

SB

130

Alaska State Legislature



Chairman,
Judiciary Committee

Vice-Chairman,
Administrative Regulations
Revenue Committee

Member,
Transportation Committee
Resources Committee

Senator Robin L. Taylor

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SPONSOR STATEMENT SB 130

"An act establishing the Alaska Marine Highway Authority; and providing for an effective date."

Senate Bill 130 would establish and Alaska Marine Highway Authority to assume management of the Marine Highway System from the Department of Transportation and Public Facilities.

The Authority would be a public corporation of the state as an instrumentality of DOT/PF, but would have a legal existence independent and separate from the state. The new Authority would be comparable to the Alaska Housing Finance Corporation or the Alaska Industrial Development and Export Authority.

The powers of the Authority would rest with a seven member Board, appointed by the Governor. One member would be the Commissioner of Transportation. The six other members would be required to have experience in maritime affairs, would serve staggered five-year terms and would be subject to legislative confirmation. The Board would hire the system director.

Establishment of such an authority board would bring maritime experience, accountability and continuity to the management of the Alaska Marine Highway System.

Based on information gathered at public hearings over the interim prior to the 1997 Legislative Session, the Senate Task Force on the Alaska Marine Highway System concluded that the legislature should consider the creation of such an Authority.

Testimony received by the Task Force indicated that DOT management of the Marine Highway lacks focus and that AMHS administration under DOT lacks maritime experience.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell
E-mail: Senator_Robin_Taylor@legis.state.ak.us

Management under DOT has become insular and is unresponsive to input from vessel employees and the general public. Scheduling is chaotic and the fare structure has discouraged ridership. The reservations system has been an abject failure.

While concerns over funding levels are valid, the naturally bureaucratic mindset of the Department has tightered what former director Jim Ayers termed a "death spiral".

Establishment of the Alaska Marine Highway Authority will not be a panacea, but will give the system a new perspective.

This bill has earned the endorsement of the Inland Boatmen's Union of the Pacific, the International Organization of Masters, Mates and Pilots and the Marine Engineers Beneficial Association. These unions represent the majority of AMHS employees.

The Ketchikan City Council, the Ketchikan Gateway Borough Assembly, the Ketchikan Indian Corporation, the Greater Ketchikan Chamber of Commerce and the Ketchikan Visitors Bureau also have endorsed SB 130.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

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JUNEAU, ALASKA 99801-7898

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December 10, 1997

RECEIVED

DEC 11 1997

The Honorable John Torgerson
Alaska State Legislature
145 Main Street Loop, Suite 226
Kenai AK 99611

Dear Senator Torgerson:

I am concerned that you felt our responses to your August 4, 1997 questions were unresponsive. A considerable amount of staff time was devoted to developing and providing the information. The Legislature reduced the AMHS general fund support by over a million dollars. The priority of our reduced marine highway staff during August, September and October was dealing with the disruption due to the Prince Rupert blockade; developing the winter and summer schedules for the system; and implementing organizational changes as required by last year's legislation.

This letter responds to the questions you posed in your October 31, 1997 letter. Let me start by saying that your proposal to develop a budget using separate appropriations for each of the Marine Highway's vessels will create problems for the system. We do not give Alaska's 265 airports separate appropriations, nor do we fund road maintenance based on the milepost. Implementation of this change could result in laying up a vessel near the end of the fiscal year because of funding shortages resulting from an unanticipated event concerning that specific vessel. In addition the increase in administrative paperwork would overwhelm our current administrative staff. Additional administrative staff would have to be added to establish and track separate appropriations. This proposal needs additional study and review prior to consideration of implementation.

Answers to your specific questions are as follows:

- 1) *What are the revenues vs. expenditures of the Kennicott?*

The revenue projected for the Kennicott in FY 99 is \$10,829,100. The vessel expenditures projected for the same period total \$10,195,359. These projections assume 41.9 weeks of service, as is indicated in the enclosed Operating Plan. The details on which these projections are based are shown in the enclosed Operating Plan spreadsheet.

- 2) *What are the revenues vs. expenditures of the Malaspina in the day boat scenario?*

The details regarding revenues and expenditures for the M/V Malaspina operating in Lynn Canal service are given in the enclosed estimates. These depict both 4.7 weeks of service in FY98 and 14.1 weeks of service in FY99. The basis on which those estimates were developed are shown on the forms. The expenditure estimates for the Malaspina assume that no changes are made in the complement of employees aboard the ship during the summer. However, the contract acknowledges that modification(s) may be necessary to accommodate changing operational conditions. Enclosed is a copy of the agreement with the union for operation of the Malaspina.

- 3) *What is the projected subsidy needed for each configuration?*

The proposed operations by the Kennicott in FY99 are estimated to produce a surplus of revenue over vessel expenditures of \$633,700. This does not include \$75,000 additional need for longshoring of the vessel. The scheduled operations by the Malaspina in the summer of 1998 (portions of both FY98 and FY99 excluding June) are projected to produce an excess of expenditures over revenue of some \$1,764,400. These expenditures include layup costs but no changes to shoreside services.

- 4) *What is the impact of this new vessel on the entire system (increase from 8 to 9 vessels)?*

The impact of the new vessel will be better service to communities requiring ocean class vessel service. It will connect southeast and southcentral Alaska via Juneau, Valdez and Seward and replace the Tustumena on its southeastern runs during periods when the Tustumena is in maintenance. The daily service provided by the Malaspina in North Lynn Canal will result in 14 additional weeks of ferry service for Southeast travelers on a leg that is currently lacking in transportation assets. As you are aware the Alaska Municipal League, representing communities from across the state, expressed their unanimous support for the nine vessel system beginning this summer.

According to the April 1995 McDowell Group report entitled "Economic Benefits of the Alaska Marine Highway System," visitors arriving via the marine highway spend \$11.4 million in southcentral \$7.4 million in interior and northern and \$13.3 million in southeast areas of the state on an annual basis. Adding a new vessel provides the potential for increasing the economic benefits to the entire state.

The fiscal impacts of the ninth vessel are represented in the answer to question #2.

5) *What is the impact of the Prince of Wales Island Ferry System.*

We have ongoing discussions with the Inter-Island Ferry Authority (IFA). The IFA is still developing its plans but hopes to begin service in 2000. We are committed to ensuring our system is compatible with theirs. We are also working out arrangements for their use of our terminal facilities in Hollis and Ketchikan. We will support the IFA to ensure their efforts are a success. As we have stated before, we do not intend to compete with the IFA for passengers. Impacts of the IFA are being addressed in the Southeast transportation study.

6) *What is the impact of the new Metlakatla Ferry?*

It is premature to estimate the financial impact of the proposed shuttle ferry connecting Annette Island with Saxman. The Aurora will probably not be needed to serve Metlakatla and can be deployed elsewhere. The road from Metlakatla is being constructed by the U.S. military and may be completed by 2002. Completion will be dictated by military funding which is extremely difficult to predict.

7) *What is the projected impact of the new Petersburg/Wrangell Ferry?*

Petersburg and Wrangell have recently voted to join the Inter-Island Ferry (IFA). Any service developed by the IFA to these communities is probably several years away. The AMHS will work with the IFA to ensure compatibility with state service.

8) *What are your operation plans for the new reservations system?*

The new RMS III reservation system was funded with federal highway funds through the Statewide Transportation Improvement Program (STIP) in 1993. It was designed to provide better service to passengers. We are currently installing the hardware for the new system in all the ferry terminals and the reservations office. Staff training will be completed and the new computer system will be in operation when booking is opened on January 5, 1998 for the Summer '98 season. The same number of staff needed to run the existing reservations computer system will be needed to run the new computer system. In addition, we have invited two Alaska travel agencies to begin using the RMS III system. Each agency will need to purchase special computer hardware costing approximately \$12,000. AMHS will provide training. Our experience with the travel agencies will be evaluated during the first six months to determine additional travel agency opportunities.

The FY98 budget reduction resulted in a cut of four marketing/reservations positions, causing a large impact on our already overburdened 800 phone line. To help mitigate the impacts of the legislature's action, we are assigning various terminal staff to answer reservation calls during periods when the vessels are not in port.

In response to your comments favoring "converting the AMHS to a day boat scenario," I have always been willing to discuss ways to improve service, including feeder vessels. As you know, new vessels needs must be looked at in the broader context of Federal Highway funding needs for the entire state.

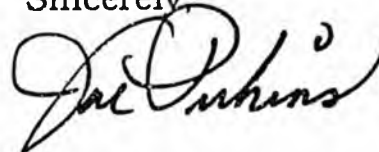
No single person has the answer to the many issues facing the AMHS. We need to rely on the expressed needs of communities and businesses and the collective expertise of the AMHS employees to revitalize the marine highway. The Southeast Transportation Plan, currently being developed with the help of the area's communities will give us all a good basis for discussion of how to revitalize the system.

I am enclosing a copy of the summer schedule. I appreciate the willingness you expressed to AML mayors for considering early funding for the Malaspina to begin daily service to North Lynn Canal beginning this summer.

The Marine Highway System is moving in the right direction. There is overwhelming support from employees and communities for deployment of the Malaspina in North Lynn Canal. Bar service has been restored to a profit making operation. Employee relations are improving.

This administration is working hard to revitalize the Marine Highway System. The people of Alaska deserve the best possible transportation system, be it roads, airports or ferries. We should work together in seeing that they get the basic transportation services that are needed. I welcome your assistance in this effort.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe Perkins".

Joseph L. Perkins, P.E.
Commissioner

Enclosures

DRAFT

Operating Plan
1998-1999

Revision 99.4
November 15, 1997

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN		
	Implementation of an Operating Plan is dependent upon funding from the legislature and earned revenue.											Operating Weeks		
										Apr 15, C.O.I.				
KEN	Jul 1, Wed SE/SW		Sep 16, O.H.		Nov 01, YPR	Dec 15, Tue SE/SW			Mar 01, SW/PWS		May 11, Tue SE/SW		41.9	
COL	Jul 1, Wed BEL					Dec 15, Tue Layup			Mar 01, Mon BEL	Apr 15, Thu Overhaul		Jun 01, Tue	34.6	
MAT	Jul 1, Wed YPR				Nov 1, Sun CIP/Overhaul					Apr 15, BEL		Jun 1, YPR	28.6	
MAL	Jul 1, Wed NLC		Sep 08, Tue LAYUP									Jun 1, NLC	14.1	
TAK	Jul 1, Wed YPR		Sep 15, Tue CIP/Overhaul			Dec 15, Wed YPR							39.0	
AUR	Jul 1, Wed SP						Jan 11, Mon CIP/Overhaul			Apr 15, Thu WP		Jun 1, Tue SP	38.7	
LEC	Jul 1, Wed NP						Jan 11, Mon WP		Apr 15, CIP/Overhaul		Jun 1, Tue NP		45.4	
TUS	Jul 1, Wed							Mar 1, Mon Overhaul		Apr 15, Thu			45.7	
BAR	Jul 1, Wed		Sep 15, Tue Layup						Feb 16, Overhaul	Apr 1, Thu				23.9

LEGEND

- On Line
- Overhaul and Construction
- Layup
- BEL - Bellingham to Skagway Route
- YPR - Prince Rupert to Skagway Route
- NLC - Northern Lynn Canal Route
- NP - Northern Panhandle
- SP - Summer Panhandle
- WP - Winter Panhandle
- SE/SW - SE/SW Inter-tie Route
- SW/PWS - SW/Prince William Sound Route

Note: Dates represent the first day of the period. Overhaul and refurbishment periods include vessel travel time.

Mainline Vessels 158.2
Feeder Vessels 84.1
Southwest 69.6
Total Operating 311.9

DRAFT OPERATING PLAN 1998-1999
December 9, 1997

Vessel Operations	Svc Wks Op Plan	Weekly Est. Costs	Total Op Plan Op Costs	Overhaul Weeks Op Plan	Weekly Pers Costs Overhaul	Total Pers Costs Overhaul	Lay-Up Weeks Op Plan	Weekly Est. Costs Layup	Total Op Plan Lay-Up	Total Op Plan Overall Costs	Total Estimated Revenue
Columbia	34.6	224,326.0	7,761,679.6	6.6	57,673	378,994	10.7	65,174	698,293	8,838,966	8,857,491
Kennicott	41.9	234,700.0	9,833,930.0	6.6	55,000	361,429	0.0	0	0	10,195,359	10,829,100
Matanuska	28.6	170,067.0	4,863,916.2	23.6	32,000	754,286	0.0		0	5,618,202	5,240,156
Taku	39.0	157,932.0	6,159,348.0	8.6	40,000	344,000	0.0		0	6,503,348	6,077,026
Aurora	38.7	88,453.0	3,423,131.1	13.3	68,845	915,639	0.0		0	4,338,770	1,890,398
LeConte	45.4	98,284.0	4,462,093.6	6.6	65,369	429,568	0.0		0	4,891,661	1,629,649
Sub-total	228.2	973,762.0	36,504,098.5	65.2	318,887	3,183,915	10.7	65,174	698,293	40,386,306	34,523,820
All Vessels (laundry, etc.)		20,438	1,062,776							1,062,776	
SE Vssls Risk Mgmt FY 97		46,134	2,946,203							2,946,203	
SE Vssls Shoreside		11,976	622,757							622,757	
SE Vssls Leave		147,985	7,695,220							7,695,220	
TOTAL SE		1,200,295	48,831,055	65.2	318,887	3,183,915	10.7143	65,174	698,293	52,713,262	34,523,820
Tustumena	45.7	84,187	3,847,345.9	21.9	49,925	1,091,218	0.0	0	0.0	4,938,563.8	2,410,859.0
Bartlett	23.9	60,158	1,437,776.2	6.9	54,574	374,222	21.2	5,238	111,046	1,923,043.5	1,679,141.0
Sub-total	69.6	144,345	5,285,122	28.7	104,499	1,465,440	21.2	5,238	111,046	6,861,607	4,090,000
All Vessels		8,227	427,804							427,804	
SW Vssls Risk Mgmt FY 97		14,164	736,551							736,551	
SW Vssls Shoreside *		0	0							0	
SW Vssls Leave		47,167	2,452,684							2,452,684	
TOTAL SW		213,903	8,902,161	28.7	104,499	1,465,440	21.2	5238	111,046	10,478,646	4,090,000
TOTAL SYSTEM	297.8	1,414,199	57,733,215	93.9	423,386	4,649,354	31.9	70,412	809,338	63,191,908	38,613,820

	EST. EXPENSE	FUNDING	AMOUNT
VESSELS	63,191,908	FY97 REVENUE	38,872,500
SHORE COSTS	9,146,900	FY98 GF	27,440,000
		SUBTOTAL	66,312,500
TOTAL FY99	72,338,808		
SHORTFALL	(6,026,308)		

* Southwest vessel shoreside activities are identified to specific vessels.

FY98 ESTIMATE M/V MALASPINA LYNN CANAL SERVICE

M/V MALASPINA Lynn Canal Service Only - 4.7 WEEKS

(May 29 thru June 30, 1998)

(Operates with reduced crew under the new dayboat contract terms)

PROJECTED EXPENDITURES	
Personal Services	\$ 521,725
Travel	2,050
Contractual	76,875
Supplies	215,891
Equipment	-
Estimated Cost	\$ 816,541

PROJECTED TRAFFIC	TOTAL	PER/WK	REV/WK	TOTAL
Passengers	22,668	4,823	\$ 130,221	\$ 533,906
Vehicles	2,068	440	\$ 26,400	\$ 108,240
Estimated Revenue			\$	642,146

Net GF Requirement (174,395)

- > As a point of reference, the internal Lynn Canal traffic in 1995 was 96,487 passengers and 27,186 vehicles. This generated \$3,400,000 in revenue. It is important to note that this traffic and revenue was over an entire calendar year and served by all the mainline vessels during the summer months.
- > External traffic added another \$1,569,900 in revenue, and 43,439 passengers/ 11,138 vehicles. External traffic is defined as that traffic originating from points other than Juneau/Haines/Skagway. Other mainline vessels will still be handling external traffic.
- > Revenue estimates assume a total from all sources (tariff & onboard sales) of approximately \$32.50 per passenger. One-way ticket price Juneau-Skagway is \$26.00.
- > Expenditure estimates do not include additional non-permanent support staff at the terminals, reservations, fiscal and payroll sections. They do include increased supply and utility costs at the Haines, Skagway and Juneau terminals.

FY99 ESTIMATE M/V MALASPINA LYNN CANAL SERVICE

*M/V MALASPINA Lynn Canal Service Only - 14.1 WEEKS
(JULY-SEPT 7, 1998 & JUN 1999)
(Operates with reduced crew under the new dayboat contract terms)*

PROJECTED EXPENDITURES	
Personal Services	\$ 2,036,000
Travel	8,000
Contractual	375,000
Supplies	850,000
Equipment	-
Layup	710,600
Estimated Cost	\$ 3,979,600

PROJECTED TRAFFIC	TOTAL	PER/WK	REV/WK	TOTAL
Passengers	68,000	4,823	\$ 130,703	\$ 1,842,917
Vehicles	6,200	440	\$ 26,400	\$ 372,240
		Estimated Revenue		\$ 2,215,157

Net GF Requirement (1,764,443)

- > As a point of reference, the internal Lynn Canal traffic in 1995 was 96,487 passengers and 27,186 vehicles. This generated \$3,400,000 in revenue. It is important to note that this traffic and revenue was over an entire calendar year and served by all the mainline vessels during the summer months.
- > External traffic added another \$1,569,900 in revenue, and 43,439 passengers/ 11,138 vehicles. External traffic is defined as that traffic originating from points other than Juneau/Haines/Skagway. Other mainline vessels will still be handling external traffic.
- > Revenue estimates assume a total from all sources (tariff & onboard sales) of approximately \$32.50 per passenger. One-way ticket price Juneau-Skagway is \$26.00.
- > Expenditure estimates do not include additional non-permanent support staff at the terminals, reservations, fiscal and payroll sections. They do include increased supply and utility costs at the Haines, Skagway and Juneau terminals.

AMHS FUND SUMMARY

	FY92 Actual	FY93 Actual	FY94 Actual	FY95 Actual	FY96 Actual	FY97 Actual	FY98 Estimated	FY99 Estimated
Beginning Fund Balance	40,538.3	45,601.0	46,136.7	45,424.2	46,249.1	44,046.6	\$41,677.6	\$38,209.1
AMHS General Fund Appropriation	30,670.0	30,000.0	28,715.8	28,397.2	28,263.2	28,433.2	\$30,940.0	\$28,200.0
CIP Receipts/Interagency Receipts	1,063.3	1,288.0	1,328.0	1,341.0	1,768.0	1,028.1	\$1,157.4	\$1,227.4
AMHS Expenditures	(69,709.0)	(71,624.0)	(71,124.0)	(71,138.0)	(71,351.4)	(70,851.9)	(\$73,203.9)	(\$72,338.8)
AMHS Building				(500.0)				
AMHS Overhaul				500.0				
Other Fund Transfers Out(DOT/PF)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	0.0	\$0.0	\$0.0
Cash in Transit or Due from Other Fund	207.0				468.0	149.1		
AMHS Revenues	42,837.7	40,878.0	40,372.5	42,231.0	38,656.0	38,872.5	\$37,638.0	\$38,613.8
Ending Fund Balance	45,601.0	46,136.7	45,422.7	46,249.1	44,046.6	41,677.6	\$38,209.1	\$33,911.5

NOTE: Beginning with FY96 CIP and I/A Receipts and associated expenditures are not included in the annual financial Balance Sheet or Statement of Activity in the Annual Financial Report. This is due to changes in GAAP.

The figures on this document for FY92 thru FY96 balance to the Alaska Marine Highway System Fund Trial Balance.

These figures include CIP receipts and associated expenditures. Since the AMHS Administrative Building and AMHS Overhaul appropriations are a part of the fund, expenditures and or re-appropriations are reflected.

SUPPLEMENTAL AGREEMENT
to the
COLLECTIVE BARGAINING AGREEMENTS
between the
STATE OF ALASKA
and the
~~INTERNATIONAL ORGANIZATION OF MASTERS, MATES & PILOTS (branch #6, PMD)~~
~~the~~
~~MARINE ENGINEERS' BENEFICIAL ASSOCIATION (Dist. No. 1)~~
~~and the~~
INLANDEOATMEN'S UNION OF THE PACIFIC (Alaska Region)
Representing Vessel Crews of the
Alaska Marine Highway System

Re: M/V MALASPINA NORTH LYNN CANAL SERVICE

It is the mutual desire of all parties to this Agreement that the M/V Malaspina be retained in operational status in the fleet of the Alaska Marine Highway System (AMHS). The parties recognize that in conjunction with the expected commencement of operations of the M/V KENNICOTT in 1998, it may nevertheless be necessary to continue operation of the M/V MALASPINA. Operation of the M/V MALASPINA will be consistent with the mission of the Alaska Marine Highway System but must also be operated in the most cost efficient manner practical with the objective of attempting to fund its operating costs solely with revenues generated by such operations.

