and

WHEREAS, the Alaska Department of Transportation and Public Facilities (DOT/PF) estimates that it will cost \$29 million to replace a small feeder ferry, \$39 million to replace a mid-sized ocean-going vessel, \$102 million to replace a large vessel such as the Columbia, and that it would cost approximately \$300 million to replace all vessels in the fleet, and

WHEREAS, in the fleet conditions survey recently released by DOT/PF, it was estimated that the cost of refurbishing the entire fleet could be as high as \$92 million, and

WHEREAS, the average age of the vessels in the Alaska Marine Highway fleet is approximately 23 years and each vessel requires periodic refurbishment in order to maintain a safe and adequate level of service, and

WHEREAS, the Fiscal Year 1992 State Budget presently does not include funding for the replacement and refurbishment necessary for long-term continuous service of the Alaska Marine Highway System, and

WHEREAS, vessel replacement and refurbishment is necessary in order for the Alaska Marine Highway System to continue to provide basic transportation needs for Alaskan communities, residents, and visitors, and

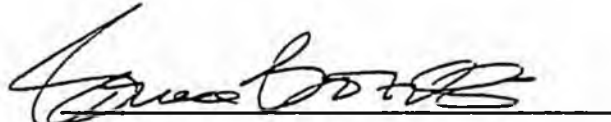
WHEREAS, the Alaska Marine Highway System is a critical part of the economy of the State of Alaska;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

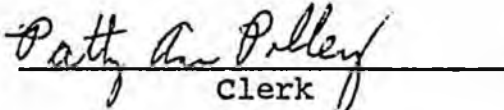
1. That the Assembly urges the Alaska Legislature to adopt House Bill No. 175 which would appropriate \$45 million from the General Fund to the Alaska Marine Highway System Vessel Replacement Fund in the Fiscal Year 1992 State Budget in order to ensure the long-term maintenance and vitality of the Alaska Marine Highway System as a critical transportation link for communities, residents, and visitors throughout Southeast Alaska.

2. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 1st day of April, 1991.

  
\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
Clerk

# CITY OF SKAGWAY

GATEWAY TO THE GOLD RUSH OF "98"  
P. O. BOX 415 SKAGWAY, ALASKA 99840  
(PHONE) 907-983-2297  
(FAX) 907-983-2151

RECEIVED  
APR 10 1991

April 9, 1991

Representative Ben Grussendorf  
State of Alaska  
House of Representatives  
P. O. Box V  
Juneau, Alaska 99811

Dear Representative Grussendorf;

