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ALASKA STATE LEGISLATURE



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SENATOR JERRY MACKIE

SENATE MAJORITY LEADER

SPONSOR STATEMENT

SB 288, Approving Clarke Bay Terminal Agreement.

SB 288 authorizes the Department of Transportation and Public Facilities to enter into an agreement with the Inter-Island Ferry Authority to operate the state's Clarke Bay marine terminal facility.

Rather than rely on the uncertain plans of the state, the communities of Prince of Wales Island took the initiative in 1997 to solve their own ferry service needs. They formed the Inter-Island Ferry Authority to provide daily ferry service from POW to Ketchikan and to provide a northern link to the communities of Petersburg and Wrangell. Currently, the service between Ketchikan and Clarke Bay (Hollis) by Alaska Marine Highway System ferries is five trips a week during the summer and three trips a week during the winter. For a substantial part of the winter, this service is further reduced to once a week.

The Authority is well on its way to establishing a revenue sustaining transportation system that meets the area's need for increased service. Construction of the first ship is scheduled for June of next year. Considerable funds have also been secured to upgrade existing terminal facilities and construct the new ones needed for the northern portion.

A key feature of the Inter-Island Ferry Authority is the use and operation of the Clarke Bay terminal facility. The state is willing to come to an agreement with the Authority to operate the facility since it will be the principal user. Legislative approval, however, is required before such an agreement can be concluded (AS 29.35.722(2)). This approval is provided in SB 288.

Inter-island Ferry Project

Project Description

Project Overview

Introduction

The Inter-island Ferry Authority (IFA) proposes to design and construct a new passenger and vehicle ferry. The purpose of this ferry is to meet the growing demand for ferry transportation between Prince of Wales Island communities and Ketchikan.¹ The IFA is a recently formed port authority; it will own and operate this new ferry.

The proposed new ferry will replace an Alaska Marine Highway System (AMHS) ferry, MV AURORA, to provide service on a route between Prince of Wales Island and Ketchikan. Exhibit 1 includes a map showing the route of the proposed IFA ferry. The proposed IFA route is the same as that over which the State of Alaska operates the MV AURORA.²

The IFA plans to provide year-around twice-daily service on this route. The IFA will use a 17-hour, two-shift operating day to provide this level of service.

The IFA will use existing AMHS ferry terminals at Clark Bay on Prince of Wales Island and in Ketchikan to support its operations. Use agreements between the IFA and the State of Alaska Department of Transportation and Public Facilities will allow the IFA to use AMHS terminals.

Pro-forma financial analysis to date shows that the IFA operation will generate sufficient revenue to pay its operating, maintenance and repair costs. Those revenues will also support debt service sufficient to provide FTA grant matching funds.

¹ See Project Justification elsewhere in this grant application for a more complete discussion of the justification for this project.

² The State of Alaska will reassign the MV AURORA to other AMHS routes once the proposed new IFA ferry begins operation.



March 6, 2000

Senator Jerry Mackie
Room 427 State Capitol
Mailstop: 3100
Juneau, AK 99801-1182

Subject: Legislation for Interisland Ferry Authority Operation of Hollis Terminal

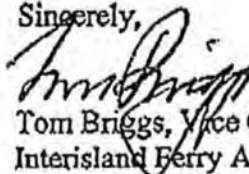
Dear Sen. Mackie:

The Interisland Ferry Authority, a Port Authority under Title 29.35.600, the Alaska Municipal Port Authority Act, is negotiating with the State of Alaska the terms of operation and maintenance of the Clark Bay (Hollis) Ferry Terminal. The need for the terminal is to facilitate the operational support of the daily ferry vessel to be brought online in the spring of 2001.

In a meeting last week, the Alaska Department of Transportation indicated that under state law, the operation of state owned assets by port authorities requires the approval of the Legislature. The Interisland Ferry Authority therefore respectfully requests your assistance in seeking legislative approval for the authority to enter into a long term agreement with the State of Alaska for operation and maintenance of the Clark Bay Ferry Terminal.

Your assistance of the Interisland Ferry Authority in this matter will be greatly appreciated.

Sincerely,


Tom Briggs, Vice Chairman
Interisland Ferry Authority

Cc: IFA Board of Directors

INTER-ISLAND FERRY AUTHORITY
An Alaska Municipal Corporation
P.O. Box 725 • Craig, Alaska 99921
Telephone: (907) 826-3275 Telefax: (907) 826-3278

SENATE BILL NO. 288

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Introduced: 3/3/00

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the Department of Transportation and Public Facilities to
2 enter into an agreement with the Inter-Island Ferry Authority regarding the
3 operation of the Clarke Bay Terminal, Prince of Wales Island."

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

5 * Section 1. The uncodified law of the State of Alaska is amended by adding a new
6 section to read:

7 LEGISLATIVE APPROVAL. (a) In order to provide more frequent and efficient
8 marine ferry service to the residents of Prince of Wales Island and adjacent areas of southern
9 Southeast Alaska, the legislature authorizes the Department of Transportation and Public
10 Facilities to enter into an agreement with the Inter-Island Ferry Authority regarding the
11 operation of the Clarke Bay Terminal, Prince of Wales Island.

12 (b) This section constitutes legislative approval under AS 29.35.722(2) for the
13 Department of Transportation and Public Facilities to enter into an agreement with a port
14 authority for the operation of the Alaska marine highway system terminal on Clarke Bay,

1 Prince of Wales Island.

Sec. 29.35.705. Audits. (a) The board shall have the financial records of an authority audited annually by an independent certified public accountant.