The parties therefore understand and agree that, effective upon a date of the Employer's designation but not earlier than May 1, 1998, the M/V MALASPINA will be operated on a special schedule in the waters of North Lynn Canal, serving the communities of Juneau, Haines and Skagway, Alaska. Upon the implementation of dedicated North Lynn Canal service by the M/V MALASPINA, the following Supplemental Agreement will govern the wages, hours and terms and conditions of crew members assigned to the vessel. Any renumbering of contract Rules necessitated by this Supplemental, whether or not specifically incorporated herein, shall be regarded by the parties as purely administrative detail and such renumbering (or lack thereof) shall not diminish or impair the substantive terms of this Agreement.

This Supplemental Agreement is entered into with the express understanding that it is intended to govern Northern Lynn Canal operations and schedule for which the parties have only limited experience. The parties acknowledge that its provisions may not be wholly adequate to ensure that the M/V Malaspina is able to operate on a cost-effective basis. Similarly, the parties recognize that initial crew levels, sailing schedule, or other operational conditions established herein may not be satisfactory to adequately address needs which arise once service has commenced.

| *

The parties therefore agree to meet and confer on a regular basis to discuss such subjects as manning levels, sailing frequency, work hours, safety, vessel maintenance needs, etc., and the parties acknowledge that this Supplemental may therefore require modification(s) at any time during its term. Any party may propose such modifications at any time it deems appropriate and the parties must meet within seven (7) days for good faith negotiations, but the terms of the Supplemental Agreement remain in effect until such time as any modification(s) is agreed to, or that the Agreement is terminated as otherwise provided herein.

Unless specifically modified by the terms of this Supplemental Agreement, all provisions of the parties' master Agreements governing Southeast System operations shall remain in effect.

The parties expressly acknowledge that this Agreement is entered into solely to address the unique and unusual circumstances attendant to a potential application of the M/V Malaspina to service in Lynn Canal between the communities of Juneau, Haines and Skagway. The terms of the Agreement are therefore applicable only to the potential utilization of the M/V Malaspina in such a fashion, and may not be extended to any other utilization of the M/V Malaspina, nor any other vessel, unless expressly agreed upon by the parties. This Agreement does not establish any practice or precedent between the parties which may be extended to other vessels or operations without the express written consent of the parties.

Rule 7.01 - Rule 7.01 is amended by the addition of a new paragraph to read:

The parties expressly recognize that crew requirements established by the Certificate of Inspection are inadequate to maintain the integrity of passenger services provided under a seven (7) day a week operating schedule for the M/V Malaspina as proposed herein, when coupled with the volume of travelers anticipated for North Lynn Canal. Recognizing that the parties have no prior experience with the operation of the M/V Malaspina to perform such service, the parties nevertheless expressly acknowledge their mutual desire to insure that manning levels are adequate to maintain and insure the integrity of service and safety to the traveling public. The parties therefore met and conferred on mutually recommended manning levels upon which a request for appropriations to operate the M/V Malaspina will be based. At any time that it may appear evident that insufficient funding will be provided to operate the M/V Malaspina with a crew complement as recommended by the parties, they will immediately meet and confer, upon request, in an attempt to determine if further mutually agreeable manning modifications can be made. In the event that the parties cannot mutually agree upon modifications which are consistent with the level of funding provided, this Supplemental Agreement shall be considered null and void.

The Employer retains the right to operate the M/V Malaspina to provide dedicated service in North Lynn Canal under the terms of the parties' 1996-1999 master Agreement.

Rule 7.03 - The Employer and the Union agree that every effort will be made to crew the M/V MALASPINA with the proper complement of personnel. A weekly crew list will be prepared by the employer identifying the minimum authorized number of positions to be filled. When the M/V MALASPINA is not crewed with the complement of personnel needed to fill the minimum number of positions identified on the weekly crew list, the wages of the missing crew member or members shall be divided equally among the employees of the same department performing the work of the missing crew member or members. Only when the number of employees falls below the minimum number of authorized positions and the missing employee(s) is not replaced within 24 hours will split wages be paid. If it is necessary that an employee must work on off-duty hours due to a missing crew member or members, the employee shall be paid overtime for this work in accordance with Rule 22.

7.06 (new) All regularly assigned crewmembers shall hold a valid U. S. Coast Guard lifeboatmen's certificate.

7.07 (new) If a watchstanding Ordinary Seaman (OS) is to be replaced by a non watchstanding OS the upgrade will be determined by Job points.

Rule 9.08 - (new) For the purposes of this Rule, a work assignment ends upon the return and tie-up of the M/V MALASPINA at its Juneau home port.

Rule 12 -- Rule 12 is amended as follows:

12.01 The designated change port for the M/V Malaspina is Juneau.

Rule 17 -- Rule 17 is amended by adding a new section to read: The straight-time and overtime hourly rates of pay, by job classification, specified in Rule 17 of each Agreement shall apply to job classifications utilized under this Supplemental. Cost-of-Living Differentials (COLD) or Alaska resident's pay rates shall apply to resident employees in the amounts specified in each Agreement for classifications utilized under this Supplemental; non-resident pay rates shall likewise apply to any employees who are not residents of Alaska.

Rule 18.02 -- The last sentence of Rule 18.02 does not apply.

Rule 19.02 - (New, IBU only). For purposes of assessing its impact on operating efficiencies and safety in the Engine Department, the parties agree that fourteen (14) day work schedules may be adopted for unlicensed engine room employees, provided that adoption of such a schedule is at no additional cost to the Employer. Adoption of such a schedule is contingent upon the express written agreement of the participating employees, the Union, and the Employer. Agreement to participate in such a schedule may be rescinded in writing by any participating party upon at least seven (7) calendar days notice, and cancellation of such an agreement shall take effect on the first schedule crew change arising thereafter.

An employee receiving an assignment under this Rule shall be entitled to a minimum guarantee in the same manner and fashion as if assigned under Rule 25.01(A), with such minimum guarantee commencing in the pay period in which the assignment commences and concluding in the succeeding pay period.

Rule 21.01 When a vessel is delayed for any reason other than "Emergency Service" in excess of one (1) hour after scheduled crew change, such delay shall be termed a "late Arrival". Scheduled crew change time shall be established and published by the employer. The hours involved in such delays shall be determined by the Deck Log. Total hours shall be calculated from the scheduled crew change time."

Rule 23.03(A): Add last sentence: "Employees assigned to M/V MALASPINA under the terms of this Supplemental Agreement may utilize vacation hours in increments of one day as mutually agreed to."

Rule 25.03: Employees dispatched for less than a full day (i.e., from Haines or Skagway), will receive twelve (12) hours straight time pay and reasonable and necessary expenses until returned home. A further immediate dispatch on the same calendar day can be counted towards the 12 hours.

Rule 25.05 - (New) For the purposes of this Supplemental Agreement and in order to promote the release of employees from duty in less than full work week increments, minimum guarantee shall not apply to any employee relieving for less than a full assignment.

Rule 27.01(E) (5) (New) Regularly Assigned Employees working under the terms of this Agreement shall not be subject to the reduction in force provisions of the Master Agreement any time that two (2) mainline vessels and a 235' class vessel remains in service in the Southeast System provided that these vessels are operated with a two crew (A and B) system. In the event that any vessel operating as one of the above mentioned vessels in Southeast is manned with a one (1) crew system during reduction in force the provisions of the parties' master agreement pertaining to reduction in force shall apply. At any time the one crew vessel is in addition to two (2) mainline and a 235' class vessel operating in Southeast Alaska the reduction in force provisions of the parties' master agreement shall not apply.

27.03 (New) For purposes of this Agreement, except during reduction in force periods as provided in Rule 27.01(E) (5), dispatches to the M/V MALASPINA shall be made in a manner consistent with established procedures and rules under the terms of the parties' Master Agreement, except that:

(A) Dispatches shall be made in seniority order from among those employees with a designated "Juneau only" change port, unless no employee with a designated Juneau change port is available to work.

(B) In the event that an employee with a designated change port other than Juneau is dispatched to work under this Agreement, the employee shall be entitled to actual and necessary travel expenses under Rule 12, and travel pay shall apply for any RAE's who are dispatched from a change port other than Juneau.

(C) Any employee who accepts a dispatch under this Agreement for an assignment which provides pay of less than eighty-four (84) hours time the employee's straight time rate shall remain eligible for other dispatches which may arise within that pay period.

(D) Any employee who declines an assignment under this agreement that pays less than eighty-four(84) hours times the employee's straight time rate shall remain eligible for other dispatches which may arise within that pay period. However, nothing in this Agreement precludes the right of the Employer to involuntarily assign an employee to the M/V MALASPINA when business needs so dictate provided that the Employer has made every reasonable attempt to contact the entire list of available S.E. reliefs to fill said position.

(E) Rule 28.11 is waived for purposes of employees working in a relief capacity on board the M/V MALASPINA.

Rule 31.04 (Rule 31.04 is replaced by a new rule).

Employees assigned to the M/V MALASPINA may use sick leave in one (1) day increments up to three days without a Doctor's certification. For sick leave absences in excess of three (3) days an employee must provide the Employer with a Doctor's certification. Such certification must be presented to the Employer at a time the employee is fit for duty and prepared to return to work. Employees will not be required to provide a doctor's certificate for illness of less than three (3) days unless improper use is suspected.

Rule 34.10: -- Employees who are assigned positions on M/V MALASPINA under this supplemental agreement will be issued trip passes to move multiple vehicles including trailers or rental vehicles to Juneau, on a space available basis, subject to Rule 34 of the Master Agreement. Employees who utilize such trip passes as described must hold a M/V MALASPINA position for one season unless waived by the employer.

Rule 37 (MM&P) -- Deleted

Rule 39 (MEBA & IBU-P) - Deleted

This Agreement shall take effect on the date of signing and shall remain in effect through May 31, 1999, unless terminated by the State with not less than thirty (30) calendar days notice in writing.

Unless terminated prior to May 31, 1999, this agreement shall be considered renewed from year to year thereafter between the parties unless notification of desire to terminate, modify or amend its provisions is properly made under the same provisions governing the termination or modification of each party's master Agreement.

FOR THE STATE OF ALASKA:

FOR THE MASTERS, MATES & PILOTS:

Mark Boyer
Commissioner
Department of Administration

Capt. Steve Demeroutis
Vice President
IOMM&P, Branch #6, PMR

Date

Date

FOR THE MEBA:

Joseph L. Perkins
Commissioner
Department of Transportation and
Public Facilities

Louie "Bud" Jacque
Branch Agent
MEBA, Seattle Office

Date

Date

FOR THE IBU-P:

Robert J. Provost
Regional Director
IBU-P, Alaska Region

Date

TAC
BAC 9/23/97
SA 9/23/97

[Signature] 9/23/97
ALB 9/23/97

[Signature] 9/23/97

[Signature] 9.23.97

[Signature] 9-23-97

[Signature]

MUTUALLY RECOMMENDED UNLICENSED MANNING LEVEL

For the
M/V Malaspina
Operating on a 2-Crew, 7-Day Per Week Schedule of
Dedicated Service in North Lynn Canal
Between the communities of
Skagway, Haines and Juneau, Alaska

In conjunction with the negotiation of an Agreement pursuant to Rule 37 which would govern wages, hours and working conditions for employees assigned as unlicensed crew members of the M/V Malaspina at such time as that vessel may commence a new operation providing daily, dedicated service in North Lynn Canal to the communities of Skagway, Haines and Juneau, Alaska, the parties mutually recommend that appropriations be requested for the establishment and operational funding of a minimal manning level, with crew positions in the classifications and numbers described below, with any attending special requirements for employees occupying such positions as may be described:

<u>Job Classification</u>	<u>No. of Positions per Crew</u>	<u>Special Provisions</u>
Chief Purser	1	Nonwatchstanding
Senior Purser	1	Nonwatchstanding
A/B Bos'n	1	Nonwatchstanding
A/B Seaman	4	Unlimited endorsement/ watchstanding
OS Seaman	2	Watchstanding
OS Seaman	2	Nonwatchstanding; may perform as variety of duties attendant to vessel maintenance/security as assigned
Jr. Engineer	1	Nonwatchstanding
Oiler	2	Watchstanding
Wiper	1	Nonwatchstanding
Chief Steward	1	Nonwatchstanding/Working Supervisor/Special qualifications (TAM card, etc.)
Chief Cook	1	
2nd Cook	2	
Asst. 2nd Cook	1	

Recommended Manning

-2-

Cashier	2	Multi-function "utility" : duties/TAM card
Head Bedroom Stwd.	1	
Mess Steward	1	Additional duties as assigned
Stewards	6	Utility applications
<u>Total Recommended</u>	<u> </u>	
<u>Minimum</u>	30	

In addition, the parties recommend that funds be appropriated for the creation and establishment of not less than six (6) "Extra" Steward positions and an "Extra" Jr. Engineer position to be used as needed, in the event that this minimum level may be inadequate to satisfactorily meet the vessel's operational needs for passenger services, physical plant maintenance, etc. Recognizing that the parties have no prior experience with the operation of the M/V Malaspina to perform such service, the parties expressly acknowledge their mutual desire to insure that manning levels are adequate to maintain and insure the integrity of service and safety of the traveling public.

For IBU

For AMHS

~~_____~~
Cynthia C. Barkley
~~_____~~
~~_____~~
James R. Beedle

Bruce Cummings 9/23/91
~~_____~~
A. Gillett

1998 SUMMER

ALASKA

Marine Highway **SCHEDULE**



ALASKA MARINE HIGHWAY

EFFECTIVE DATES

May 1, 1998 through September 30, 1998

Reservations

800-642-0066 * TDD-800-764-3779

<http://www/dot.state.ak.us/external/amhs/home.html>

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HOW TO REACH US...

To make reservations or for more information, please write, call or fax us or look us up on the Internet:

Alaska Marine Highway
P.O. Box 25535
Juneau, Alaska 99802-5535

FOR RESERVATIONS CALL TOLL-FREE:
1-800-642-0066

TDD: 1-800-764-3779 (Text telephone
for the speech or hearing impaired)

FAX: (907) 277-4829

LOCAL RESERVATION NUMBERS:
Juneau (907) 465-3941
Anchorage (907) 272-7116

INTERNET. Browse on-line for updates to the schedule and news about the system: <http://www.dot.state.ak.us/external/amhs/home.html>.

WHAT WILL IT COST?

HOW TO DETERMINE FARES

Fares for passengers, vehicles and staterooms are all calculated separately and must be added together to determine the total cost of your travel. For a breakdown of rates, see the Tariff sections on pages 26-28 of this brochure.

One-way fares for passage, vehicles, and alternate means of conveyance (bicycles, kayaks, and inflatable boats) are charged from the port of embarkation to the port of debarkation.

Stateroom fares are calculated according to the route taken, and may vary from the rates printed in this brochure depending on the ship and schedules.

PAYMENTS AND CANCELLATIONS

Payment may be made by mail with certified or cashier's check, or money order in U.S. dollars. Mail payments to: Alaska Marine Highway System, P.O. Box 25535, Juneau, AK 99802-5535. Personal checks will not be accepted unless written on an Alaskan bank. No counter checks are accepted. Visa, Mastercard, American Express, Discover and Diners Club credit cards are accepted at all terminals and by phone (some restrictions may apply).

Cancellation charges apply for changes made within 14 days of sailing. Unless other arrangements are made and noted in your itinerary, full payment is required on or before the due date stated at the time of reservations. Bookings will be canceled if reservations are not paid for by the payment due date.

PAYMENT DUE DATE

- If reservation is made 55 days or more before sailing, payment is due 30 days after booking.
- If reservation is made less than 55 days before sailing, payment is due within 10 days of making the reservation.
- If reservation is made 10 days or less before sailing, payment is due at time of booking.

MAKING A RESERVATION

CALL OR FAX RESERVATIONS

Reservations are required on all vessels for passengers, vehicles, and stateroom accommodations. Call or fax our reservations team to make a booking.

For Reservations....

CALL TOLL FREE: 1-800-642-0066

Local Reservation Numbers:

Juneau (907) 465-3941

Anchorage (907) 272-7116

FAX: (907) 277-4829

TDD: 1-800-764-3779

(Text telephone for the hearing or speech impaired)

To make a reservation, you will need to know:

1. Port of embarkation/debarkation
2. Full names of all travelers, and ages of those under 12 years
3. Width, height and overall length of vehicles (including extensions such as trailer hitches, bike racks, and storage containers)
4. Mailing address
5. Telephone numbers
6. Alternate travel dates (vehicle or cabin space may not be available on your first choice of travel dates)
7. Approximate date you will be leaving your home.

GET ON OUR WAITLIST

If the desired space is not available, reservation personnel may offer to place your request on a waitlist. A limited number of requests will be added to a waitlist, which is checked on a regular basis. If cancellations occur you will be notified of confirmation of space. If your cabin has not been confirmed, you must sign up on the purser's "STANDBY" list on board. If your vehicle's waitlist space has not been confirmed, you must sign up on the "STANDBY" list at your boarding terminal. **DO NOT SEND PAYMENT FOR WAITLISTED SPACE UNTIL CONFIRMED.**

ARRIVAL/DEPARTURE INFORMATION

For recorded arrival/departure information, call the specific terminal / office number listed below. Tidal conditions at some cities may cause slight variations in arrival or departure times. Check with the local office on your departure day for exact sailing times.

SOUTHEAST ALASKA OFFICES

	Recorded Arrival/ Departure Information	Location and distance from city center
Bellingham	(360) 676-8445 (360) 676-0212	I-5 Exit #250 (24-hour recorded info.)
Prince Rupert	(250) 627-1744*	Yellowhead Hwy #16
Ketchikan	(907) 225-8181	2.5 miles north
Wrangell	(907) 874-3711	2.0 blocks north
Petersburg	(907) 772-3855	0.9 miles south
Sitka	(907) 747-3300	7.1 miles north
Juneau	(907) 465-3940	14.0 miles north
Haines	(907) 766-2113	5.0 miles north
Skagway	(907) 983-2229	3.0 blocks south

SOUTHCENTRAL/SOUTHWEST

Anchorage	(907) 272-4482	Fax (907) 277-4829
Cordova	(907) 424-7333	Ferry terminals are located within 1/2 mile of all Southcentral and Southwest city centers.
Homer	(907) 235-8449	
Kodiak	(907) 488-3800	
Seldovia	(907) 234-7868	
Seward	(907) 224-5485	
Valdez	(907) 835-4436	

HOW TO ESTIMATE ARRIVAL TIMES

Arrival times are not generally listed for interport stops. In port times vary from thirty minutes to three hours. To calculate an approximate unlisted arrival time, add the running time listed in the table to the departure time from the port preceding your arrival city.

Please note that these running times are *approximate* and are listed for the convenience of those meeting passengers, and for travelers planning stopovers. For more accurate arrival times, please contact the local Marine Highway office on the day of arrival.

Due to traffic demands and tidal conditions, most Marine Highway vessels run continuously, docking at all hours of the day for brief transfers of passengers and vehicles. The passenger wishing to explore a particular community should consider a stopover and continuation on another Marine Highway vessel.

RUNNING TIME TABLE

INSIDEPASSAGE ROUTE:

Bellingham – Ketchikan	37 hrs.
Prince Rupert – Ketchikan	6 hrs.
Ketchikan – Wrangell	6 hrs.
Wrangell – Petersburg	3 hrs.
Petersburg – Juneau	8 hrs.
Petersburg – Sitka	11 hrs.
Sitka – Juneau/Auke Bay	9 hrs.
Juneau/Auke Bay – Haines	4 hrs. 30 min.
Haines – Skagway	1 hr.

SOUTHCENTRAL/SOUTHWEST:

Homer – Kodiak	9 hrs. 30 min.
Homer – Port Lions	10 hrs.
Seward – Kodiak	13 hrs. 15 min.

SOUTHCENTRAL ROUTE:

Whittier – Valdez	6 hrs. 45 min.
Valdez – Cordova	5 hrs. 30 min.
Cordova – Whittier	7 hrs.
Cordova – Seward	11 hrs.
Valdez – Seward	11 hrs.
Homer – Seldovia	1 hr. 30 min.

SOUTHWEST ROUTES:

Kodiak – Port Lions	2 hrs. 30 min.
Kodiak – Chignik	18 hrs. 30 min.
Chignik – Sand Point	9 hrs. 15 min.
Sand Point – King Cove	6 hrs. 30 min.
King Cove – Cold Bay	2 hrs.
Cold Bay – False Pass	4 hrs. 15 min.
False Pass – Akutan	10 hrs. 30 min.
Akutan – Unalaska	3 hrs. 30 min.