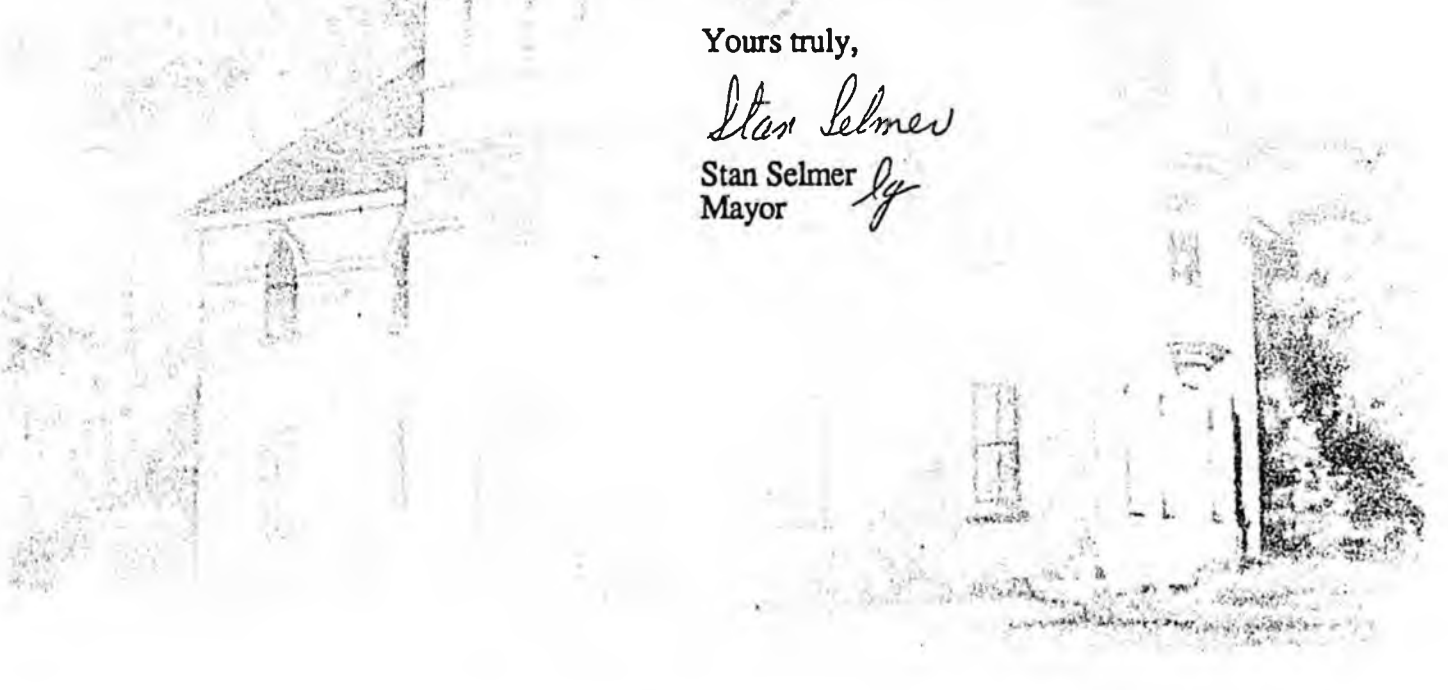
The City of Skagway would like to state its support for the Alaska Marine Highway System, and the importance of its continuing presence to our community. We are very concerned that the system needs upgrading and improvement of services. We would like to see increasing ferry service between Skagway and Haines and Juneau to allow our residents good access to these other communities for our business and travel needs, as well as the opening up of our community to accommodate residents of these communities.

We fully support HB175 and SB155 which will allow for the long term health of this highway system. We appreciate the efforts of the Senators and Representatives who support this endeavor. We hope the Governor will understand our needs and realize that the ferry system is vital to our communities' health and economy. We need the ferry for commerce. We also depend on the ferry for access to the hospital in Juneau, for connecting flights elsewhere, and for a pleasant break and trip out of town. It satisfactorily provides a "road system" for this part of Alaska.

We are aware that belt-tightening and sacrifices need to be made, but commerce, economic well-being and healthy communities also depend on a reliable transportation system. The Alaska Marine Highway System meets those needs.

Yours truly,

*Stan Selmer*  
Stan Selmer  
Mayor *ly*





# City and Borough of Sitka

304 LAKE STREET . SITKA, ALASKA . 99835

The Honorable Walter Hickel  
Office of the Governor  
P O Box A  
Juneau, Alaska 99811-0101

February 28, 1990

**Re: Vessel Replacement Fund for the Alaska Marine Highway System.**

Dear Governor Hickel:

The Alaska Marine Highway System is critical to Southeast/Coastal Alaskans for basic transportation, economic development and regional interaction. State funding for the system has decreased over the past five years resulting in steadily diminished levels of service to Southeast Alaska.

The City and Borough of Sitka and the Southeast Conference urges the regular commitment of funds to the Vessel Replacement Fund created by the last legislature, which, accumulated over a period of years, will cover capital costs to rebuild or construct new equipment and facilities for the Marine Highway system.

Your second capital budget for FY92, to be introduced in March, is the opportunity to accomplish what you said you'd do when you visited Sitka last fall: "invest in Southeast's economy by putting resources in to rebuilding our aging fleet of ferries."

We call upon your support.