(b) An authority shall make all of its financial records available to an auditor appointed by a municipality participating in the authority for examination. (§ 2 ch 97 SLA 1992)

Sec. 29.35.710. Remedies. A holder of bonds or notes or coupons attached to the bonds issued by an authority under AS 29.35.625, and a trustee under a trust agreement or resolution authorizing the issuance of the bonds, except as restricted by a trust agreement or resolution, either at law or in equity, may

(1) enforce all rights granted under AS 29.35.600 — 29.35.730, the trust agreement or resolution, or another contract executed by the authority; and

(2) compel the performance of all duties of the authority required by AS 29.35.600 — 29.35.730 or the trust agreement or resolution. (§ 2 ch 97 SLA 1992)

Sec. 29.35.715. Claims. For the purpose of judicial and regulatory proceedings by and against an authority, an authority and its board members and employees enjoy the same rights, privileges, and immunities as a municipality and municipal officers. (§ 2 ch 97 SLA 1992)

Sec. 29.35.720. Conflicting laws inapplicable. If provisions of AS 29.35.600 — 29.35.730 conflict with other provisions of this title, the provisions of AS 29.35.600 — 29.35.730 prevail. (§ 2 ch 97 SLA 1992)

Sec. 29.35.722. Ownership or operation of certain state facilities prohibited. The state may not, without the approval of the legislature,

(1) convey or transfer the Alaska marine highway system, the Anchorage or Fairbanks international airports, or any other state asset, except undeveloped state land as provided in AS 38.05.810 or surplus property, to an authority; or

(2) enter into an agreement with an authority under which the authority would operate the Alaska marine highway system, the Anchorage or Fairbanks international airports, or any other state facility, system, or function that employs one or more employees. (§ 2 ch 97 SLA 1992)

Cross references. — For Alaska marine highway system, see AS 19.65.

Sec. 29.35.725. Definitions. In AS 29.35.600 — 29.35.730, unless the context otherwise requires,

(1) "authority" means a port authority established under AS 29.35.605;

(2) "board" means the board of directors of an authority;

(3) "bonds" includes bonds, bond anticipation notes, notes, refunding bonds, or other forms of indebtedness of the authority;

(4) "bylaws" or "bylaws of the authority" means the guidelines adopted by and amended by the board from time to time in accordance with AS 29.35.600 — 29.35.730;

(5) "port" means a facility of transportation related commerce located within the state;

(6) "project" means a port, dock, and administrative facilities, including property necessary in connection with the operation of a port;

(7) "project cost" or "cost of a project" means all or any part of the aggregate costs determined by an authority to be necessary to finance the construction or acquisition of a project, including without limitation to the cost of acquiring real property, the cost of constructing buildings and improvements, the cost of financing the project, including, without limitation, interest charges before, during, or after construction or acquisition of the project, costs related to the determination of the feasibility, planning, design, or

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 288

Revision Date/Time (Note if correction) _____ Dept. Affected DOT&PF
 Title "An Act authorizing the DOT&PF to enter into BRU Marine Highway System
an agreement with the Inter-Island Ferry Authority.... Component Southeast Shore Operations
 Sponsor Senate Labor & Commerce Engineering Mangement
 Requester Senate Transportation Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services		(115.0)	(115.0)	(115.0)	(115.0)	(115.0)
Travel		(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Contractual		(14.0)	(14.0)	(14.0)	(14.0)	(14.0)
Supplies		(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	(141.0)	(141.0)	(141.0)	(141.0)	(141.0)

CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other- Marine Highway Fund		(141.0)	(141.0)	(141.0)	(141.0)	(141.0)
TOTAL	0.0	(141.0)	(141.0)	(141.0)	(141.0)	(141.0)

Estimate of any current year (FY00) cost: _____

POSITIONS

Full-time		(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

(See Attached)

Prepared by Dennis Poshard, Legislative Liaison Phone 465-3904
 Division Office of the Commissioner Date/Time 3/18/00 10:34 AM
 Approved by Commissioner Date 3/20/00
 Agency Department of Transportation and Public Facilities

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Department of Transportation and Public Facilities
Fiscal Note Analysis
SB 288
March 18, 2000

"An Act authorizing the Department of Transportation and Public Facilities to enter into an agreement with the Inter-Island Ferry Authority (IFA) regarding the operation of the Clarke Bay Terminal, Prince of Wales Island"

This bill would allow the Department to transfer the operation and maintenance of the Clarke Bay Terminal to the Inter-Island Ferry Authority. The Department would therefore achieve operational savings as follows:

Personal Services - \$115,000. \$5,000 is the amount our maintenance workers charge per year for preventative and emergency maintenance at the terminal. The remaining \$110,000 represents the cost of two terminal agents working at Hollis. The third employee (seasonal) needs to be maintained to make AMHS reservations on Prince of Wales Island for passage on AMHS vessels. That work load would all shift to Ketchikan and further inconvenience AMHS customers if this services is not provided.

Travel - \$2,000. This is the amount of travel and per diem for the workers to travel from Ketchikan when working on the terminal.

Contractual - \$14,000. This covers electricity, phone, fuel oil, vehicle rental, and other miscellaneous expenses to operate the terminal for a year.

Supplies - \$10,000. This includes office supplies used at the terminal as well as maintenance and repair supplies used by the terminal maintenance workers. This includes maintaining and repairing the hydraulic ramp and other parts at the dock.

This fiscal note assumes a transfer date of July 1, 2001, pending delivery and operation of the IFA's first vessel.