ALASKA MARINE HIGHWAY

MAY 1998 Northbound Schedule — REVISED 11-19-97

AUR-AURORA
COL-COLUMBIA
LEC-LE CONTE

MAL-MALASPINA
MAT-MATANUSKA
TAK-TAKU
KEN-KENNICOTT

	LEAVE BELLINGHAM	LEAVE PRINCE RUPERT	LEAVE STEARTE HYDER	KETCHIKAN	HOLLIS	WRANGELL	PETERSBURG	KAKE	ARRIVE SIKKA	ANGOOCH	TENAKEE	HOONAH	JUNEAU AUKE BAY	HAINES	ARRIVE SKAGWAY	
TAK	TH30 11:15P			FI 6:15A	FI 12:15P	FI 7:15P	FI 11:15P	S2 4:15A	S2 12:15P			SU3 1:30A	SU3 5:30A	SU3 11:00A	SU3 11:55A	
AUR								Lv. Sikka S2 8:30A	S2 2:45P	S2 6:00P		S2 11:00P				
AUR									Lv. Pelican SU3 8:30A	SU3 3:00P		SU3 3:00P				
MAT	FI 6:00P			SU3 10:00A		SU3 1:45P	SU3 9:30P					M4 6:30A	M4 11:55A	M4 1:00P		
AUR				TS 1:00P	TS 6:00P											
TAK				TS 1:00A	TS 6:00P	TS 7:45A	TS 11:30A						TS 8:15P	W6 1:45A	W6 2:45A	
AUR				W6 12:45A	W6 3:00A	W6 5:45A										
AUR				W6 10:30A			W6 7:00P		TH7 5:00A	TH7 1:30P		TH7 6:30P	TH7 10:45P	FR 4:15A	FR 5:15A	
TAK				TH7 6:15P	FR 12:15A	FR 7:15A	FR 11:15A	FR 9:30P	S9 12:30A			S9 1:45P	S9 6:15P	SU10 12:15A	SU10 11:5A	
AUR								Lv. Sikka S9 8:45A	S9 3:00P	S9 6:15P		S9 11:15P				
MAT	FR 6:00P			SU10 10:00A		SU10 5:00P	SU10 10:00P							HI1 8:00A	HI1 3:00P	
AUR				T12 6:15A	T12 8:30A	T12 11:15A										
AUR				T12 6:30P	T12 8:15P	T12 11:00P										
TAK				T12 1:45A			T12 8:45A	T12 12:45P					T12 9:30P	W13 3:00A	W13 4:00A	
AUR				W13 7:45A			W13 4:45P		TH14 2:45A	TH14 11:15A		TH14 4:15P	TH14 8:30P	F15 2:00A	F15 3:00A	
TAK	TH14 11:55P			F15 6:45A	F15 10:10A	F15 5:30P	F15 9:30P	S16 2:30A	S16 10:30A			S16 11:45P	SU17 3:45A	SU17 9:15A	SU17 10:15A	
AUR								Lv. Sikka S16 6:30A	S16 12:45P	S16 4:00P		S16 9:00P				
COL	F15 6:00P			SU17 9:30A			SU17 8:30P						S16 10:30A	HI8 4:30P	HI8 5:30P	
MAT	S16 10:00A			SU17 11:30P									HI8 10:30A	HI8 4:30P	HI8 5:30P	
MAT	HI8 6:15P			T19 12:15P	T19 2:30P	T19 5:15P								T19 9:30P	W20 3:00A	W20 4:00A
AUR				T19 11:55P	W20 7:15A	W20 5:00A										
AUR							W20 6:00P	W20 11:45P	TH21 9:45A	TH21 6:15P		TH21 11:15P	F22 3:00A	F22 9:00A	F22 10:00A	
MAT	TH21 9:30P			F22 5:00A			F22 11:55A	F22 6:15P	S23 5:30A				S23 5:45P			
AUR								Lv. Sikka S23 1:45P	S23 8:00P	S23 11:15P	SU24 3:30A	SU24 6:45A				
TAK				S23 3:45P			S23 10:45P	SU24 2:45A					SU24 12:15P	SU24 6:15P	SU24 7:15P	
COL	F22 6:00P			SU24 11:45A			SU24 8:45P	SU24 10:45P					HI25 10:45A	HI25 4:45P	HI25 5:45P	
MAT	HI25 8:30P			T26 2:45A			T26 9:45A	T26 2:45P					T26 11:45P	W27 5:15A	W27 6:15A	
AUR				T26 2:30P			T26 7:45P									
TAK	T26 11:45A			W27 2:30A	W27 4:45A	W27 7:30A			W27 12:45A	W27 4:15A			W27 3:00P			
AUR																
MAL																
AUR				W27 12:15P			W27 8:30P	TH28 1:30A	TH28 9:30A	TH28 6:15P		TH28 11:15P	F29 7:00A	F29 12:30P	F29 1:30P	
MAL													S30 7:00A	S30 12:30P	S30 1:30P	
MAT	TH28 11:15P			F29 5:30A		F29 12:30P	F29 5:30P		S30 4:45A				S30 5:15P			
MAL													SU31 7:00A	SU31 12:30P	SU31 1:30P	
TAK	S30 10:15A			S30 5:15P		SU31 12:15A	SU31 4:00A						SU31 1:45P	SU31 7:15P	SU31 8:15P	
AUR				SU31 7:15P	SU31 6:15P	SU31 9:00P							HI 8:30A	HI 2:30P	HI 3:30P	
COL	F29 6:00P			SU31 9:30A		SU31 5:30P	SU31 9:15P									

NO SAILINGS UNTIL JUNE

ALL TIMES ARE LOCAL TIMES

HOW TO READ YOUR SCHEDULE

- Reading across the top of each page, find the month you wish to travel, and refer to either the Northbound or Southbound schedule. (Using the example of traveling from Skagway to Juneau/Auke Bay, you would read the Southbound schedule on the right hand page.)
- Reading across the top of the schedule, find the city from which you wish to depart. (e.g., Leave Skagway)
- Read down the column to locate your desired departure date. For example: Leave Skagway T2 (Tuesday, the 2nd) 1:45 A.M.
- Beginning with the departure date, read horizontally from left to right for dates and times of departure from various ports. For Example: After departing Skagway, the ferry will dock in Haines, and after a short time in port will depart Haines on T2, (Tuesday the 2nd) at 5:15 A.M. for Juneau/Auke Bay.
- Refer to the Running Time Table to calculate approximate arrival times.

ALASKA MARINE HIGHWAY

MAY 1998 Southbound Schedule — REVISED 11-19-97

AUR-AURORA
COL-COLUMBIA
LEC-LE CONTE
MAL-MALASPINA
MAT-MATANUSKA
TAK-TAKU
KEN-KENNICOTT

LEAVE SKAGWAY	HAINES	JUNEAU ALUKEBAY	HOONAH	TENAKEE	ANGOOK	ARRIVE SITKA	KAKE	PETERSBURG	WRANGELL	HOLLIS	KETCHIKAN	METLAKATLA	ARRIVE STEWART HYDER	ARRIVE PRINCE RUPERT	ARRIVE BELLINGHAM
AUR	FI 6:00A	FI 8:00A	FI 1:30P	FI 5:45P	FI 9:45P	S7 1:00A	S7 6:00A								
TAK	SU3 2:00P	SU3 4:00P	SU3 9:30P					M4 5:45A	M4 10:30A	M4 2:15P	M4 9:15P	M4 11:55P			
AUR			SU3 12:30A	Ar Pelican SU3 7:00A											
AUR			SU3 3:00P	SU3 8:15P	M4 12:15A	M4 3:30A	M4 8:30A		M4 9:45P		TS 7:15A	TS 11:00A	TS 12:15P		
MAT	M4 3:00P	M4 6:00P	M4 11:45P						W6 12:30A	W6 4:45A		W6 2:15P			FR 6:15A
AUR											TS 7:00P	TS 10:45P	TS 11:55P		
TAK	W6 5:30A	W6 7:30A	W6 1:30P						W6 10:15P	TH7 2:15A	TH7 9:30A	TH7 12:15P			
AUR											W6 6:45A	W6 9:30A			
AUR	FR 6:45A	FR 8:45A	FR 2:15P	FR 6:30P	FR 10:30P	S9 1:30A	S9 6:30A								
TAK	SU10 4:15A	SU10 6:15A	SU10 1:45P					SU10 10:15P	M11 3:15A	M11 7:45A	M11 2:45P	M11 5:30P			
AUR			SU10 9:15A	SU10 1:30P	SU10 5:30P	SU10 8:45P	M11 1:45A		M11 3:00P		T12 12:30A	T12 4:15A	T12 5:30A		
MAT	M11 6:00P	M11 8:15P	T12 3:45A				T12 7:30P		W13 5:00A	W13 9:00A		W13 5:00P			FR 5:00A
AUR											T12 12:15P	T12 4:00P	T12 5:15P		
AUR											W13 12:15A	W13 3:00A			
TAK	W13 7:00A	W13 9:15A	W13 2:45P						W13 11:15P	TH14 3:00A	TH14 10:00A	TH14 1:45P		TH14 8:45P	
AUR	F15 4:30A	F15 6:30A	F15 11:55A	F15 4:15P	F15 8:15P	F15 11:15P	S16 4:15A								
TAK	SU17 1:15P	SU17 3:15P	M18 1:30A						M18 10:00A	M18 1:45P	M18 9:45P	T19 1:30A		T19 8:30A	
AUR			SU17 7:15A	SU17 11:30A	SU17 3:30P	SU17 6:45P	SU17 11:45P	M18 11:45A	M18 4:30P		T19 6:15A	T19 10:00A	T19 11:15A		
COL	M18 8:30P	M18 11:00P	T19 5:15A				T19 1:45P		W20 3:30A	W20 7:45A		W20 4:15P			FR 6:15A
MAT															
MAT	W20 7:00A	W20 9:00A	W20 2:30P						W20 11:45P	TH21 4:00A		TH21 11:00A		TH21 6:30P	
AUR											T19 6:15P	T19 10:00P	T19 11:15P		
TAK			TH21 12:15P				TH21 10:00P		F22 12:45P	F22 4:45P		F22 11:45P		F22 6:45A	
AUR											W20 6:00A	W20 8:45A			
AUR	F22 11:30A	F22 1:30P	F22 7:00P	F22 11:15P	S23 3:15A	S23 6:30A	S23 11:30A								
MAT			S23 8:45P						SU24 9:15P	M25 1:30A		M25 8:30A		M25 4:00P	
AUR			SU24 2:45P	SU24 7:00P	SU24 11:00P	M25 2:15A	M25 7:15A	M25 6:30P	M25 11:15P		T26 8:45A	T26 12:30P	T26 1:45P		
TAK	SU24 10:15P	M25 12:15A	M25 6:15A						M25 2:45P	M25 6:45P		T26 1:45A		T26 8:45A	
COL	M25 8:45P	M25 11:15P	T26 5:45A				T26 2:15P		W27 3:45A	W27 8:00A		W27 4:30P			FR 6:30A
MAT	W27 9:15A	W27 11:15A	W27 4:45P						TH28 1:45A	TH28 5:45A		TH28 12:45P		TH28 8:15P	
AUR											T26 8:45P	W27 12:30A	W27 1:45A		
TAK			TH28 11:55A				TH28 9:45P		F29 2:00P	F29 6:15P		S30 1:15A		S30 8:15A	
AUR											W27 8:30A	W27 11:15A			
MAL	F29 3:30P	F29 5:30P	F29 10:00P												
AUR			F29 6:00A	F29 10:15A	F29 2:15P	F29 5:30P	F29 10:30P		S30 2:15P		S30 11:45P	SU31 12:15P	SU31 1:30P		
MAL	S30 3:30P	S30 5:30P	S30 10:00P												
MAT			S30 7:45P						SU31 5:30A	SU31 8:30P	M1 1:00A		M1 8:00A		M1 3:30P
MAL	SU31 3:30P	SU31 5:30P	SU31 10:00P												
LEC			SU31 2:00P	SU31 6:15P	SU31 10:15P	M1 1:30A	M1 6:30A	M1 6:30P	M1 10:30P						
TAK	SU31 11:15P	M1 1:15A	M1 6:45A						M1 3:15P	M1 7:15P		T2 2:15A		T2 9:15A	

NO SAILINGS UNTIL JUNE

ALL TIMES ARE LOCAL TIMES

LEAVE SKAGWAY	HAINES	JUNEAU ALUKEBAY	HOONAH	TENAKEE	ANGOOK	ARRIVE SITKA	KAKE	PETERSBURG	WRANGELL	HOLLIS	KETCHIKAN	METLAKATLA	ARRIVE STEWART HYDER	ARRIVE PRINCE RUPERT	ARRIVE BELLINGHAM
MAT	S30 5:30P	S30 8:00P	SU31 1:30A					SU31 10:30A	SU31 3:00P		SU31 10:30P			M1 6:00A	
TAK	SU31 8:30P		M1 1:30A												
KEN	M1 12:15P	M1 2:45P	M1 8:15P					T2 4:45A			T2 1:15P			T2 8:15P	
COL	T2 1:45A	T2 5:15A	T2 11:45A					W3 11:45A	W3 3:45P		W3 10:15P			FR 7:15A	
AUR			M1 3:00A	M1 7:15A	M1 11:15A	M1 2:30P	M1 7:30P				M1 6:15A	M1 12:15P	M1 1:30P		
LEC															

Day of Week: AM or PM
Day of Month: Time:

Vessel Codes: AUR - Aurora COL - Columbia LEC - LeConte MAL - Malaspina MAT - Matanuska TAK - Taku KEN - Kennicott

ALASKA MARINE HIGHWAY

JUNE 1998 Northbound Schedule — REVISED 11-19-97

AUR-AURORA MAL-MALASPINA
 COL-COLUMBIA MAT-MATANUSKA
 LEC-LE CONTE TAK-TAKU
 KEN-KENNICOTT

	LEAVE BELLINGHAM	LEAVE PRINCE RUPERT	LEAVE STEWART HYDER	METLAKATLA	KETCHIKAN	HOLLIS	WRANGELL	PETERSBURG	KAKE	ARRIVE SITKA	ANGOOCH	TEKKEE	HOONAH	JUNEAU AURORA BAY	HAINES	ARRIVE SKAGWAY
COL	F29 6:00P				SU31 9:30A		SU31 5:30P	SU31 9:15P						M1 8:30A	M1 2:30P	M1 3:30P
MAT		M1 6:30P			T2 12:45A		T2 8:30A	T2 2:15P						T2 11:15P	W3 4:45A	W3 5:45A
KEN	T2 6:00P				TH4 8:00A		TH4 2:45P	TH4 6:30P		FS 4:30A				FS 7:00P	S6 1:15A	S6 2:15A
LEC							T2 1:00A	T2 6:00A	T2 2:00P	T2 10:30P			W3 3:30A	W3 6:45A		
TAK		T2 11:15A			T2 5:30P		W3 12:30A	W3 4:15A		W3 3:00P			TH4 3:30A	TH4 3:30A		
LEC								TH4 7:45A	TH4 12:45P				TH4 3:30A	TH4 3:30A		
MAT		TH4 11:15P			FS 6:00A		FS 1:00P	FS 6:00P		S6 5:15A			TH4 5:45P	TH4 9:00P	FS 1:15A	FS 4:30A
LEC										Lv. Sitka S6 1:45P	S6 8:00P	S6 11:15P	SU7 3:30A	SU7 6:45A		
TAK		S6 9:15A			S6 4:15P		S6 11:15P	SU7 3:15A					SU7 1:00P	SU7 6:30P	SU7 7:30P	
COL	FS 6:00P				SU7 10:00A		SU7 5:30P	SU7 9:15P						M8 8:30A	M8 2:30P	M8 3:30P
MAT		M8 8:00P			T9 2:15A		T9 9:15A	T9 2:15P						T9 11:15P	W10 4:45A	W10 5:45A
KEN	T9 6:00P				TH11 10:30A		TH11 6:30P	TH11 11:00P		F12 9:00A				F12 10:30P	S13 4:30A	S13 5:30A
LEC								T9 5:15A	T9 10:15A	T9 7:30P			W10 4:00A	W10 9:00A	W10 12:15P	
TAK		T9 10:15A			T9 4:15P		T9 11:15P	W10 3:15A		W10 2:00P			W10 9:00A	W10 12:15P		
LEC								TH11 1:15P						TH11 2:30A	TH11 2:30A	
MAT		TH11 10:15P			F12 4:30A		F12 11:15A	F12 4:00P		S13 3:15A				S13 3:45P	S13 3:45P	
LEC										Lv. Sitka S13 11:45A	S13 6:00P	S13 9:15P	SU14 1:30A	SU14 4:45A		
TAK		S13 8:45A			S13 3:45P		S13 10:45P	SU14 2:30A					Lv. Pelican SU14 3:30P	SU14 1:00P	SU14 6:30P	SU14 7:30P
LEC														SU14 10:00P		
COL	F12 6:00P				SU14 9:30A		SU14 4:30P	SU14 8:30P						M15 9:15A	M15 3:15P	M15 4:15P
MAT		M15 4:15P			M15 10:10P		T16 5:45A	T16 10:30A						T16 7:30P	W17 1:00A	W17 2:00A
KEN	T16 6:00P				TH18 12:30P									F19 8:30A	** TO SE/SW INTER-TIE	
LEC								T16 9:45A	T16 3:45P	W17 12:45A	W17 9:15A		W17 2:15P	W17 5:30P		
TAK		T16 10:15A			T16 4:15P		T16 11:30P	W17 2:45A		W17 1:30P				TH18 2:00A	TH18 2:00A	
LEC								TH18 3:00P		TH18 8:00P				F19 1:00A	F19 4:15A	F19 8:30A
MAT		TH18 8:30P			F19 4:30A		F19 11:55A	F19 5:00P		S20 4:15A				S20 4:30P	S20 4:30P	
LEC										Lv. Sitka S20 6:45P	SU21 1:00A	SU21 4:15A	SU21 8:30A	SU21 11:45A		
TAK		S20 8:45A			S20 3:45P		S20 10:45P	SU21 2:45A						SU21 11:45A	SU21 6:30P	SU21 7:30P
COL	F19 6:00P				SU21 9:30A		SU21 5:00P	SU21 9:00P						SU21 1:00P	SU21 6:30P	SU21 7:30P
KEN														M22 10:15A	M22 4:15P	M22 5:15P
MAT		M22 6:00P			T23 12:15A		T23 8:30A	T23 1:30P						T23 1:00P	T23 6:30P	T23 7:30P
LEC								T23 4:45A	T23 10:15A	T23 7:15P	W24 3:45A		W24 8:45A	W24 11:55A	W24 4:00A	W24 5:00A
TAK		T23 10:15A			T23 4:15P		T23 11:15P	W24 3:00A		W24 1:45P				TH25 2:15A		
KEN		TH25 1:00P			TH25 7:45P		F26 2:45A	F26 6:45A						F26 6:00P	F26 11:55P	S27 1:00A
LEC								TH25 1:00P	TH25 6:00P		TH25 11:00P	F26 2:15A	F26 6:30A	F26 9:45A		
MAT		TH25 10:30P			F26 4:45A		F26 11:30A	F26 4:15P		S27 3:30A				S27 4:00P		
LEC										Lv. Sitka S27 11:55A	S27 6:15P	S27 9:30P	SU28 1:45A	SU28 5:00A		
TAK		S27 9:15A			S27 4:15P		S27 11:15P	SU28 3:00A						SU28 1:00P	SU28 6:30P	SU28 7:30P
LEC													Lv. Pelican SU28 3:30P	SU28 10:00P		
COL	F26 9:00P				SU28 10:30A		SU28 6:00P	SU28 10:00P						M29 9:15A	M29 3:15P	M29 4:15P
MAT		M29 5:00P			M29 11:15P		T30 7:15A	T30 1:15P						T30 10:15P	W1 3:45A	W1 4:45A
LEC							T30 10:45A		T30 3:45P	W1 12:45A	W1 9:15A		W1 2:15P	W1 5:30P		
TAK		T30 10:00A			T30 4:00P		T30 10:45P	W1 2:30A		W1 1:15P				TH2 1:45A		
KEN	T30 6:00P				TH2 10:30A		TH2 6:30P	TH2 11:00P		F3 9:00A				F3 10:30P	S4 4:30A	S4 5:30A

ALL TIMES ARE LOCAL TIMES

MV MALASPINA NORTH LYNN CANAL TRIPS

The M/V Malaspina operates on a daily schedule as indicated in the following table. To determine the best connection for your trip, use these schedules. Please allow enough time to make appropriate connections with the sailings listed above. (See tables above)

DAILY SCHEDULE MAY 29 - SEPTEMBER 7, 1998

Leave Juneau 7:00AM
 Arrive Haines 11:30AM
 Leave Haines 12:30PM
 Arrive Skagway 1:30PM

Leave Skagway 3:30PM
 Arrive Haines 4:30PM
 Leave Haines 5:30PM
 Arrive Juneau 10:00PM

NOTE: The operation of the M/V Malaspina requires legislative approval and funding. Reservations will be confirmed after February 15, 1998.