Sincerely,

*DK*  
Dan Keck, Mayor  
City and Borough of Sitka

cc: Assembly  
Southeast Conference  
Frank Turpin, Commissioner DOTPF  
Lloyd Jones  
Senator Richard 'Dick' Eliason  
Representative Ben Grussendorf



## CITY OF HAINES, ALASKA

P.O. BOX 1049

HAINES, ALASKA 99827

(907) 766-2231 • TOURISM (907) 766-2234 • FAX (907) 766-3179

# COPY

Governor Walter Hickel  
P.O. Box A  
Juneau, AK 99811-0101

February 26, 1991

Re: Alaska Marine Highway System

Dear Governor Hickel:

The Alaska Marine Highway System is the main, and in some places the only, highway in Southeast and many parts of Southwest Alaska. It is a vital year-round transportation link between isolated communities. The system's vessels are old and some are in need of refurbishment or replacement. I see that the new budgets do not include any funding for the refurbishment and replacement necessary for long-term continuous service. The ferry system draft plan dated January, 1990, supports as a priority instituting a vessel refurbishment/replacement program.

The importance of this investment is critical for the health of the whole Alaskan economy. Southeast supplies, via the ferry system, a significant portion of the tourists who go on to Anchorage and Fairbanks.

The Alaska Marine Highway System, when formed shortly after Statehood at the behest of the Southeast Conference, was put into place to be an extension of the State of Alaska road system. The ferry system is a vital road in Southeast, transporting residents, tourists, food, mail, supplies, cars and resources.

Please consider implementing the priority recommendation of the system's long-term plan, as it is practical and necessary. I encourage you to follow through with your statement of last Fall when you said you would invest in Southeast's economy by providing the resources to rebuild our aging fleet of ferries. Maintaining a consistent level of service is crucial.

Thank you for your consideration of this request.

Sincerely,

Frank L. Wallace

Mayor

CITY OF HAINES

FLW/SVJ

# AEL&P

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ALASKA ELECTRIC LIGHT AND POWER COMPANY

(907) 586-2222  
612 W. Willoughby Ave., Juneau, AK 99801-1798

February 26, 1991

The Honorable Walter Hickel  
Governor  
State of Alaska  
P.O. Box A  
Juneau, Alaska 99811

Dear Governor Hickel,

This is to express my strong support for an appropriation of at least \$45 million in 1991 to the Alaska Marine Highway System vessel replacement fund.

The Marine Highway System is vital to all of Alaska, not just Southeast Alaska. It's fleet is aging rapidly. An opportunity exists now to put aside some of the windfall revenues coming to the State, in a manner which will spread some of the benefits over many years of service to all Alaskans.

Thank you for considering this very important appropriation.

Very truly yours,

James S. Webb  
President

Bcc: REPRESENTATIVE  
FRAN ULMER

**Haines Chamber of Commerce  
Post Office Box 518  
Haines, Alaska 99827**

February 26, 1991

Honorable Walter J. Hickel  
Governor of Alaska  
Office of the Governor  
P. O. Box A  
Juneau, Alaska 99811-0101

Re: Vessel Replacement Funding  
Alaska Marine Highway System

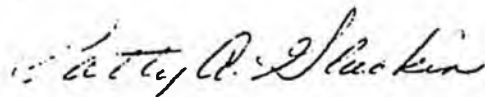
Dear Governor Hickel:

On behalf of the Haines Chamber of Commerce, I urge you to include in your FY92 Capital Budget adequate funds for vessel replacement to the Alaska Marine Highway System. This is an important capital project for all of us who depend on the ferry system.

There can be no doubt as to the importance of the ferry system to the economies of Southeast and Southwest Alaska. The maintenance needs of the aging fleet are well-documented in the Alaska Marine Highway System Plan, as are the growth needs of existing ports of call and demands for expansion of the system.

The enabling legislation is in place. Vessel replacement will be a popular and practical investment in our future.