MV KENNICOTT

**SOUTHEAST/SOUTHWEST INTER-TIE TRIPS

The M/V Kennicott for the month of June will depart from Juneau as indicated in the following table. To determine the best connection for your trip, use this schedule. Please allow enough time to make appropriate connections with the sailings listed above. (See tables above)..

Leave Juneau Friday June 19 8:30AM
 Arrive Valdez Saturday June 20 4:30PM
 Leave Valdez Saturday June 20 6:30PM
 Arrive Seward Sunday June 21 6:30AM

Leave Seward Sunday June 21 10:30AM
 Arrive Valdez Sunday June 21 10:30PM
 Leave Valdez Monday June 22 12:30AM
 Arrive Juneau Tuesday June 23 8:30AM

The M/V Kennicott is being constructed at the time of publication of this schedule. Please contact any Alaska Marine Highway Office for an update on construction progress.

ALASKA MARINE HIGHWAY JUNE 1998 Southbound Schedule — REVISED 11-19-97

AUR-AURORA MAL-MALASPINA
COL-COLUMBIA MAT-MATANUSKA
LEC-LE CONTE TAK-TAKU
KEN-KENNICOTT

LEAVE SCHEDULE	HALES	ARRIVE AURORA	HOONAH	TEKKEE	ANGoon	ARRIVE SIKA	KAKE	PETERSBURG	WRANGELL	HOLLIS	KETCHIKAN	METLAKATLA	ARRIVE STEWART HYDER	ARRIVE RUPERT	ARRIVE BELLINGHAM
MAT		7:45P				SU31 5:30A		SU31 8:30P	TH 1:00A		TH 8:00A			TH 3:30P	
LEC		7:00P	SU31 6:15P	SU31 10:15P	MI 1:30A	MI 6:30P	MI 10:30P								
TAK	SU31 11:15P	MI 1:15A	MI 6:45A					MI 3:15P	MI 7:15P		TZ 2:15A			TZ 9:15A	
COL	MI 6:30P	MI 9:00P	TZ 5:30A					W3 3:00A	W3 8:00A		W3 4:00P				F5 6:00A
MAT	W3 8:45A	W3 10:45A	W3 4:15P					TH4 1:30A	TH4 5:45A		TH4 12:45P				TH4 8:15P
KEN	S6 5:15A	S6 7:45A	S6 4:30P					SU7 1:30A	SU7 5:30A		SU7 4:30P				T9 7:00A
LEC		W3 12:45P	W3 5:00P		W3 10:00P			TH4 3:00A	TH4 7:00A						
TAK		TH4 12:15P				TH4 10:00P		FS 12:30P	FS 4:30P		S6 12:15A				S6 7:15A
LEC		FS 12:30P	FS 4:45P	FS 8:45P	FS 11:55P	S6 5:00A									
MAT		S6 8:15P				SU7 6:00A		SU7 8:30P	MB 1:00A		MB 8:00A				MB 1:30P
LEC		SU7 8:00P	MB 12:15A	MB 4:15A	MB 7:30A	MB 12:30P	T9 12:15A	T9 4:15A							
TAK	SU7 10:30P	MB 12:30A	MB 6:00A					MB 2:30P	MB 6:15P		T9 1:15A				T9 8:15A
COL	MB 6:30P	MB 9:00P	T9 5:00A					W10 2:15A	W10 7:30A		W10 4:00P				F12 6:00A
MAT	W10 8:30A	W10 10:30A	W10 4:00P					TH11 1:00A	TH11 5:00A		TH11 11:55A				TH11 7:30P
KEN	S13 8:30A	S13 11:00A	S13 6:45P					SU14 3:15A	SU14 7:15A		SU14 6:15P				T16 8:45A
LEC		W10 6:15P	W10 10:30P			TH11 3:30A		TH11 8:30A	TH11 12:30P						
TAK		TH11 11:00A				TH11 8:45P		F12 12:45P	F12 4:45P		F12 11:45P				S13 6:45A
LEC		F12 5:00P	F12 9:15P	S13 1:15A	S13 4:30A	S13 9:30A									
MAT		S13 6:15P				SU14 4:00A		SU14 7:00P	SU14 11:15P		M15 6:15A				M15 1:45P
LEC		SU14 7:00A	Ar. Pelican	SU14 1:30P											
TAK	SU14 10:15P	M15 12:15A	M15 5:45A					M15 2:15P	M15 6:15P		T16 1:15A				T16 8:15A
LEC		M15 12:45A	M15 5:00A	M15 9:00A	M15 12:15P	M15 5:15P	T16 5:00A	T16 9:00A							
COL	M15 7:15P	M15 9:45P	T16 3:45A					W17 1:15A	W17 6:15A		W17 3:45P				F19 6:00A
MAT	W17 5:00A	W17 7:00A	W17 12:30P					W17 9:45P	TH18 2:00A		TH18 9:00A				TH18 4:30P
KEN															
LEC		W17 7:30P	W17 11:45P			TH18 4:45A		TH18 9:45A	TH18 1:45P						
TAK		TH18 10:45A				TH18 8:30P		F19 11:15A	F19 3:15P		F19 11:15P				S20 6:15A
LEC		F19 6:00P	F19 10:15P	S20 2:15A	S20 5:30A	S20 10:30A									
MAT		S20 7:30P				SU21 5:15A		SU21 8:00P	M22 12:15A		M22 7:15A				M22 2:45P
LEC		SU21 8:00P	M22 12:15A	M22 4:15A	M22 7:30A	M22 12:30P	M22 11:55P	T23 4:00A							
TAK	SU21 10:15P	M22 12:15A	M22 5:45A					M22 2:15P	M22 6:15P		T23 1:15A				T23 8:15A
COL	M22 8:15P	M22 10:45P	T23 10:45A					W24 11:30A	W24 3:15P		W24 10:45P				F26 1:00P
KEN	T23 10:30P	W24 1:00A	W24 7:30A								TH25 3:00A				TH25 10:00A
MAT	W24 8:00A	W24 10:00A	W24 3:30P					TH25 12:45A	TH25 5:00A		TH25 11:55A				TH25 7:30P
LEC		W24 6:00P	W24 10:15P			TH25 3:15A		TH25 8:15A	TH25 12:15P						
TAK		TH25 11:00A				TH25 8:45P		F26 1:00P	F26 5:01P		S27 12:15A				S27 7:15A
KEN	S27 4:00A	S27 6:30A	S27 4:00P					SU28 1:00A	SU28 5:15A		SU28 4:15P				F30 6:15A
LEC		F26 5:15P	F26 9:30P	S27 1:30A	S27 4:45A	S27 9:45A									
MAT		S27 6:30P				SU28 4:15A		SU28 7:15P	SU28 11:30P		M29 6:30A				M29 2:00P
LEC		SU28 7:00A	Ar. Pelican	SU28 1:30P											
TAK	SU28 10:15P	M29 12:15A	M29 5:45A					M29 2:15P	M29 6:00P		F30 1:00A				F30 8:00A
LEC		M29 1:00A	M29 5:15A	M29 9:15A	M29 12:30P	M29 5:30P	F30 5:15A	F30 9:15A							
COL	M29 7:15P	M29 9:45P	F30 3:45A					W1 1:15A	W1 6:15A		W1 3:45P				F3 6:00A

ALL TIMES ARE LOCAL TIMES

MV AURORA - SOUTHERN PANHANDLE SUMMER 1998 EFFECTIVE JUNE 1, 1998 THROUGH SEPTEMBER 15, 1998

SUN Lv Hollis 6:15AM
Ar Ketchikan 9:00AM
Lv Ketchikan 12:15PM
Ar Metlakatla 1:30PM
Lv Metlakatla 2:15PM
Ar Ketchikan 3:30PM
Lv Ketchikan 6:15PM
Ar Hollis 9:00PM

MON Lv Hollis 6:15AM
Ar Ketchikan 9:00AM
Lv Ketchikan 11:00AM
Ar Metlakatla 12:15PM
Lv Metlakatla 2:45PM
Ar Ketchikan 4:00PM
Lv Ketchikan 6:15PM
Ar Hollis 9:00PM

MON Lv Hollis 10:00PM
TUE Ar Ketchikan 12:45AM
Lv Ketchikan 1:45AM
Ar Hyder 12:30PM
Lv Hyder 3:45PM

WED Ar Ketchikan 12:30AM
Lv Ketchikan 1:30AM
Ar Hollis 4:15AM

WED Lv Hollis 6:15AM
Ar Ketchikan 9:00AM
Lv Ketchikan 12:15PM
Ar Metlakatla 1:30PM
Lv Metlakatla 2:15PM
Ar Ketchikan 3:30PM
Lv Ketchikan 6:15PM
Ar Hollis 9:00PM

***WED** Lv Hollis 10:00PM
THU Ar Ketchikan 12:45AM
Lv Ketchikan 2:00AM
Ar Pr. Rupert 9:30AM
Lv Pr. Rupert 11:30AM
Ar Ketchikan 5:00PM
Lv Ketchikan 6:15PM
Ar Hollis 9:00PM

FRI Lv Hollis 6:15AM
Ar Ketchikan 9:00AM
Lv Ketchikan 12:15PM
Ar Metlakatla 1:30PM
Lv Metlakatla 2:15PM
Ar Ketchikan 3:30PM

FRI Lv Ketchikan 6:15PM
Ar Hollis 9:00PM
Lv Hollis 10:00PM

SAT Ar Ketchikan 12:45AM

SAT Lv Ketchikan 6:15AM
Ar Metlakatla 7:30AM
Lv Metlakatla 8:15AM
Ar Ketchikan 9:30AM
Lv Ketchikan 10:30AM
Ar Hollis 1:15PM
Lv Hollis 2:15PM
Ar Ketchikan 5:00PM
Lv Ketchikan 6:45PM
Ar Metlakatla 8:00PM
Lv Metlakatla 8:45PM
Ar Ketchikan 10:00PM
Lv Ketchikan 11:00PM

SUN Ar Hollis 1:45AM

JUNE 25, 1998

***THU** Lv Hollis 9:15AM
Ar Ketchikan 11:55AM
Lv Ketchikan 6:15PM
Ar Hollis 9:00PM

ALASKA MARINE HIGHWAY JULY 1998 Northbound Schedule — REVISED 11-19-97

AUR-AURORA MAL-MALASPINA
COL-COLUMBIA MAT-MATANUSKA
LEC-LE CONTE TAK-TAKU
KEN-KENNICOTT

	LEAVE BELLINGHAM	LEAVE PRINCE RUPERT	LEAVE STEWART HYDER	METLAKATLA	KETCHIKAN	HOLLIS	WRANGELL	PETERSBURG	KAKE	ARRIVE SIKA	ANCOON	TEHAKEE	HOONAH	JUNEAU AURBAY	HAINES	ARRIVE SKAGWAY
MAT		M29 5:00P			M29 11:15P		T30 7:15A	T30 1:15P						T30 10:15P	W1 3:45A	W1 4:45A
KEN	T30 6:00P				M29 10:30A		TH2 6:30P	TH2 11:00P		F3 9:00A				F3 10:30P	S4 4:30A	S4 5:30A
LEC								T30 10:45A	T30 3:45P	W1 12:45A	W1 9:15A		W1 2:15P	W1 5:30P		
TAK		T30 10:00A			T30 4:00P		T30 10:45P	W1 7:30A		W1 1:15P				TH2 1:45A		
LEC							TH2 7:45P	TH2 7:45P			F3 12:45A	F3 4:00A	F3 8:15A	F3 11:30A		
MAT		M32 10:15P			F3 4:30A		F3 11:30A	F3 4:30P		S4 3:45A				S4 4:00P		
LEC									Lv. Sika	S4 6:15P	KU5 12:30A	KU5 3:45A	KU5 8:00A	KU5 11:15A		
TAK		S4 8:15A	BELOW	BELOW	S4 7:15P		S4 9:15P	KU5 1:15A						KU5 1:00P	KU5 6:30P	KU5 7:30P
COL	F3 6:00P				KU5 9:30A		KU5 4:30P	KU5 8:30P						M6 9:00A	M6 3:30P	M6 4:30P
MAT		M6 5:30P			M6 11:45P		T7 8:15A	T7 1:15P						T7 10:15P	W8 3:45A	W8 4:45A
LEC							T7 4:30A	T7 9:30A						W8 3:00A		
TAK		T7 10:00A	BELOW	BELOW	T7 4:00P		T7 11:00P	W8 7:30A		W8 1:15P				W8 11:15A		
LEC								TH9 12:15P	TH9 5:15P		TH9 10:15P	TH9 1:30A	F10 5:45A	F10 9:00A		
KEN	T7 6:00P		SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE	TH9 8:00A	SEE M/V AURORA SCHEDULE	TH9 3:45P	TH9 8:45P		F10 8:00A				F10 9:45P	G11 3:45A	G11 4:45A
LEC		TH9 9:30P			F10 3:45A		F10 10:30A	F10 3:15P		K11 2:30A				K11 3:00P		
TAK		S11 9:15A	SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE	S11 4:00P		S11 11:00P	SU12 2:45A			Lv. Pelican	SU12 3:30P		SU12 1:00P	SU12 6:30P	SU12 7:30P
LEC														SU12 10:00P		
COL	T10 6:00P				SU12 9:30A		SU12 4:30P	SU12 8:30P						M13 8:30A	M13 7:30P	M13 3:30P
MAT		M13 3:15P			M13 9:30P		T14 4:30A	T14 9:15A						T14 6:15P	T14 11:45P	W15 12:45A
LEC								T14 8:30A		T14 11:15P	W15 7:45A			W15 12:45P	W15 4:00P	
TAK		T14 12:15P	SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE	T14 7:15P		W15 7:15A	W15 6:15A		W15 6:00P				TH16 6:30A		
LEC								TH16 3:00P	TH16 8:00P		F17 1:00A	F17 4:15A	F17 8:30A	F17 11:45A		
KEN	T14 6:00P		SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE	TH16 10:30A		TH16 5:45P	TH16 9:45P		F17 7:45A				F17 9:00P	S18 3:00A	S18 4:00A
LEC		TH16 7:00P			F17 3:30A		F17 10:30A	F17 3:30P		S18 2:45A				S18 3:00P		
TAK		S18 8:15A	SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE	S18 3:15P		S18 10:15P	SU19 2:15A			Lv. Sika	S18 5:15P	S18 11:30P	SU19 2:45A	SU19 7:00A	SU19 10:15A
COL	F17 6:00P				SU19 9:30A		SU19 4:30P	SU19 8:30P						SU19 1:00P	SU19 6:30P	SU19 7:30P
MAT		M20 4:30P			M20 10:45P		T21 6:15A	T21 12:15P						T21 9:15P	W22 7:45A	W22 3:45A
LEC								T21 3:45A	T21 9:15A	T21 6:15P	W22 2:45A		W22 7:45A	W22 11:00A		
TAK		T21 9:45A	SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE	T21 3:45P		T21 10:30P	W22 2:15A		W22 1:00P				TH23 1:30A		
KEN	T21 6:00P		SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE	TH23 2:45A									F24 8:30A	** TO SE/SW INTER-TIE	
LEC							TH23 11:55A	TH23 5:00P			TH23 10:00P	F24 1:15A	F24 5:30A	F24 8:45A		
MAT		T23 9:15P	SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE	F24 3:30A		F24 10:30A	F24 3:15P		S25 2:30A				S25 3:00P		
LEC										Lv. Sika	S25 11:15A	S25 5:30P	S25 8:45P	SU26 1:00A	SU26 4:15A	
TAK		S25 9:15A	SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE	S25 4:00P		S25 11:00P	SU26 3:00A				Lv. Pelican	SU26 3:30P	SU26 1:00P	SU26 6:30P	SU26 7:30P
LEC														SU26 10:00P		
COL	F24 6:00P				SU26 9:30A		SU26 4:30P	SU26 8:30P						M27 11:00A	M27 4:30P	M27 5:30P
KEN			SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE										**FROM SE/SW INTER-TIE	T28 1:00P	T28 7:30P
MAT		M27 3:15P			M27 9:30P		T28 4:30A	T28 9:00A						T28 6:15P	T28 11:45P	W29 12:45A
LEC								T28 8:30A		T28 2:00P	T28 11:00P	W29 7:30A		W29 12:30P	W29 3:45P	
TAK		T28 12:15P	SEE M/V AURORA SCHEDULE	SEE M/V AURORA SCHEDULE	T28 8:15P		W29 3:00A	W29 6:45A		W29 5:30P				TH30 6:00A		
KEN	TH30 3:30P				TH30 10:30P		F31 5:45A	F31 9:30A						F31 8:45P	K1 7:45A	K1 3:45A
LEC								TH30 12:45P	TH30 5:45P		TH30 10:45P	F31 2:00A	F31 6:15A	F31 9:30A		
MAT		TH30 6:00P			F31 12:30A		F31 7:30A	F31 12:30P		K1 1:45A				K1 2:00P		
COL	F31 9:00P				KU2 10:30A		KU2 5:15P	KU2 9:00P						M3 8:45A	M3 7:45P	M3 3:45P

ALL TIMES ARE LOCAL TIMES

MV MALASPINA NORTH LYNN CANAL TRIPS

The M/V Malaspina operates on a daily schedule as indicated in the following table. To determine the best connection for your trip, use these schedules. Please allow enough time to make appropriate connections with the sailings listed above. (see tables above).

DAILY SCHEDULE MAY 29 - SEPTEMBER 7, 1998

Leave Juneau 7:00AM
Arrive Haines 11:30AM
Leave Haines 12:30PM
Arrive Skagway 1:30PM

Leave Skagway 3:30PM
Arrive Haines 4:30PM
Leave Haines 5:30PM
Arrive Juneau 10:00PM

NOTE: The operation of the M/V Malaspina requires legislative approval and funding. Reservations will be confirmed after February 15, 1998.

MV KENNICOTT

**SOUTHEAST/SOUTHWEST INTER-TIE TRIPS

The M/V Kennicott for the month of July will depart from Juneau as indicated in the following table. To determine the best connection for your trip, use this schedule. Please allow enough time to make appropriate connections with the sailings listed above. (See tables above)

Leave Juneau Friday July 24 8:30AM
Arrive Valdez Saturday July 25 4:30PM
Leave Valdez Saturday July 25 6:30PM
Arrive Seward Sunday July 26 6:30AM

Leave Seward Sunday July 26 10:30AM
Arrive Valdez Sunday July 26 10:30PM
Leave Valdez Monday July 27 12:30AM
Arrive Juneau Tuesday July 28 8:30AM

The M/V Kennicott is being constructed at the time of publication of this schedule. Please contact any Alaska Marine Highway Office for an update on construction progress.

ALASKA MARINE HIGHWAY

JULY 1998 Southbound Schedule — REVISED 11-19-97

AUR-AURORA MAL-MALASPINA
 COL-COLUMBIA MAT-MATANUSKA
 LEC-LE CONTE TAK-TAKU
 KEN-KENNICOTT

	LEAVE SKAGWAY	HAINES	JUNEAU AURORA BAY	HOONAH	TENAKEE	ANGOOK	ARRIVE SIKA	KAKE	PETERSBURG	WRANGELL	HOLLIS	KETCHIKAN	METLAKATLA	ARRIVE STEWART HYDER	ARRIVE PRINCE RUPERT	ARRIVE BELLINGHAM
COL	M29 7:15P	M29 9:45P	T30 3:45A				T30 11:55A		W1 1:15A	W1 6:15A		W1 3:45P				F1 6:00A
MAT	W1 7:45A	W1 9:45A	W1 3:15P						TH2 7:30A	TH2 8:45A		TH2 11:45A				TH2 7:15P
KEN	S4 8:30A	S4 11:00A	S4 5:30P						SUS 7:15A	SUS 6:15A		SUS 5:15P				T7 7:45A
LEC			W1 7:45P	W1 11:55P		TH2 5:00A		TH2 10:00A	TH2 7:00P							
TAK			TH2 10:30A				TH2 8:15P		F3 11:00A	F3 3:00P		F3 11:15P				S4 6:15A
LEC			F3 5:30P	F3 9:45P	S4 1:45A	S4 5:00A	S4 10:00A		SUS 7:30P	SUS 11:55P		M6 7:00A				M6 7:30P
MAT			S4 7:00P				SUS 4:45A		M6 11:15P	T7 3:15A						
LEC			SUS 7:15P	SUS 11:30P	M6 3:30A	M6 6:45A	M6 11:45A		M6 11:15P	T7 3:15A						
TAK	SUS 10:15P	M6 12:15A	M6 5:45A						M6 2:15P	M6 6:00P		T7 1:00A				T7 8:00A
COL	M6 7:30P	M6 10:00P	T7 4:00A				T7 12:15P		WR 7:00A	WR 6:30A		WR 4:00P				F10 6:00A
MAT	WR 7:45A	WR 9:45A	WR 3:15P						TH9 17:15A	TH9 4:15A						
LEC			WR 5:15P	WR 9:30P			TH9 2:30A		TH9 7:30A	TH9 11:30A						
TAK			TH9 10:00A				TH9 7:45P		F10 12:15P	F10 4:15P		S11 12:15A				
KEN			F10 4:15P	F10 8:30P	S11 12:30A	S11 3:45A	S11 8:45A									
MAT	S11 7:45A	S11 10:15A	S11 7:00P				SU12 3:00A		SU12 4:00A	SU12 8:00A		SU12 6:15P				T14 8:45A
LEC			SU12 7:00A	Ar Pelican	SU12 1:30P				SU12 5:45P	SU12 9:45P		M13 4:45A				M13 12:15P
TAK			M13 12:15A	M13 5:45A					M13 2:15P	M13 6:15P		T14 2:15A				T14 9:15A
LEC			SU12 11:30P	M13 4:00A	M13 8:00A	M13 11:15A	M13 4:15P	T14 3:45A	T14 7:45A							
COL	M13 6:00P	M13 8:30P	T14 2:30A				T14 10:45A		W15 3:00A	W15 7:15A		W15 3:45P				F17 6:00A
MAT	W15 3:30A	W15 5:30A	W15 11:00A						W15 8:15P	TH16 12:30A		TH16 8:30A				
LEC			W15 8:00P	TH16 12:15A			TH16 5:15A		TH16 10:15A	TH16 7:15P						
TAK			TH16 9:15A				TH16 7:00P		F17 9:45A	F17 1:45P		F17 11:15P				
LEC			F17 4:30P	F17 8:45P	S18 12:45A	S18 4:00A	S18 9:00A									
KEN	S18 7:00A	S18 9:30A	S18 4:00P						SU19 12:45A	SU19 4:45A		SU19 3:45P				T21 6:15A
MAT	S18 6:00P		S18 6:00P				SU19 3:45A		SU19 6:45P	SU19 11:00P		M20 6:00A				M20 1:30P
LEC			SU19 6:30P	SU19 10:45P	M20 7:45A	M20 6:00A	M20 11:00A	M20 10:30P	T21 2:30A							
TAK	SU19 10:00P	SU19 11:55P	M20 5:30A						M20 2:00P	M20 5:45P		T21 12:45A				T21 7:45A
COL	M20 7:15P	M20 9:45P	T21 3:45A				T21 11:55A		W22 1:15A	W22 6:15A		W22 4:00P				F24 6:00A
MAT	W22 6:45A	W22 8:45A	W22 7:15P						W22 11:30P	TH23 7:45A		TH23 10:45A				
LEC			W22 5:00P	W22 9:15P			TH23 7:15A		TH23 11:15A							
TAK			TH23 10:00A				TH23 7:45P		F24 12:15P	F24 4:15P		S25 12:15A				
LEC			F24 4:30P	F24 8:45P	S25 12:45A	S25 4:00A	S25 9:00A									
MAT			S25 5:30P				SU26 3:15A		SU26 6:00P	SU26 10:00P		M27 5:00A				M27 12:30P
LEC			SU26 7:00A	Ar Pelican	SU26 1:30P											
TAK	SU26 10:15P		SU26 5:45A						M27 2:15P	M27 6:15P		T28 2:15A				T28 9:15A
LEC			SU26 11:45P	M27 4:00A	M27 8:00A	M27 11:15A	M27 4:15P	T28 3:45A	T28 7:45A							
COL	M27 8:30P	T28 1:00A	T28 11:30A				T28 10:45P		W29 7:45P	W29 6:30P		TH30 2:00A				F31 1:00P
KEN	T28 10:45P	W29 1:00A	W29 9:30A									TH30 5:30A				TH30 12:30P
MAT	W29 3:30A	W29 5:30A	W29 11:00A						W29 8:15P	TH30 12:30A		TH30 7:30A				TH30 3:00P
LEC			W29 5:45P	W29 10:00P			TH30 3:00A		TH30 8:00A	TH30 11:55A						
TAK			TH30 8:30A				TH30 6:15P		F31 8:45A	F31 7:15P		F31 11:15P				S1 6:15A
LEC			F31 3:30P	F31 7:45P	F31 11:45P	S1 3:00A	S1 8:00A									

ALL TIMES ARE LOCAL TIMES

M/V AURORA - SOUTHERN PANHANDLE SUMMER 1998

EFFECTIVE JUNE 1, 1998 THROUGH SEPTEMBER 15, 1998

SUN Lv Hollis 6:15AM Ar Ketchikan 9:00AM Lv Ketchikan 12:15PM Ar Metlakatla 1:30PM Lv Metlakatla 2:15PM Ar Ketchikan 3:30PM Lv Ketchikan 6:15PM Ar Hollis 9:00PM	MON Lv Hollis 6:15AM Ar Ketchikan 9:00AM Lv Ketchikan 11:00AM Ar Metlakatla 12:15PM Lv Metlakatla 2:45PM Ar Ketchikan 4:00PM Lv Ketchikan 6:15PM Ar Hollis 9:00PM	TUE Ar Ketchikan 12:45AM Lv Ketchikan 1:45AM Ar Hyder 12:30PM Lv Hyder 3:45PM WED Ar Ketchikan 12:30AM Lv Ketchikan 1:30AM Ar Hollis 4:15AM	WED Lv Hollis 6:15AM Ar Ketchikan 9:00AM Lv Ketchikan 12:15PM Ar Metlakatla 1:30PM Lv Metlakatla 2:15PM Ar Ketchikan 3:30PM Lv Ketchikan 6:15PM Ar Hollis 9:00PM	THU Ar Ketchikan 12:45AM Lv Ketchikan 2:00AM Ar Pr. Rupert 9:30AM Lv Pr. Rupert 11:30AM Ar Ketchikan 5:00PM Lv Ketchikan 6:15PM Ar Hollis 9:00PM	FRI Lv Hollis 6:15AM Ar Ketchikan 9:00AM Lv Ketchikan 12:15PM Ar Metlakatla 1:30PM Lv Metlakatla 2:15PM Ar Ketchikan 3:30PM	SAT Lv Ketchikan 6:15AM Ar Metlakatla 7:30AM Lv Metlakatla 8:15AM Ar Ketchikan 9:30AM Lv Ketchikan 10:30AM Ar Hollis 1:15PM Lv Hollis 2:15PM Ar Ketchikan 5:00PM Lv Ketchikan 6:45PM Ar Metlakatla 8:00PM Lv Metlakatla 8:45PM Ar Ketchikan 10:00PM Lv Ketchikan 11:00PM Ar Hollis 1:45AM
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JULY 30, 1998

*THU Lv Hollis 9:15AM Ar Ketchikan 11:55AM Lv Ketchikan 6:15PM Ar Hollis 9:00PM

ALASKA MARINE HIGHWAY AUGUST 1998 Northbound Schedule — REVISED 11-19-97

AUR-AURORA MAL-MALASPINA
COL-COLUMBIA MAT-MATANUSKA
LEC-LE CONTE TAK-TAKU
KEN-KENNICOTT

	LEAVE BELLINGHAM	LEAVE PRINCE RUPERT	LEAVE STEWART HYDER	METLAKATLA	KETCHIKAN	HOLLIS	WRANGELL	PETERSBURG	KAKE	ARRIVE SITKA	ANGoon	TENAKEE	HOONAH	JUNEAU AUR BAY	HAINES	ARRIVE SKAGWAY	
KEN		TH30 3:30P			TH30 10:30P		F31 5:45A	F31 9:30A							F31 8:45P	S1 7:45A	S1 3:45A
MAT		TH30 6:00P			F31 12:30A		F31 7:30A	F31 12:30P		S1 1:45A					S1 2:00P		
LEC									Lv. Sitka	S1 4:15P	S1 10:30P	SU2 1:45A	SU2 6:00A	SU2 9:15A			
TAK		S1 8:15A			S1 3:15P		S1 10:15P	SU2 2:15A							SU2 1:00P	SU2 6:30P	SU2 7:30P
COL	F31 9:00P				SU2 10:30A		SU2 5:15P	SU2 9:00P							M3 8:45A	M3 2:45P	M3 3:45P
MAT		M3 2:45P			M3 9:00P		T4 4:15A	T4 9:00A							T4 6:00P	T4 11:30P	W5 12:30A
LEC																	
TAK		T4 10:45A			T4 5:00P		TH4 11:55P	W5 4:00A		W5 5:45P				W5 6:45A	W5 10:00A		
LEC																	
KEN	T4 6:00P				TH6 8:15A		TH6 3:00P	TH6 7:45P		F7 7:00A				F7 9:45P	S8 3:45A	S8 4:45A	
MAT		TH6 8:15P			F7 2:30A		F7 9:15A	F7 2:15P							S8 2:00P		
LEC									Lv. Sitka	S8 10:00A	S8 4:15P	S8 7:30P	S8 11:45P	SU9 3:00A			
TAK		S8 8:15A			S8 3:15P		S8 10:15P	TU9 2:15A						SU9 1:00P	SU9 6:30P	SU9 7:30P	
LEC											Lv. Pelican	SU9 3:15P		SU9 9:45P			
COL	F7 6:00P				SU9 8:00A		SU9 3:00P	SU9 7:00P						M10 8:45A	M10 3:15P	M10 4:15P	
MAT		M10 2:00P			M10 8:15P		TU11 3:00A	TU11 7:30A							TU11 4:45P	TU11 10:15P	TU11 11:15P
LEC																	
TAK		TU11 12:15P			TU11 7:15P		W12 2:30A	W12 6:15A		W12 5:00P				W12 11:45A	W12 3:00P		
LEC																	
KEN	TU11 6:00P				TH13 9:30A		TH13 4:30P	TH13 8:15P		F14 6:15A				F14 7:30P	S15 1:30A	S15 2:30A	
MAT		TH13 5:45P			F14 1:15A		F14 8:45A	F14 2:00P		S15 1:15A				S15 1:30P			
LEC									Lv. Sitka	S15 4:00P	S15 10:15P	SU16 1:30A	SU16 5:45A	SU16 9:00A			
TAK		S15 7:15A			S15 2:15P		S15 9:15P	SU16 1:15A						SU16 1:00P	SU16 6:30P	SU16 7:30P	
COL	F14 6:00P				SU16 9:00A		SU16 4:00P	SU16 8:00P						M17 8:45A	M17 3:15P	M17 4:15P	
MAT		M17 4:45P			M17 11:00P		TU18 6:00A	TU18 11:00A						TU18 8:00P	W19 1:30A	W19 2:30A	
LEC																	
TAK		TU18 10:45A			TU18 4:45P		TU18 11:45P	W19 3:45A		W19 6:00P				W19 6:30A	W19 9:45A		
LEC																	
KEN	TU18 6:00P				TH20 12:30P		FU11 9:30A	FU11 2:30P						FU11 8:30A	** TO SE/SW INTER-TIE		
MAT		TH20 8:00P			FU11 2:30A		FU11 9:30A	FU11 2:30P		SU22 1:45A				SU22 2:00P			
LEC									Lv. Sitka	SU22 10:15A	SU22 4:30P	SU22 7:45P	SU22 11:55P	SU23 3:15A			
TAK		SU22 8:15A			SU22 3:15P		SU22 10:15P	SU23 2:15A						SU23 1:00P	SU23 6:30P	SU23 7:30P	
LEC											Lv. Pelican	SU23 3:15P		SU23 9:45P			
COL	F21 6:00P				SU23 8:00A		SU23 3:00P	SU23 7:00P						M24 9:00A	M24 3:30P	M24 4:30P	
MAT		M24 6:00P			TU25 12:15A		TU25 9:15A	TU25 2:15P						TU25 11:15P	W26 4:45A	W26 5:45A	
LEC														** FROM SE/SW INTER-TIE	TU25 1:00P	TU25 6:30P	
KEN															TU25 7:30P		
LEC																	
TAK		TU25 11:45A			TU25 6:30P		W26 1:30A	W26 5:15A		W26 4:00P				W26 11:15A	W26 2:30P		
KEN		TH27 3:30P			TH27 10:30P		F28 5:30A	F28 9:30A							F28 8:45P	S29 2:45A	S29 3:45A
LEC																	
MAT		TH27 11:15P			F28 6:15A		F28 1:45P	F28 6:45P		S29 6:00A				S29 6:15P			
LEC									Lv. Sitka	S29 2:15P	S29 8:30P	S29 11:45P	SU30 4:00A	SU30 7:15A			
TAK		S29 8:15A			S29 3:15P		S29 10:15P	SU30 2:15A						SU30 1:00P	SU30 6:30P	SU30 7:30P	
COL	F28 9:00P				SU30 9:30A		SU30 4:30P	SU30 8:30P						M31 8:45A	M31 2:45P	M31 3:45P	
MAT		M31 9:15P			TU 3:30A		TU 10:30A	TU 3:15P						W2 12:15A	W2 5:45A	W2 6:45A	

ALL TIMES ARE LOCAL TIMES

MV MALASPINA NORTH LYNN CANAL TRIPS

The M/V Malaspina operates on a daily schedule as indicated in the following table. To determine the best connection for your trip, use these schedules. Please allow enough time to make appropriate connections with the sailings listed above. (See tables above)

DAILY SCHEDULE MAY 29 - SEPTEMBER 7, 1998

Leave Juneau	7:00AM
Arrive Haines	11:30AM
Leave Haines	12:30PM
Arrive Skagway	1:30PM
Leave Skagway	3:30PM
Arrive Haines	4:30PM
Leave Haines	5:30PM
Arrive Juneau	10:00PM

NOTE: The operation of the M/V Malaspina requires legislative approval and funding. Reservations will be confirmed after February 15, 1998.

MV KENNICOTT

**SOUTHEAST/SOUTHWEST INTER-TIE TRIPS

The M/V Kennicott for the month of August will depart from Juneau as indicated in the following table. To determine the best connection for your trip, use this schedule. Please allow enough time to make appropriate connections with the sailings listed above. (See tables above)

Leave Juneau	Friday	August 21	8:30AM
Arrive Valdez	Saturday	August 22	4:30PM
Leave Valdez	Saturday	August 22	6:30PM
Arrive Seward	Sunday	August 23	6:30AM
Leave Seward	Sunday	August 23	10:30AM
Arrive Valdez	Sunday	August 23	10:30PM
Leave Valdez	Monday	August 24	12:30AM
Arrive Juneau	Tuesday	August 25	8:30AM

The M/V Kennicott is being constructed at the time of publication of this schedule. Please contact any Alaska Marine Highway Office for an update on construction progress.

ALASKA MARINE HIGHWAY

AUGUST 1998 Southbound Schedule — REVISED 11-19-97

AUR-AURORA
COL-COLUMBIA
LEC-LE CONTE
MAL-MALASPINA
MAT-MATANUSKA
TAK-TAKU
KEN-KENNICOTT

LEAVE SKAGWAY	HALES	JUNEAU ALAKEBAY	HOONAH	TENAKEE	ANGOOON	ARRIVE SITKA	KAKE	PETERSBURG	WRANGELL	HOLLIS	KETCHIKAN	METLAKATLA	ARRIVE STEWART/ HYDER	ARRIVE PRINCE RUPERT	ARRIVE BELLINGHAM
TAK		TH10 8:30A				TH10 6:15P		TH1 8:45A	TH1 2:15P		TH1 11:15P				TH1 6:15A
LEC		F31 3:30P	F31 7:45P	F31 11:45P	S1 3:00A	S1 8:00A		SU2 3:15A	SU2 7:15A		SU2 6:15P				T4 8:15A
KEN	S1 6:45A	S1 9:15A	S1 6:15P					SU2 3:15A	SU2 7:15A		SU2 6:15P				
MAT		S1 4:00P				SU2 2:45A		SU2 5:15P	SU2 9:15P		M1 4:15A				M3 11:45A
LEC		SU2 5:30P	SU2 9:45P	M3 1:45A	M3 5:00A	M3 10:00A	M3 9:45P	T4 1:45A							
TAK	SU2 10:15P	M3 12:15A	M3 5:45A					M3 2:15P	M3 6:15P		T4 1:45A				T4 8:45A
COL	M3 6:15P	M3 8:45P	T4 2:45A			T4 11:00A		W5 12:15A	W5 5:00A		W5 3:45P				F7 6:00A
MAT	W5 3:30A	W5 5:30A	W5 11:00A					W5 8:15P	TH6 2:15A		TH6 9:45A				TH6 5:15P
LEC		W5 4:00P	W5 8:15P		TH6 1:15A		TH6 6:15A	TH6 10:15A							
TAK		TH6 9:00A				TH6 6:45P		F7 10:45A	F7 2:45P		F7 11:15P				S8 6:15A
LEC		F7 3:00P	F7 7:15P	F7 11:15P	S8 2:30A	S8 7:30A									
KEN	S8 7:45A	S8 10:15A	S8 7:00P					SU9 4:00A	SU9 8:00A		SU9 6:15P				T11 8:45A
MAT		S8 4:30P				SU9 2:15A		SU9 4:45P	SU9 8:45P		M10 3:45A				M10 11:15A
LEC		SU9 7:00A	Ar. Pelican	SU9 1:30P											
TAK	SU9 10:15P	M10 12:15A	M10 5:45A					M10 2:15P	M10 6:15P		T11 2:15A				T11 9:15A
LEC		SU9 10:45P	M10 3:00A	M10 7:00A	M10 10:15A	M10 3:15P	T11 3:30A	T11 7:30A							
COL	M10 7:15P	M10 10:15P	T11 6:30A			T11 3:45P		W12 5:30A	W12 9:45A		W12 5:15P				F14 7:45A
MAT	W12 2:15A	W12 4:15A	W12 9:45A					W12 7:00P	W12 11:15P		TH13 7:15A				TH13 2:45P
LEC		W12 7:00P	W12 11:15P		TH13 4:15A		TH13 9:15A								
TAK		TH13 8:00A				TH13 5:45P		F14 8:15A	F14 12:15P		F14 10:15P				S15 5:15A
LEC		F14 3:15P	F14 7:30P	F14 11:30P	S15 2:45A	S15 7:45A									
KEN	S15 5:30A	S15 8:00A	S15 2:30P					S15 11:30P	SU16 3:30A		SU16 3:30P				T18 6:30A
MAT		S15 4:30P				SU16 2:15A		SU16 5:30P	SU16 9:45P		M17 4:45A				M17 12:15P
LEC		SU16 5:15P	SU16 9:30P	M17 1:30A	M17 4:45A	M17 9:45A	M17 9:15P	T18 1:15A							
TAK	SU16 10:15P	M17 12:15A	M17 5:45A					M17 2:15P	M17 6:15P		T18 1:15A				T18 8:15A
COL	M17 8:15P	M17 10:45P	T18 8:30A			T18 4:45P		W19 9:15A	W19 1:00P		W19 8:30P				F21 10:45A
MAT	W19 5:30A	W19 7:30A	W19 1:00P					W19 10:15P	TH20 2:30A		TH20 9:30A				TH20 5:00P
LEC		W19 2:45P	W19 7:00P		W19 11:55P		TH20 5:00A	TH20 9:00A							
TAK		TH20 9:00A				TH20 6:45P		F21 10:45A	F21 2:45P		F21 11:15P				S22 6:15A
LEC		F21 3:30P	F21 7:45P	F21 11:45P	S22 3:00A	S22 8:00A									
MAT		S22 4:30P				SU23 2:15A		SU23 5:15P	SU23 9:30P		M24 6:00A				M24 1:30P
LEC		SU23 7:00A	Ar. Pelican	SU23 1:30P											
TAK	SU23 10:15P	M24 12:15A	M24 5:45A					M24 2:15P	M24 6:15P		T25 1:45A				T25 8:45A
LEC		SU23 10:45P	M24 3:00A	M24 7:00A	M24 10:15A	M24 3:15P	T25 2:45A	T25 6:45A							
COL	M24 7:30P	M24 10:30P	T25 10:15A			T25 9:30P		W26 1:00P	W26 4:45P		TH27 12:15A				F28 1:15P
KEN	T25 10:30P	W26 1:00A	W26 9:30A								TH27 5:30A				TH27 12:30P
LEC		W26 3:45P	W26 8:00P		TH27 1:00A		TH27 6:00A	TH27 10:00A							
MAT	W26 8:45A	W26 10:45A	W26 4:15P					TH27 1:30A	TH27 5:45A		TH27 12:45P				TH27 8:15P
TAK		TH27 7:00A				TH27 4:45P		F28 7:30A	F28 12:15P		F28 11:15P				S29 6:15A
KEN	S29 6:45A	S29 9:15A	S29 6:15P					SU30 3:15A	SU30 7:15A		SU30 6:15P				T1 8:15A
LEC		F28 1:30P	F28 5:45P	F28 9:45P	S29 1:00A	S29 6:00A									
MAT		S29 9:15P				SU30 7:00A		SU30 10:00P	M31 2:15A		M31 9:15A				M31 4:45P
LEC		SU30 3:30P	SU30 7:45P	SU30 11:45P	M31 3:00A	M31 8:00A	M31 8:00P	M31 11:55P							
TAK	SU30 10:15P	M31 12:15A	M31 5:45A					M31 2:15P	M31 6:15P		F1 1:15A				F1 8:15A
COL	M31 6:45P	M31 9:15P	T1 7:15A			T1 3:30P		W2 6:45A	W2 10:45A		W2 6:15P				F4 9:00A