Sincerely,



Patty A. Glackin  
President

PG/as

cc: Rep. Fran Ulmer ✓



# Prince of Wales Chamber of Commerce

P.O. Box 497  
Craig, Alaska 99921  
907-826-3870

February 26, 1990

Honorable Walter Hickel  
Governor, State of Alaska  
P. O. Box A  
Juneau, Ak 99811

Dear Governor,

The Citizens of Prince of Wales Island are heavily dependent on the Marine Transportation System. It transports our food and most other products necessary to our well-being. We also depend heavily on it for individual transportation to professional services (medical, hospital, dental, legal and etc) that are not available to us on the Island. We ship most of the seafood harvested here on the West Coast via the ferry system.

The population of Prince of Wales is now over 7000 year-around with near double of that during the "working season" March to October. We have 5 major communities besides numerous logging camps and small unorganized settlements. We have become very dependent on the ferries to connect us to the services that we need.

You indicated earlier that you wanted to put the State's resources to work by upgrading our aging fleet of ferries and establishing a vessel replacement fund. In your recently submitted budgets you included only \$4 million of the \$7 million that is needed to meet the Division's need for FY 91 and you didn't mention the vessel replacement fund.

We found this alarming considering the condition of the vessels and the 2 day a week schedule that we are struggling with this winter.

The Marine Highway is desperately needed to support the present economy and to provide part of the infrastructure needed if we are to maintain and improve the economy of all of the State, not just Southeast Alaska. We felt you understood how important this Marine link was. Southeastern is not the only one who benefits from this Highway - the entire State does. \$8.4 million of the revenue going into Southcentral is directly attributed to the ferry system.



## Prince of Wales Chamber of Commerce

P.O. Box 497  
Craig, Alaska 99921  
907-826-3870

When you were Governor before, you had the foresight to realize the importance of this transportation link and contributed much to its development. We were expecting the same commitment based on your earlier comments.

It is a State Highway and we urge you to include the funding needed to maintain and upgrade it when you do your next capital budget for Fy 92.

Respectfully,

*Barbara H. Permenter*

Prince of Wales Chamber of Commerce  
Barbara Permenter, President

*cc Frank Turpin, Commissioner  
DOTFF  
Jim Ayres, Director Marine Transportation*

RECEIVED  
MAR 11 1991

City of Tenakee Springs

RESOLUTION 91-13

In the Council  
February 28, 1991

Introduced by the  
Council President

A RESOLUTION REQUESTING THAT FUNDING  
FOR VESSEL REPLACEMENT FOR THE ALASKA MARINE HIGHWAY SYSTEM  
BE INCLUDED IN THE BUDGET FOR FISCAL YEAR 1992

- WHEREAS, money for vessel replacement in the Alaska Marine Highway System has not been included in the capital or supplemental budget bills;
- WHEREAS, the City of Tenakee Springs relies on the Alaska Marine Highway for all transportation needs;
- WHEREAS, maintaining the present fleet is only a part of preserving an ongoing Alaska Marine Highway System; and
- WHEREAS, vessel replacement is a necessary part of an Alaska Marine Highway System that will be responsive to basic transportation needs of many Alaskans and of visitors to Alaska;

THEREFORE BE IT RESOLVED by the Common Council of the City of Tenakee Springs, Alaska to urge that funds for vessel replacement in the Alaska Marine Highway System be included in the appropriate budget bill this fiscal year.

BE IT FURTHER RESOLVED to direct the city clerk to forward Resolution 91-13 to Governor Hickle, Commissioner Turpin, and Legislators Ulmer, Eliason and Grussendorf.

ADOPTED 5 AYES, 2 ABSENT THIS 28TH DAY OF FEBRUARY 1991



Ruth M. Borger  
Ruth M. Borger, Vice-Mayor  
Acting Council President  
ex officio MAYOR

ATTEST:

Janice J. Eagle  
Janice J. Eagle  
City Clerk

PLEASE MICROFILM TOP PAGE ONLY

DOCUMENTS WHICH HAVE NOT BEEN  
FILMED BUT ARE AVAILABLE IN THE  
ORIGINAL FILE INCLUDE:

→ FLEET SUMMARY - DRAFT REPORT BY  
THE GLOSTEN ASSOCIATES, INC.  
MARCH 1991