ALL TIMES ARE LOCAL TIMES

M/V AURORA - SOUTHERN PANHANDLE SUMMER 1998 EFFECTIVE JUNE 1, 1998 THROUGH SEPTEMBER 15, 1998

SUN Lv Hollis 6:15AM
Ar Ketchikan 9:00AM
Lv Ketchikan 12:15PM
Ar Metlakatla 1:30PM
Lv Metlakatla 2:15PM
Ar Ketchikan 3:30PM
Lv Ketchikan 6:15PM
Ar Hollis 9:00PM

MON Lv Hollis 6:15AM
Ar Ketchikan 9:00AM
Lv Ketchikan 11:00AM
Ar Metlakatla 12:15PM
Lv Metlakatla 2:45PM
Ar Ketchikan 4:00PM
Lv Ketchikan 6:15PM
Ar Hollis 9:00PM

MON Lv Hollis 10:00PM
TUE Ar Ketchikan 12:45AM
Lv Ketchikan 1:45AM
Ar Hyder 12:30PM
Lv Hyder 3:45PM
WED Ar Ketchikan 12:30AM
Lv Ketchikan 1:30AM
Ar Hollis 4:15AM

WED Lv Hollis 6:15AM
Ar Ketchikan 9:00AM
Lv Ketchikan 12:15PM
Ar Metlakatla 1:30PM
Lv Metlakatla 2:15PM
Ar Ketchikan 3:30PM
Lv Ketchikan 6:15PM
Ar Hollis 9:00PM

***WED** Lv Hollis 10:00PM
THU Ar Ketchikan 12:45AM
Lv Ketchikan 2:00AM
Ar Pr. Rupert 9:30AM
Lv Pr. Rupert 11:30AM
Ar Ketchikan 5:00PM
Lv Ketchikan 6:15PM
Ar Hollis 9:00PM

FRI Lv Hollis 6:15AM
Ar Ketchikan 9:00AM
Lv Ketchikan 12:15PM
Ar Metlakatla 1:30PM
Lv Metlakatla 2:15PM
Ar Ketchikan 3:30PM

FRI Lv Ketchikan 6:15PM
Ar Hollis 9:00PM
Lv Hollis 10:00PM
SAT Ar Ketchikan 12:45AM

SAT Lv Ketchikan 6:15AM
Ar Metlakatla 7:30AM
Lv Metlakatla 8:15AM
Ar Ketchikan 9:30AM
Lv Ketchikan 10:30AM
Ar Hollis 1:15PM
Lv Hollis 2:15PM
Ar Ketchikan 5:00PM
Lv Ketchikan 6:45PM
Ar Metlakatla 8:00PM
Lv Metlakatla 8:45PM
Ar Ketchikan 10:00PM
Lv Ketchikan 11:00PM
SUN Ar Hollis 1:45AM

AUGUST 27, 1998

***THU** Lv Hollis 9:15AM
Ar Ketchikan 11:55AM
Lv Ketchikan 6:15PM
Ar Hollis 9:00PM

ALASKA MARINE HIGHWAY

SEPTEMBER 1998 Northbound Schedule - REVISED 11-19-97

AUR-AURORA MAL-MALASPINA
 COL-COLUMBIA MAT-MATANUSKA
 LEC-LE CONTE TAK-TAKU
 KEN-KENNICOTT

	LEAVE BELLINGHAM	LEAVE PRINCE RUPERT	LEAVE STEWART HYDER	METLAKATLA	KETCHIKAN	HOLLIS	WRANGELL	PETERSBURG	KAKE	ARRIVE SITKA	ANGoon	TENAKEE	HOONAH	JUNEAU ALAKE BAY	HAINES	ARRIVE SKAGWAY		
MAT		H11 9:15P			T1 3:30A		T1 10:30A	F1 3:15P								W7 12:15A	W7 5:45A	W7 6:45A
LEC								T1 1:30A	T1 6:30A	T1 3:30P	T1 11:55P		W2 5:00A	W2 8:15A				
TAK		T1 11:00A			T1 5:00P		T1 11:45P	W2 3:30A		W2 4:45P								
LEC								TH3 9:15A	TH3 2:15P		TH3 7:15P	TH3 10:30P	F4 2:45A	F4 6:00A				
KEN	T1 6:00P				TH3 9:00A		TH3 4:00P	TH3 8:00P		F4 6:00A				F4 8:30P	SS 2:30A	SS 3:30A		
MAT		TH3 11:45P			F4 6:15A		F4 1:45P	F4 7:30P		SS 6:45A				SS 7:00P				
LEC									Lv. Sitka	SS 9:00A	SS 3:15P	SS 6:30P	SS 10:45P	SU6 7:00A				
TAK		SS 8:15A			SS 3:15P		SS 10:15P	SU6 2:00A						SU6 1:00P	SU6 6:30P	SU6 7:30P		
LEC											Lv. Pelican	SU6 3:30P		SU6 10:00P				
COL	F4 6:00P				SU6 8:00A		SU6 3:00P	SU6 9:45P						H7 9:15A	H7 3:15P	H7 4:15P		
MAT		H7 10:00P			TR 4:15A		TR 11:15A	TR 4:15P						W9 1:15A	W9 6:45A	W9 7:45A		
LEC								TR 3:30P	TR 6:30P	W9 3:30A	W9 11:30A		W9 4:30P	W9 7:45P				
TAK		TR 10:45A			TR 5:45P		W9 12:45A	W9 4:45A		W9 3:30P				TH10 4:15A				
LEC									Lv. Sitka	TH10 1:00P	TH10 7:15P	TH10 10:30P	F11 2:45A	F11 7:00A	F11 12:30P	F11 1:30P		
KEN	TR 6:00P				TH10 12:30P									F11 8:30A	** TO SE/SW INTER-TIE			
MAT		F11 12:45A			F11 7:15A		F11 2:00P	F11 6:45P		S12 6:00A				S12 6:15P				
LEC									Lv. Sitka	S12 8:45P	SU13 3:00A	SU13 6:15A	SU13 10:30A	SU13 1:45P				
TAK		S12 11:15A			S12 6:00P		SU13 1:00A	SU13 5:00A						SU13 2:15P	SU13 8:15P	SU13 9:15P		
LEC									Lv. Sitka	M14 10:30A	M14 4:45P	M14 8:00P	T15 12:15A	T15 3:30A				
COL	F11 6:00P				SU13 9:30A		SU13 4:30P	SU13 8:30P						M14 10:30A	M14 4:30P	M14 5:30P		
MAT		M14 8:15P			T15 2:30A		T15 10:30A	T15 3:30P						W16 12:30A	W16 6:00A	W16 7:00A		
KEN											** FROM SE/SW INTER-TIE			T15 12:30P	T15 6:30P	T15 7:30P		
TAK		T15 1:15P			T15 9:15P		W16 5:30A	W16 9:15A		W16 11:00P				TH17 11:45A				
LEC								W16 4:15P	W16 9:15P	TH17 5:15A	TH17 1:45P		TH17 6:45P	TH17 11:00P	F18 4:30A	F18 5:30A		
MAT		F18 12:15A			F18 7:00A		F18 2:00P	F18 7:30P		S19 6:45A				S19 7:00P				
LEC									Lv. Sitka	S19 3:15P	S19 9:30P	SU20 12:45A	SU20 5:00A	SU20 8:15A				
TAK		S19 11:15A			S19 4:15P									Lv. Pelican	SU20 5:45P			
LEC											Lv. Sitka	M21 10:30P	T22 4:45A	T22 8:00A	T22 12:15P	T22 3:30P		
COL	F18 6:00P				SU20 8:00A		SU20 3:00P	SU20 9:30P						M21 9:00A	M21 3:00P	M21 4:00P		
MAT		M21 8:15P			T22 2:30A		T22 9:30A	T22 2:30P						T22 11:30P	W23 5:00A	W23 6:00A		
LEC								TH24 1:15A	TH24 6:15A	TH24 3:30P	TH24 11:55P		F25 5:00A	F25 9:15A	F25 7:45P	F25 3:45P		
MAT		TH24 11:00P			F25 5:30A		F25 12:30P	F25 5:15P		S26 4:30A				S27 4:45P				
LEC									Lv. Sitka	SU27 1:15A	SU27 7:30A	SU27 10:45A	SU27 3:00P	SU27 6:15P				
COL	F25 6:00P				SU27 9:30A		SU27 4:45P	SU27 8:30P						M28 10:30A	M28 4:30P	M28 5:30P		
MAT									Lv. Sitka	M28 2:00P	M28 8:15P	M28 11:30P	T29 1:45A	T29 7:00A				
LEC														T29 10:15P	W30 3:45A	W30 4:45A		

ALL TIMES ARE LOCAL TIMES

MV MALASPINA NORTH LYNN CANAL TRIPS

The M/V Malaspina operates on a daily schedule as indicated in the following table. To determine the best connection for your trip, use these schedules. Please allow enough time to make appropriate connections with the sailings listed above. (See tables above)

DAILY SCHEDULE MAY 29 - SEPTEMBER 7, 1998

Leave Juneau	7:00AM
Arrive Haines	11:30AM
Leave Haines	12:30PM
Arrive Skagway	1:30PM
Leave Skagway	3:30PM
Arrive Haines	4:30PM
Leave Haines	5:30PM
Arrive Juneau	10:00PM

NOTE: The operation of the M/V Malaspina requires legislative approval and funding. Reservations will be confirmed after February 15, 1998.

MV KENNICOTT

**SOUTHEAST/SOUTHWEST INTER-TIE TRIPS

The M/V Kennicott for the month of June will depart from Juneau as indicated in the following table. To determine the best connection for your trip, use this schedule. Please allow enough time to make appropriate connections with the sailings listed above. (See tables above)

Leave Juneau	Friday	Sept 11	8:30AM
Arrive Valdez	Saturday	Sept 12	4:30PM
Leave Valdez	Saturday	Sept 12	6:30PM
Arrive Seward	Sunday	Sept 13	6:30AM
Leave Seward	Sunday	Sept 13	10:30AM
Arrive Valdez	Sunday	Sept 13	10:30PM
Leave Valdez	Monday	Sept 14	12:30AM
Arrive Juneau	Tuesday	Sept 15	8:30AM

The M/V Kennicott is being constructed at the time of publication of this schedule. Please contact any Alaska Marine Highway Office for an update on construction progress.

ALASKA MARINE HIGHWAY SEPTEMBER 1998 Southbound Schedule — REVISED 11-19-97

AUR-AURORA
COL-COLUMBIA
LEC-LE CONTE
MAL-MALASPINA
MAT-MATANUSKA
TAK-TAKU
KEN-KENNICOTT

	LEAVE SKAGWAY	HAINES	JANEAU AKREBY	HOONAH	TENAKEE	ANGoon	ARRIVE SIKA	KAKE	PETERSBURG	WRANGELL	HOLLIS	KETCHIKAN	METLAKATLA	ARRIVE STEWART HYDER	ARRIVE PRINCE RUPERT	ARRIVE BELLINGHAM
TAK	SU10:15P	M31 12:15A	M31 5:45A						M31 2:15P	M31 6:15P		T1 1:15A			T1 8:15A	
COL	M31 6:45P	M31 9:15P	T1 7:15A				T1 3:30P		W2 6:45A	W2 10:45A		W2 6:15P				F4 9:00A
MAT	W2 9:30A	W2 11:30A	W2 5:15P						TH3 2:15A	TH3 6:15A		TH3 1:15P				TH3 8:45P
LEC			W2 2:15P	W2 6:30P		W2 11:30P		TH3 4:30A	TH3 8:30A							
TAK			TH3 8:00A				TH3 5:45P	F4 9:15A	F4 1:00P			F4 11:15P				SS 6:15A
LEC			F4 2:15P	F4 6:30P	F4 10:30P	SS 1:45A	SS 6:45A									
KEN	SS 6:30A	SS 9:00A	SS 6:15P					SU6 2:45A	SU6 6:45A			SU6 5:45P				T8 8:15A
MAT			SS 9:45P				SU6 7:30A	SU6 10:45P	M7 3:00A			M7 10:00A				M7 5:30P
LEC			SU6 7:00A	Ar. Pelican	SU6 1:30P											
TAK	SU6 10:15P	M7 12:15A	M7 5:45A					M7 2:15P	M7 6:15P			T8 1:15A				T8 8:15A
LEC			M7 4:00A	M7 8:15A	M7 12:15P	M7 3:30P	M7 8:30P	T8 8:00A	T8 11:55A							
COL	M7 7:15P	M7 9:45P	T8 6:15A				T8 2:45P	W9 5:45A	W9 9:45A			W9 5:15P				F11 7:15A
MAT	W9 10:45A	W9 12:45P	W9 6:15P					TH10 3:15A	TH10 7:15A			TH10 2:15P				TH10 9:45P
LEC			W9 8:45P	TH10 1:00A		TH10 5:45A	TH10 10:45A									
TAK			TH10 12:45P				TH10 10:30P	F11 1:15P	F11 5:15P			S12 1:15A				S12 8:15A
LEC	F11 4:00P	F11 6:00P	S12 1:30A	S12 5:45A	S12 9:45A	S12 1:00P	S12 6:00P									
MAT			S12 9:15P				SU13 7:00A	SU13 10:00P	M14 2:15A			M14 9:15A				M14 4:45P
LEC			SU13 3:45P	SU13 8:00P	SU13 11:55P	M14 3:15A	M14 8:15A									
TAK	M14 12:15A	M14 2:15A	M14 8:15A					M14 5:15P	M14 9:15P			T15 4:15A				T15 11:15A
LEC			T15 7:30A	T15 11:45A		T15 4:45P	T15 9:45P	W16 9:45A	W16 1:45P							
COL	M14 8:30P	M14 11:00P	T15 7:15A				T15 3:45P	W16 8:30A	W16 12:45P			W16 8:15P				F18 10:15A
MAT	W16 10:00A	W16 11:55A	W16 5:30P					TH17 2:30A	TH17 6:45A			TH17 1:45P				TH17 9:15P
KEN	T15 10:30P	W16 1:00A	W16 9:30A									TH17 5:30A				F18 8:00P
TAK			TH17 2:00P				TH17 11:45P	F18 2:15P	F18 6:15P			S19 1:15A				S19 8:15A
LEC	F18 3:00A	F18 10:00A	F18 8:30P	S19 12:45A	S19 4:45A	S19 8:00A	S19 1:00P									
MAT			S19 9:45P				SU20 7:30A	SU20 10:30P	M21 2:45A			M21 9:45A				M21 5:15P
LEC			SU20 9:15A	Ar. Pelican	SU20 3:45P											
LEC			M21 3:45A	M21 8:00A	M21 11:55A	M21 3:15P	M21 8:15P									
LEC			T22 6:45P	T22 11:00P		W23 4:00A	W23 9:00A	W23 8:30P	TH24 12:30A							
COL	M21 7:00P	M21 9:30P	T22 5:45A				T22 2:15P	W23 4:30A	W23 8:30A			W23 5:00P				F25 7:00A
MAT	W23 9:00A	W23 11:00A	W23 5:00P					TH24 2:00A	TH24 6:00A			TH24 1:00P				TH24 8:30P
LEC	F25 6:15P	F25 8:15P	S26 6:30A	S26 10:45A	S26 2:45P	S26 6:00P	S26 11:00P									
MAT			S26 7:15P				SU27 5:00A	SU27 7:45P	SU27 11:55P			M28 7:00A				M28 2:30P
LEC			SU27 7:15P	SU27 11:30P	M28 3:30A	M28 6:45A	M28 11:45A									
COL	M28 8:30P	M28 11:00P	T29 5:30A				T29 2:00P	W30 3:30A	W30 7:30A			W30 4:00P				F2 6:00A
LEC			T29 11:55A	T29 4:15P		T29 9:15P	W30 2:15A	W30 2:00P	W30 6:00P							
MAT	W30 7:45A	W30 9:45A	W30 3:15P					TH1 12:15A	TH1 4:15A			TH1 11:15A				TH1 6:45P

ALL TIMES ARE LOCAL TIMES

M/V AURORA - SOUTHERN PANHANDLE SUMMER 1998 EFFECTIVE JUNE 1, 1998 THROUGH SEPTEMBER 30, 1998

SUN LvHollis 6:15AM ArKetchikan 9:00AM LvKetchikan 12:15PM ArMetlakatla 1:30PM LvMetlakatla 2:15PM ArKetchikan 3:30PM LvKetchikan 6:15PM ArHollis 9:00PM	*MON LvHollis 10:00PM TUE ArKetchikan 12:45AM LvKetchikan 1:45AM ArHyder 12:30PM LvHyder 3:45PM WED ArKetchikan 12:30AM LvKetchikan 1:30AM ArHollis 4:15AM	WED LvHollis 10:00PM THU ArKetchikan 12:45AM LvKetchikan 2:00AM ArPr. Rupert 9:30AM LvPr. Rupert 11:30AM ArKetchikan 5:00PM LvKetchikan 6:15PM ArHollis 9:00PM	SAT LvKetchikan 6:15AM ArMetlakatla 7:30AM LvMetlakatla 8:15AM ArKetchikan 9:30AM LvKetchikan 10:30AM ArHollis 1:15PM LvHollis 2:15PM ArKetchikan 5:00PM LvKetchikan 6:45PM ArMetlakatla 8:00PM LvMetlakatla 8:45PM ArKetchikan 10:00PM LvKetchikan 11:00PM
MON LvHollis 6:15AM ArKetchikan 9:00AM LvKetchikan 11:00AM ArMetlakatla 12:15PM LvMetlakatla 2:45PM ArKetchikan 4:00PM LvKetchikan 6:15PM ArHollis 9:00PM	WED LvHollis 6:15AM ArKetchikan 9:00AM LvKetchikan 12:15PM ArMetlakatla 1:30PM LvMetlakatla 2:15PM ArKetchikan 3:30PM LvKetchikan 6:15PM ArHollis 9:00PM	FRI LvHollis 6:15AM ArKetchikan 9:00AM LvKetchikan 12:15PM ArMetlakatla 1:30PM LvMetlakatla 2:15PM ArKetchikan 3:30PM	SUN ArHollis 1:45AM
SEP 15 THRU SEP 30, 1998			
*TUE LvHollis 6:15AM ArKetchikan 9:00AM LvKetchikan 6:15PM ArHollis 9:00PM			

INSIDE PASSAGE/SOUTHEAST ALASKA CABIN TARIFFS

BETWEEN
AND
BELLINGHAM
PRINCE RUPERT
KETCHIKAN
HOLLIS
WRANGELL
PETERSBURG
KAKE
SITKA
JUNEAU
HAINES

FOUR BERTH CABIN/SITTING ROOM - OUTSIDE/COMPLETE FACILITIES ITEM 485
M/V COLUMBIA - M/V MALASPINA

PRINCE RUPERT	248									
KETCHIKAN	272	63	N		N					
WRANGELL	300	89	O		O					
PETERSBURG	318	103	71							
SITKA	351	128	91	S	71	80	S			
JUNEAU	371	145	107	T	91	78	T	54		
HAINES	392	164	129	O	108	97	O	74	51	
SKAGWAY	382	164	129	P	108	97	P	74	51	39

FOUR BERTH CABIN - OUTSIDE/COMPLETE FACILITIES ITEM 48F
M/V COLUMBIA - M/V MALASPINA - M/V MATANUSKA - M/V TAKU - M/V KENNICOTT

PRINCE RUPERT	226									
KETCHIKAN	246	58								
HOLLIS	266	71	48							
WRANGELL	274	80	53	50						
PETERSBURG	286	92	65	56	41					
KAKE	304	104	75	65	53	48				
SITKA	319	114	84	74	64	55	50			
JUNEAU	337	128	100	90	80	69	63	48		
HAINES	362	152	121	110	100	90	77	67	45	
SKAGWAY	362	152	121	110	100	90	77	67	45	35

FOUR BERTH CABIN - INSIDE/COMPLETE FACILITIES ITEM 48I
M/V COLUMBIA - M/V MALASPINA - M/V MATANUSKA - M/V TAKU - M/V KENNICOTT

PRINCE RUPERT	181									
KETCHIKAN	210	50								
HOLLIS	225	57	42							
WRANGELL	233	69	48	43						
PETERSBURG	250	80	57	49	39					
KAKE	282	90	64	58	46	40				
SITKA	275	100	75	65	58	48	42			
JUNEAU	292	112	88	78	69	60	55	42		
HAINES	311	131	106	96	88	79	69	59	39	
SKAGWAY	311	131	106	96	88	79	69	59	39	31

TWO BERTH CABIN - OUTSIDE/NO FACILITIES ITEM 2NO
M/V KENNICOTT

KETCHIKAN	142	33	N		N					
WRANGELL	157	46	O		O					
PETERSBURG	165	53	37		23					
SITKA	182	65	48	S	37	31	S			
JUNEAU	193	73	57	T	48	39	T	27		
HAINES	207	87	69	O	57	51	O	38	25	
SKAGWAY	207	87	69	P	57	51	P	38	25	20

TWO BERTH CABIN - INSIDE/NO FACILITIES ITEM 2NI
M/V KENNICOTT

KETCHIKAN	128	30	N		N					
WRANGELL	141	41	O		O					
PETERSBURG	149	47	33		21					
SITKA	164	59	43	S	33	28	S			
JUNEAU	173	68	51	T	41	35	T	25		
HAINES	186	78	62	O	51	48	O	34	23	
SKAGWAY	186	78	62	P	51	48	P	34	23	18

BETWEEN
AND
BELLINGHAM
PRINCE RUPERT
KETCHIKAN
HOLLIS
WRANGELL
PETERSBURG
KAKE
SITKA
JUNEAU
HAINES

THREE BERTH CABIN - OUTSIDE/COMPLETE FACILITIES ITEM 3BF
M/V COLUMBIA - M/V MATANUSKA

KETCHIKAN	202	45	N		N					
WRANGELL	222	63	44	O		O				
PETERSBURG	232	72	52		35					
SITKA	254	90	67	S	52	46	S			
JUNEAU	271	102	77	T	62	55	T	40		
HAINES	294	119	91	O	74	67	O	53	37	
SKAGWAY	294	119	91	P	74	67	P	53	37	30

TWO BERTH - OUTSIDE/COMPLETE FACILITIES ITEM 2BF
M/V COLUMBIA - M/V MALASPINA - M/V MATANUSKA - M/V TAKU - M/V KENNICOTT

PRINCE RUPERT	182									
KETCHIKAN	177	43								
HOLLIS	188	50	35							
WRANGELL	193	58	37	36						
PETERSBURG	204	67	46	44	33					
KAKE	216	78	54	48	40	34				
SITKA	227	84	61	58	47	40	38			
JUNEAU	243	97	72	70	58	50	45	37		
HAINES	263	113	84	82	69	62	60	48	34	
SKAGWAY	263	113	84	82	69	62	60	48	34	27

TWO BERTH CABIN - INSIDE/COMPLETE FACILITIES ITEM 2BI
M/V COLUMBIA - M/V MALASPINA - M/V MATANUSKA - M/V TAKU

PRINCE RUPERT	142									
KETCHIKAN	158	38								
HOLLIS	164	44	27							
WRANGELL	174	53	34	28						
PETERSBURG	180	60	41	36	29					
KAKE	189	68	48	42	36	30				
SITKA	199	74	53	47	41	35	32			
JUNEAU	211	83	63	60	51	44	40	33		
HAINES	227	98	76	73	63	57	56	44	31	
SKAGWAY	227	98	76	73	63	57	56	44	31	25

TWO BERTH ROOMETTE - OUTSIDE/NO FACILITIES/NO LINEN ITEM 2RO
M/V KENNICOTT

KETCHIKAN	85	20	N		N					
WRANGELL	94	27	O		O					
PETERSBURG	99	32	22		14					
SITKA	109	39	29	S	22	19	S			
JUNEAU	116	44	34	T	27	24	T	16		
HAINES	124	52	41	O	34	31	O	23	15	
SKAGWAY	124	52	41	P	34	31	P	23	15	12

TWO BERTH ROOMETTE - INSIDE/NO FACILITIES/NO LINEN ITEM 2RI
M/V KENNICOTT

KETCHIKAN	71	17	N		N					
WRANGELL	78	23	O		O					
PETERSBURG	83	28	19		12					
SITKA	91	33	24	S	18	16	S			
JUNEAU	98	37	29	T	23	20	T	14		
HAINES	103	43	35	O	29	26	O	19	13	
SKAGWAY	103	43	35	P	29	26	P	19	13	10

SOUTHEAST/SOUTHWEST INTER-TIE TARIFFS

	BELLINGHAM VALDEZ	KETCHIKAN VALDEZ	JUNEAU VALDEZ
Passengers (12 yrs & older)	328	164	90
Child (2 yrs through 11 yrs)	164	82	44
AMC (Bicycles-Kayaks-Inflatables)	56	28	12
2 Wheeled Motorcycles	266	133	72
Vehicles up to 10 feet	436	218	119
Vehicles up to 15 feet	748	374	209
Vehicles up to 19 feet	890	445	245
Vehicles up to 21 feet	1114	557	300
Vehicles up to 23 feet	1396	698	376
Vehicles up to 25 feet	1858	829	447

CABINS	BELLINGHAM VALDEZ	KETCHIKAN VALDEZ	JUNEAU VALDEZ
4 Berth - Outside/complete facilities	498	248	148
4 Berth - Inside/complete facilities	420	210	122
2 Berth - Outside/complete facilities	354	177	105
2 Berth - Outside/no facilities	283	142	85
2 Berth - Inside/no facilities	255	128	72
2 Berth Roomette - Outside/no facilities*	170	85	51
2 Berth Roomette - Inside/no facilities*	142	71	42

*No linen - Linen may be rented separately.

	BELLINGHAM SEWARD	KETCHIKAN SEWARD	JUNEAU SEWARD
Passengers (12 yrs & older)	388	222	148
Child (2 yrs through 11 yrs)	194	112	74
AMC (Bicycles-Kayaks-Inflatables)	68	38	22
2 Wheeled Motorcycles	308	173	112
Vehicles up to 10 feet	504	288	187
Vehicles up to 15 feet	860	468	318
Vehicles up to 19 feet	1024	579	379
Vehicles up to 21 feet	1288	729	472
Vehicles up to 23 feet	1612	914	592
Vehicles up to 25 feet	1914	1085	703

CABINS	BELLINGHAM SEWARD	KETCHIKAN SEWARD	JUNEAU SEWARD
4 Berth - Outside/complete facilities	587	339	239
4 Berth - Inside/complete facilities	498	288	198
2 Berth - Outside/complete facilities	421	244	172
2 Berth - Outside/no facilities	337	198	139
2 Berth - Inside/no facilities	304	178	125
2 Berth Roomette - Outside/no facilities*	202	117	83
2 Berth Roomette - Inside/no facilities*	189	98	69

*No linen - Linen may be rented separately.

M/V TUSTUMENA CABIN TARIFFS

	BETWEEN AND	UNALASKA	AKUTAN	FALSE PASS	COLD BAY	KING COVE	SAND POINT	CHIGNIK	KODIAK	PORT LIONS	SELDOVIA	HOMER	SEWARD
FOUR BERTH CABIN - OUTSIDE/COMPLETE FACILITIES ITEM 4B													
AKUTAN		23											
FALSE PASS		80	57										
COLD BAY		109	86	29									
KING COVE		122	129	72	43								
SAND POINT		152	165	108	79	68							
CHIGNIK		194	210	153	124	113	80						
KODIAK		282	295	238	209	194	166	124					
PORT LIONS		282	295	238	209	194	166	124	43				
SELDOVIA		337	350	293	264	250	216	182	96	96			
HOMER		328	342	285	256	242	209	175	88	88	43		
SEWARD		349	362	305	276	262	228	194	98	98	163	155	
VALDEZ		(NO DIRECT SAILINGS)											

	BETWEEN AND	UNALASKA	AKUTAN	FALSE PASS	COLD BAY	KING COVE	SAND POINT	CHIGNIK	KODIAK	PORT LIONS	SELDOVIA	HOMER	SEWARD
FOUR BERTH CABIN - INSIDE/NO FACILITIES ITEM 4D													
AKUTAN		19											
FALSE PASS		66	47										
COLD BAY		91	72	25									
KING COVE		102	108	61	36								
SAND POINT		127	138	91	66	57							
CHIGNIK		162	175	128	103	94	67						
KODIAK		235	246	199	174	162	138	103					
PORT LIONS		235	246	199	174	162	138	103	36				
SELDOVIA		281	292	245	220	208	180	152	80	80			
HOMER		274	285	238	213	202	174	146	73	73	36		
SEWARD		291	302	255	230	218	190	162	82	82	136	129	
VALDEZ		(NO DIRECT SAILINGS)											

	BETWEEN AND	UNALASKA	AKUTAN	FALSE PASS	COLD BAY	KING COVE	SAND POINT	CHIGNIK	KODIAK	PORT LIONS	SELDOVIA	HOMER	SEWARD
TWO BERTH CABIN - OUTSIDE/NO FACILITIES ITEM 2D													
AKUTAN		13											
FALSE PASS		47	33										
COLD BAY		64	51	17									
KING COVE		75	79	45	28								
SAND POINT		100	97	63	46	40							
CHIGNIK		129	129	95	78	68	43						
KODIAK		179	192	158	141	130	110	76					
PORT LIONS		179	192	158	141	130	110	76	28				
SELDOVIA		213	226	192	175	164	140	115	56	56			
HOMER		208	221	187	170	159	136	111	52	52	28		
SEWARD		218	230	196	179	168	144	119	60	60	101	96	
VALDEZ		(NO DIRECT SAILINGS)											

M/V TUSTUMENA ALEUTIAN CHAIN TRIPS

LV KODIAK	WED	4:55 PM	LV UNALASKA	SAT	8:45 AM
LV CHIGNIK	THU	1:00 PM	LV AKUTAN	SAT	4:00 PM
LV SAND POINT	FRI	12:30 AM	LV KING COVE	SUN	4:45 AM
LV KING COVE	FRI	9:00 AM	LV SAND POINT	SUN	7:15 AM
LV GOLD BAY	FRI	4:35 AM	LV CHIGNIK	MON	1:45 AM
LV FALSE PASS	FRI	5:30 PM	LV KODIAK	MON	6:15 PM
LV UNALASKA	SAT	6:30 AM			

REFER TO COLOR CODED BARS ON M/V TUSTUMENA SCHEDULE BEGINNING AND ENDING AT KODIAK

M/V BARTLETT / AK RAILROAD SCHEDULE

Effective May 1, 1998

The M/V BARTLETT serves the port of Whittier using the Alaska Railroad shuttle between Portage and Whittier. In Portage, passengers and their vehicles load on an Alaska Railroad flatcar for a 40 minute sight-filled trip through mountain tunnels to Whittier, a former military town. Ferry service from Whittier is available to Cordova and Valdez.

PORTAGE TO WHITTIER*

LV PORTAGE	10:15 AM
AR WHITTIER	10:55 AM
LV PORTAGE	1:20 PM
AR WHITTIER	2:00 PM

WHITTIER TO PORTAGE

LV WHITTIER	3:30 PM
AR PORTAGE	4:10 PM
LV WHITTIER	6:15 PM
AR PORTAGE	6:55 PM

THE STATE OF ALASKA RESERVES THE RIGHT TO ALTER, REVISE OR CANCEL SCHEDULES AND RATES WITHOUT PRIOR NOTICE AND ASSUMES NO RESPONSIBILITY FOR DELAYS AND/OR EXPENSES DUE TO SUCH MODIFICATIONS.

* Check-in time in Portage is one hour earlier than departure.

SOUTHCENTRAL/SOUTHWEST ALASKA - M/V BARTLETT SCHEDULE

EFFECTIVE MAY 1 - MAY 28, 1998 AND AUGUST 28 - SEPTEMBER 13, 1998

EFFECTIVE MAY 28, 1998 - AUGUST 28, 1998

MON	LV CORDOVA	7:00 AM	*FRI	LV VALDEZ	12:15 AM ###	MON	LV VALDEZ	7:15 AM	THU	LV VALDEZ	7:15 AM		
	AR WHITTIER	2:00 PM		AR CORDOVA	6:00 AM		AR WHITTIER	2:00 PM		AR WHITTIER	2:00 PM		
	LV WHITTIER	2:45 PM		LV CORDOVA	7:00 AM		LV WHITTIER	2:45 PM		LV WHITTIER	2:45 PM ***		
	AR CORDOVA	9:45 PM		AR WHITTIER	2:00 PM		AR CORDOVA	9:45 PM		AR VALDEZ	9:30 PM		
				LV WHITTIER	2:45 PM								
				AR CORDOVA	9:45 PM								
TUE	LV CORDOVA	12:30 AM		SAT	LV CORDOVA	12:30 AM ***	MON	LV CORDOVA	10:45 PM **	FRI	LV VALDEZ	5:00 AM **	
	AR VALDEZ	6:15 AM			AR VALDEZ	6:15 AM		AR VALDEZ	6:15 AM		AR CORDOVA	12:45 PM	
	LV VALDEZ	7:15 AM			LV VALDEZ	7:15 AM		LV VALDEZ	7:15 AM		LV CORDOVA	6:30 PM	
	AR WHITTIER	2:00 PM			AR WHITTIER	2:00 PM		AR WHITTIER	2:00 PM		AR VALDEZ	12:15 AM	
	LV WHITTIER	2:45 PM			LV WHITTIER	2:45 PM							
	AR VALDEZ	9:30 PM			AR VALDEZ	9:30 PM							
WED	LV VALDEZ	6:45 AM **					TUE	LV WHITTIER	2:45 PM	SAT	LV VALDEZ	7:15 AM	
	AR CORDOVA	2:30 PM						AR VALDEZ	9:30 PM		AR WHITTIER	2:00 PM	
	LV CORDOVA	6:30 PM **						LV VALDEZ	11:45 PM		LV WHITTIER	2:45 PM	
	AR VALDEZ	2:15 AM					WED	AR CORDOVA	5:30 AM		AR VALDEZ	9:30 PM	
THU	LV VALDEZ	7:15 AM		SUN	LV VALDEZ	7:15 AM							
	AR WHITTIER	2:00 PM			AR WHITTIER	2:00 PM		WED	LV CORDOVA	7:00 AM	SUN	LV VALDEZ	7:15 AM
	LV WHITTIER	2:45 PM			LV WHITTIER	2:45 PM			AR WHITTIER	2:00 PM		AR WHITTIER	2:00 PM
	AR VALDEZ	9:30 PM			AR VALDEZ	9:30 PM			LV WHITTIER	2:45 PM		LV WHITTIER	2:45 PM
									AR VALDEZ	9:30 PM		AR VALDEZ	9:30 PM

*** PRINCE WILLIAM SOUND GOLD RUSH REGATTA MAY 9, 1998

SAT	LV CORDOVA	12:30 AM	SAT	LV WHITTIER	11:00 AM
	AR WHITTIER	7:30 AM		AR VALDEZ	6:00 PM

* Schedule begins here May 1, 1998.

** Tatitlek Whistle Stops available by notifying Valdez or Cordova terminal.

*** Switch to this schedule at Whittier, Thursday May 28.

Switch to this schedule at Valdez, Friday August 28.

SOUTHCENTRAL/SOUTHWEST ALASKA MV TUSTUMENA

MAY EASTBOUND

Leave SELDOVIA	Leave HOMER	PORT LIONS	Arrive KODIAK	Leave SEWARD	Arrive VALDEZ
SU3 6:00A	SU3 9:30A		SU3 7:00P		
M4 6:30A	M4 9:30A		M4 7:00P		
TS 6:00P	TS 11:30P		W6 9:00A		
PORT LIONS					
T12 4:00P	T12 7:55P	W13 6:30A	Lv. W13 4:00P	TH14 9:45A	
SU17 6:00A	SU17 9:30A		SU17 7:00P		
M18 6:30A	M18 9:30A		M18 7:00P		
TH19 5:00P	TH19 7:55P	W20 6:30A	Lv. W20 4:00P	TH21 9:45A	TH21 11:00P
SU24 6:00A	SU24 9:30A		SU24 7:00P		
M25 6:30A	M25 9:30A		M25 7:00P		
TH26 7:00P	TH26 7:55P	W27 6:30A	Lv. W27 4:00P	TH28 9:45A	TH28 11:00P
SU31 6:00A	SU31 9:30A		SU31 7:00P		

* Kodiak King Crab Festival May 20 - 25

JUNE EASTBOUND

Leave SELDOVIA	Leave HOMER	PORT LIONS	Arrive KODIAK	Leave SEWARD	Arrive VALDEZ
T2 4:00P	M1 9:30A		M1 7:00P	TH4 9:45A	TH4 11:00P
SU7 6:00A	T2 7:55P	W3 6:30A	Lv. W3 4:00P		
M8 6:30A	SU7 9:30A		SU7 7:00P		
TH9 4:00P	M8 9:30A		M8 7:00P		
PORT LIONS					
T16 4:00P	T16 7:55P	W17 6:30A	Lv. W17 4:00P	TH18 9:45A	TH18 11:00P
SU21 6:00A	SU21 9:30A		SU21 7:00P		
M22 6:30A	M22 9:30A		M22 7:00P		
TH23 4:00P	TH23 7:55P	W24 6:30A	Lv. W24 4:00P	TH25 9:45A	TH25 11:00P
SU28 6:00A	SU28 9:30A		SU28 7:00P		
M29 6:30A	M29 9:30A		M29 7:00P		
TH30 4:00P	TH30 7:55P	W1 6:30A	Lv. W1 4:00P	TH2 9:45A	TH2 11:00P

JULY EASTBOUND

Leave SELDOVIA	Leave HOMER	PORT LIONS	Arrive KODIAK	Leave SEWARD	Arrive VALDEZ
SU5 6:00A	SU5 9:30A		SU5 7:00P		
M6 6:30A	M6 9:30A		M6 7:00P		
TH7 4:00P	TH7 11:30P		W8 9:00A		
PORT LIONS					
T14 4:00P	T14 7:55P	W15 6:30A	Lv. W15 4:00P	TH16 9:45A	TH16 11:00P
SU19 6:00A	SU19 9:30A		SU19 7:00P		
M20 6:30A	M20 9:30A		M20 7:00P		
TH21 4:00P	TH21 7:55P	W22 6:30A	Lv. W22 4:00P	TH23 9:45A	TH23 11:00P
SU26 6:00A	SU26 9:30A		SU26 7:00P		
M27 6:30A	M27 9:30A		M27 7:00P		
TH28 4:00P	TH28 7:55P	W29 6:30A	Lv. W29 4:00P	TH30 9:45A	TH30 11:00P

AUGUST EASTBOUND

Leave SELDOVIA	Leave HOMER	PORT LIONS	Arrive KODIAK	Leave SEWARD	Arrive VALDEZ
SU2 6:00A	SU2 9:30A		SU2 7:00P		
M3 6:30A	M3 9:30A		M3 7:00P		
TH4 4:00P	TH4 11:30P		W5 9:00A		
PORT LIONS					
T11 4:00P	T11 7:55P	W12 6:30A	Lv. W12 4:00P	TH13 9:45A	TH13 11:00P
SU16 6:00A	SU16 9:30A		SU16 7:00P		
M17 6:30A	M17 9:30A		M17 7:00P		
TH18 4:00P	TH18 7:55P	W19 6:30A	Lv. W19 4:00P	TH20 9:45A	TH20 11:00P
SU23 6:00A	SU23 9:30A		SU23 7:00P		
M24 6:30A	M24 9:30A		M24 7:00P		
TH25 4:00P	TH25 7:55P	W26 6:30A	Lv. W26 4:00P	TH27 9:45A	TH27 11:00P
SU30 6:00A	SU30 9:30A		SU30 7:00P		
M31 6:30A	M31 9:30A		M31 7:00P		

SEPTEMBER EASTBOUND

Leave SELDOVIA	Leave HOMER	PORT LIONS	Arrive KODIAK	Leave SEWARD	Leave CORDOVA	Arrive VALDEZ
T1 4:00P	T1 7:55P	W2 6:30A	Lv. W2 4:00P	TH3 9:45A		TH3 11:00P
PORT LIONS						
TH8 4:00P	TH8 11:30P		W9 9:00A			
PORT LIONS						
T15 4:00P	T15 7:55P	W16 6:30A	Lv. W16 4:00P	TH17 9:45A	TH17 11:45P	*TH18 7:30A
T22 1:00P	T22 7:55P	W23 6:30A	Lv. W23 4:00P	TH24 9:45A	TH24 11:45P	*TH25 7:30A
TH29 1:00P	TH29 7:55P	W30 6:30A	Lv. W30 4:00P	TH1 9:45A	TH1 11:45P	*TH2 7:30A

Whistle stops at Chenega Bay are on Thursdays Between Seward and Valdez arriving Chenega Bay at 2:15PM. Vessel will not stop if there are no reservations.

MAY WESTBOUND

Leave VALDEZ	Leave SEWARD	Leave KODIAK	PORT LIONS	Leave HOMER	Arrive SELDOVIA
F15 9:30P	S2 12:45P	S2 3:45P	SU3 3:30A	SU3 4:55A	
SU3 10:30P	SU3 10:30P	Ar. M4 8:00A	TS 12:30P	TS 2:00P	
M4 10:30P					
PORT LIONS					
F15 9:30P	S16 12:45P	S16 3:45P	SU17 3:30A	SU17 4:55A	
M18 10:30P	SU17 10:30P	Ar. M18 8:00A	T19 12:30P	T19 2:00P	
SU24 10:30P	S23 11:30A	S23 2:30P	SU24 3:30A	SU24 4:00A	
M25 10:30P	SU24 10:30P	Ar. M25 8:00A	T26 12:30P	T26 2:00P	
F29 6:30A	F29 9:30P	S30 12:45P	S30 3:45P	SU31 3:30A	SU31 4:55A
SU31 10:30P			Ar. M2 8:00A		

JUNE WESTBOUND

Leave VALDEZ	Leave SEWARD	Leave KODIAK	PORT LIONS	Leave HOMER	Arrive SELDOVIA
F5 6:30A	F5 9:30P	M1 10:30P	T6 12:30P	T6 2:00P	
S6 12:45P	S6 3:45P	SU7 3:30A	SU7 4:55A		
SU7 10:30P		Ar. M8 8:00A	T9 12:30P	T9 2:00P	
M8 10:30P					
PORT LIONS					
F19 6:30A	F19 9:30P	S20 10:30P	T16 12:30P	T16 2:00P	
S20 12:45P	S20 3:45P	SU21 3:30A	SU21 4:55A		
SU21 10:30P		Ar. M22 8:00A	T23 12:30P	T23 2:00P	
M22 10:30P					
F26 6:30A	F26 9:30P	S27 12:45P	S27 3:45P	SU28 3:30A	SU28 4:55A
S27 10:30P		Ar. M29 8:00A	T30 12:30P	T30 2:00P	
M29 10:30P					

JULY WESTBOUND

Leave VALDEZ	Leave SEWARD	Leave KODIAK	PORT LIONS	Leave HOMER	Arrive SELDOVIA
F3 6:30A	F3 9:30P	S4 12:45P	S4 3:45P	SU5 3:30A	SU5 4:55A
SUS 10:30P		Ar. M6 8:00A	T7 12:30P	T7 2:00P	
M6 10:30P					
PORT LIONS					
F17 6:30A	F17 9:30P	S18 12:45P	S18 3:45P	SU19 3:30A	SU19 4:55A
SU19 10:30P		Ar. M20 8:00A	T21 12:30P	T21 2:00P	
M20 10:30P					
F24 6:30A	F24 9:30P	S25 12:45P	S25 3:45P	SU26 3:30A	SU26 4:55A
SU26 10:30P		Ar. M27 8:00A	T28 12:30P	T28 2:00P	
M27 10:30P					
F31 6:30A	F31 9:30P	S1 12:45P	S1 3:45P	SU2 3:30A	SU2 4:55A

AUGUST WESTBOUND

Leave VALDEZ	Leave SEWARD	Leave KODIAK	PORT LIONS	Leave HOMER	Arrive SELDOVIA
SU2 10:30P		Ar. M3 8:00A	T4 12:30P	T4 2:00P	
M3 10:30P					
PORT LIONS					
F14 6:30A	F14 9:30P	M10 10:30P	T11 12:30P	T11 2:00P	
S15 12:45P	S15 3:45P	SU16 3:30A	SU16 4:55A		
SU16 10:30P		Ar. M17 8:00A	T18 12:30P	T18 2:00P	
M17 10:30P					
F21 6:30A	F21 9:30P	S22 12:45P	S22 3:45P	SU23 3:30A	SU23 4:55A
SU23 10:30P		Ar. M24 8:00A	T25 12:30P	T25 2:00P	
M24 10:30P					
F28 6:30A	F28 9:30P	S29 12:45P	S29 3:45P	SU30 3:30A	SU30 4:55A
SU30 10:30P		Ar. M31 8:00A	T1 12:30P	T1 2:00P	
M31 10:30P					

SEPTEMBER WESTBOUND

Leave VALDEZ	Arrive CORDOVA	Leave SEWARD	Leave KODIAK	PORT LIONS	Leave HOMER	Arrive SELDOVIA
F4 6:30A		F4 9:30P	S5 12:45P	S5 3:45P	SU6 3:30A	SU6 4:55A
SU6 10:30P		Ar. M7 8:00A	T8 12:30P	T8 2:00P		
M7 10:30P						
PORT LIONS						
F18 9:00A	F18 2:30P	M21 2:15A	M21 6:00P	M21 9:00P	T22 9:00A	T22 10:30A
SU20 4:30A	*SU20 1:45P	M22 2:15A	M22 6:00P	M22 9:00P	F29 9:00A	F29 10:30A
F25 9:00A	F25 2:30P					
SU27 4:30A	*SU27 1:45P					

* SEPTEMBER ONLY - Whistle stops at Tatitlak. Vessel will not stop if there are no reservations.

FOR RESERVATIONS, CALL:

1-800-642-0066 or 1-907-465-3941

TDD : 1-800-764-3779 (Text telephone for the speech or hearing impaired)

FAX: (907) 277-4829

When you call to make a reservation, you will need to know:

1. Port of embarkation/debarkation
2. Full names of all travelers, and ages of those under 12 years
3. Width, height and overall length of vehicles (including extensions such as trailer hitches, bike racks, and storage containers)
4. Mailing address

5. Telephone numbers
6. Alternate travel dates (vehicle or cabin space may not be available on your first choice of travel dates)
7. Approximate date you will be leaving your home.

REQUEST FOR RESERVATIONS

DO NOT SEND PAYMENT UNTIL RESERVATIONS ARE CONFIRMED

Full Name		
Travel Agency or Business Name (if applicable)		
Mailing Address		
City, State/Country, Zip Code		
Daytime Phone () () ()	Home Phone () () ()	FAX () () ()
E-Mail Address		

CUSTOMER NO. (if any)

The following information is required by federal regulations. Omissions may result in booking delays.

FULL NAMES OF PERSONS TRAVELING:	AGE (If under 12) A=12 or older S= Senior (65 or older)	Male / Female

VEHICLE INFORMATION

Passenger car/truck

Truck/camper

Camper Van

Motorhome

Vehicle with trailer

Vehicle is Over 6 ft 6 in Tall

Other (describe)

Veh. Height	Veh. Width	Veh. Length*
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*This figure should reflect the total vehicle length, including hitch and trailer, if any.

The Alaska Marine Highway System Internet Website address is:

<http://www.dot.state.ak.us/external/amhs/home.html>

Number of Pets	If a cabin is NOT available, are you willing to travel without one? <input type="checkbox"/> Yes <input type="checkbox"/> No	Approximate date you will be departing your area.
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TRAVEL DATE & SHIP (if important)	FROM	TO	CABIN (yes or no)	ALTERNATE TRAVEL DATES		

Do you want to receive free information about products and travel-related services? Yes No

FAX to: 1-907-277-4829

STATE OF ALASKA

**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES**
OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

TEXT: (907) 465-3652
FAX: (907) 586-8365
PHONE: (907) 465-3900

December 10, 1997

The Honorable John Torgerson
Alaska State Legislature
145 Main Street Loop, Suite 226
Kenai AK 99611

RECEIVED
DEC 15 1997

Dear Senator Torgerson:

This is in response to your November 13 letter to Bob Doll regarding the Alaska Marine Highway System. The following information is provided in answer to your questions:

- 1) *What is the current levels of commission paid for reservations through authorized agents?*

The current level of commission paid for reservations through authorized travel agents is 10%.

- 2) *Please list all agents and the amounts being paid to each.*

The authorized agents are listed in the enclosure. In addition to those listed, the Marine Highway System deals with a great many private travel agents each year, numbering perhaps in the thousands. However, most of those transactions are one-time and for relatively small amounts. The vast majority of transactions are with the authorized agents listed in the enclosure.

- 3) *Provide a five year payment history of the above agents.*

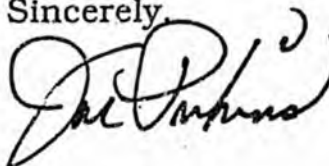
A five year payment history of the authorized agents is enclosed.

- 4) *What would the cost be for the State to purchase a one year extended warranty on the Kennicott (from the manufacturer) for tie up of the vessel.*

We assume from your question that you are requesting the costs for not taking delivery of the Kennicott in May 1998, tying the vessel up for one year with the builder paying the costs of the tie up and maintenance by extending the warranty for one year. The precise cost of a one year extended warranty could only be obtained by an inquiry addressed to the builder. Such an inquiry would involve the risk that the builder would interpret the question as an indication that the State was less interested in a prompt delivery of the ship and could result in work being transferred from the Kennicott to higher profit projects. I will be traveling to Mississippi this month to keep the contractors feet to the fire. We need to know immediately if the Legislature is serious about delaying delivery of the vessel. Even rumors to that effect, resulting from inquiries such as yours, can undermine our efforts for on time and on budget delivery. Your prompt response is appreciated

I hope that this information is satisfactory. Please let me know if there is anything I can add. Thank you for your support of the Marine Highway System.

Sincerely,



Joseph L. Perkins, P.E.
Commissioner

Enclosures

Commission Agent	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Angeon	10,365.00	7,127.00	6,402.00	15,406.00	5,864.00	13,754.00	7,641.00	8,607.00	5,945.00	6,306.40	6,884.80	8,639.00	102,941.20
Homer 1	61,092.50	67,631.80	39,998.00	20,127.20	12,519.00	42,071.00	125,939.00	79,495.50	78,343.00	139,570.40	133,475.00	146,237.20	984,499.60
Homer 2	84,190.30	68,915.00	40,750.30	24,307.00	15,830.00	46,599.70	154,668.00	87,125.00	112,254.50	98,591.50	122,715.80	137,987.00	993,932.10
Kodiak 1	117,976.00	101,078.00	47,731.00	34,435.00	30,363.00	51,108.00	77,123.00	100,238.85	88,380.15	78,339.00	135,603.00	150,920.00	1,013,295.00
Kodiak 2	141,794.00	124,781.00	72,881.00	59,153.00	28,569.00	32,938.00	78,271.00	54,453.00	94,697.00	93,237.00	128,949.00	144,847.00	1,047,528.00
Seldovia	7,373.00	12,056.00	4,450.00	3,907.00	3,115.00	2,608.00	2,484.00	769.00	278.00	5,681.00	6,718.00	5,802.00	55,081.00
Seward												21,747.00	
Viking Travel	65,914.89	62,785.00	46,624.00	43,147.60	34,588.00	35,734.00	68,935.00	47,901.00	51,739.00	40,090.00	59,626.00	38,819.00	563,803.49
Vista Travel 1	1,535.00	0.00	0.00	0.00	0.00	5,829.00	1,761.00	5,123.00	4,031.00	12,227.00	39,908.00	53,540.00	123,952.00
Vista Travel 2	75,354.00	34,074.00	20,379.00	0.00	28,764.00	1,573.00	38,628.00	16,524.00	17,608.00	21,960.00	18,300.00	48,053.00	322,217.00
City of Kake	0.00	17,055.00	4,835.00	10,078.40	8,520.00	26,883.00	10,147.00	8,799.00	3,441.00	6,819.00	6,838.00	12,469.00	114,482.40
Gross Sales	575,594.69	485,482.80	283,930.30	210,559.20	168,132.00	260,895.70	652,675.00	409,035.35	454,716.65	502,601.30	657,015.60	784,920.20	6,301,711.79
Commission	52,987.38	48,033.58	27,423.23	20,210.74	18,265.20	25,733.97	64,778.60	40,708.49	43,269.97	47,984.33	61,870.88	73,308.60	508,378.15
Total Sales	628,582.07	533,516.38	311,353.53	230,769.94	186,397.20	286,629.67	717,453.60	449,743.84	497,986.62	550,585.63	718,886.48	858,228.80	6,810,089.94

FY97 Commission

Commission Agent	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Angeon	\$1,034.10	\$712.70	\$640.20	\$1,531.10	\$579.40	\$1,374.80	\$764.10	\$860.70	\$594.50	\$830.64	\$680.48	\$849.70	\$10,260.42
Homer 1	\$7,546.39	\$6,170.48	\$3,972.40	\$2,012.72	\$1,242.30	\$4,207.10	\$12,527.10	\$7,945.65	\$7,356.60	\$13,519.24	\$12,808.80	\$13,930.30	\$93,239.08
Homer 2	\$7,435.03	\$6,474.10	\$3,658.13	\$2,318.00	\$1,363.60	\$4,654.67	\$15,221.60	\$8,662.20	\$10,368.25	\$9,327.35	\$11,345.88	\$13,083.10	\$93,891.91
Kodiak 1	\$11,137.30	\$9,451.60	\$4,595.10	\$3,015.50	\$3,036.30	\$5,082.30	\$7,704.10	\$9,974.69	\$8,269.32	\$7,743.50	\$12,809.10	\$14,821.60	\$97,640.41
Kodiak 2	\$12,661.45	\$11,829.20	\$7,125.90	\$5,636.40	\$2,656.90	\$3,110.60	\$7,433.70	\$5,401.65	\$9,111.60	\$8,858.10	\$11,263.20	\$13,703.60	\$98,592.30
Seldovia	\$737.30	\$1,205.60	\$445.00	\$390.70	\$311.50	\$260.80	\$246.40	\$76.90	\$27.80	\$566.10	\$668.20	\$566.20	\$5,500.50
Seward												\$2,174.70	
Viking Travel	\$5,255.99	\$5,204.70	\$4,496.50	\$4,299.16	\$3,413.70	\$3,532.50	\$5,843.50	\$4,745.50	\$5,080.40	\$3,791.70	\$5,810.90	\$3,562.50	\$55,037.05
Vista Travel 1	\$153.50	\$0.00	\$0.00	\$0.00	\$0.00	\$582.90	\$176.10	\$512.30	\$389.30	\$1,222.70	\$4,000.60	\$4,910.50	\$11,947.90
Vista Travel 2	\$7,026.32	\$3,297.00	\$2,006.50	\$0.00	\$2,822.70	\$451.30	\$3,862.80	\$1,649.00	\$1,728.10	\$1,872.00	\$1,825.90	\$4,477.40	\$31,019.02
City of Kake	\$0.00	\$1,688.20	\$483.50	\$1,007.16	\$838.80	\$2,477.00	\$999.20	\$879.90	\$344.10	\$633.00	\$651.80	\$1,248.90	\$11,249.56
Total Commission	\$52,987.38	\$48,033.58	\$27,423.23	\$20,210.74	\$18,265.20	\$25,733.97	\$64,778.60	\$40,708.49	\$43,269.97	\$47,984.33	\$61,870.88	\$73,308.60	\$508,378.15

FY 98 Sales

File Name: 08cnmmieg.wk4
 Info Source: Commission Agent Reports
 Chip Mason

Commission Agent	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Angnon	4,877.00	12,414.00	8,758.00	6,891.00	5,920.00	10,990.20	7,237.00	9,494.00	6,005.00	7,762.00	11,532.00	7,108.00	103,992.20
Homer 1	117,323.90	80,803.40	81,703.60	22,781.30	13,410.00	8,282.00	105,183.90	94,467.50	111,910.00	79,833.40	99,130.80	89,843.10	950,241.80
Homer 2	73,885.10	59,528.65	33,517.00	13,407.00	2,222.00	2,051.40	111,300.00	89,683.90	50,040.00	65,574.10	79,833.70	72,658.00	662,333.65
Kotliak 1	101,175.00	90,004.30	73,251.00	30,507.00	14,912.00	9,938.00	111,414.00	110,652.60	82,800.00	105,011.00	115,733.00	123,707.00	977,104.90
Kotliak 2	117,323.00	89,581.00	83,071.00	53,783.00	3,561.00	0.00	104,327.00	110,035.00	80,309.00	78,308.00	133,243.00	135,128.00	984,049.00
Selkovia	6,527.00	5,078.00	7,341.00	4,712.00	0.00	0.00	0.00	714.00	278.00	1,855.00	4,338.00	6,305.00	38,948.00
Viking Travel	47,754.00	64,849.00	45,681.00	35,080.00	31,528.00	27,607.00	59,118.00	75,061.00	64,190.00	65,521.00	50,845.88	54,088.58	602,979.45
Vista Travel 1	40,741.25	43,582.00	4,824.00	0.00	2,300.00	2,488.00	28,419.00	15,323.00	1,774.00	0.00	1,158.00	0.00	140,467.25
Vista Travel 2	31,025.00	15,104.00	17,215.00	13,582.00	8,585.00	4,215.00	51,290.00	15,194.00	38,142.00	34,927.00	44,058.17	57,898.00	329,313.17
River's Edge	21,882.00	787.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,649.00
City of Kaka	7,338.00	11,112.00	7,008.80	11,472.00	8,805.00	13,393.00	6,457.20	13,358.00	3,364.00	0.00	0.00	13,540.40	95,925.20
Gross Sales	589,829.25	488,684.15	348,208.40	200,955.30	92,401.00	85,730.80	843,784.10	634,063.00	433,827.00	428,291.60	639,888.68	660,370.88	4,908,601.72
Less Commission	53,301.03	40,284.43	32,748.88	19,248.83	9,068.70	9,317.58	63,838.81	52,842.30	42,427.40	39,192.75	49,238.88	49,780.89	461,203.82
Net Sales	\$510,528.22	\$448,399.72	\$315,459.52	\$181,706.47	\$83,332.30	\$76,413.04	\$779,945.29	\$581,220.70	\$391,399.60	\$389,098.85	\$490,649.80	\$610,589.99	\$4,447,397.90

FY98 Commission

Commission Agent	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Angnon	\$485.30	\$1,232.30	\$875.80	\$719.10	\$592.00	\$2,028.12	\$705.30	\$949.40	\$500.50	\$743.60	\$1,148.00	\$710.80	\$10,688.02
Homer 1	\$10,841.49	\$8,808.64	\$8,878.38	\$2,128.83	\$1,341.00	\$828.20	\$18,293.79	\$9,371.75	\$10,920.70	\$8,820.44	\$9,258.18	\$8,223.81	\$89,513.19
Homer 2	\$7,042.01	\$6,237.52	\$3,158.00	\$1,293.10	\$222.20	\$285.14	\$11,138.80	\$8,760.59	\$5,778.90	\$5,800.11	\$7,398.97	\$8,928.08	\$63,045.42
Kotliak 1	\$9,210.70	\$7,480.13	\$8,959.10	\$3,821.60	\$1,396.40	\$898.60	\$11,078.60	\$10,972.68	\$7,795.90	\$9,667.10	\$10,701.00	\$9,575.40	\$89,385.19
Kotliak 2	\$10,985.50	\$8,831.02	\$7,758.00	\$5,008.30	\$307.30	\$0.00	\$10,432.70	\$10,780.50	\$8,018.10	\$7,628.80	\$11,645.80	\$12,654.50	\$92,028.52
Selkovia	\$640.30	\$507.80	\$732.70	\$471.20	\$0.00	\$0.00	\$0.00	\$71.40	\$27.80	\$165.60	\$433.60	\$830.50	\$3,600.80
Viking Travel	\$4,433.00	\$5,828.44	\$4,407.90	\$3,557.90	\$3,140.00	\$2,760.70	\$5,852.70	\$7,504.60	\$5,333.10	\$5,228.10	\$5,062.79	\$5,111.60	\$58,280.79
Vista Travel 1	\$3,819.33	\$3,821.10	\$168.90	\$0.00	\$238.00	\$229.90	\$2,038.00	\$1,532.30	\$177.40	\$0.00	\$115.60	\$0.00	\$12,939.33
Vista Travel 2	\$2,925.40	\$1,374.30	\$1,388.30	\$1,358.20	\$858.50	\$336.00	\$4,081.60	\$1,517.40	\$3,547.40	\$3,139.10	\$3,478.72	\$4,624.20	\$29,505.12
River's Edge	\$2,188.20	\$78.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,266.90
City of Kaka	\$721.80	\$1,088.48	\$820.00	\$1,094.60	\$973.30	\$1,952.90	\$638.32	\$1,335.80	\$327.60	\$0.00	\$0.00	\$1,321.74	\$9,952.64
Total Commission	\$53,301.03	\$40,284.43	\$32,748.88	\$19,248.83	\$9,068.70	\$9,317.58	\$63,838.81	\$52,842.30	\$42,427.40	\$39,192.75	\$49,238.88	\$49,780.89	\$461,203.82

FY95 SALES

File Name: 95commag.wk4
 Into Source: Commission Agent Reports
 Chip Mixson

Commission Agents	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Angoon	7109.00	6289.00	3570.00	8866.40	6284.00	16082.00	10281.00	3882.00	7174.00	20081.00	5096.80	8101.00	102778.20
Homer 1	83577.20	102380.15	55716.00	38624.10	15573.00	61793.90	163701.80	68039.57	84509.10	74344.28	110121.80	111614.60	560195.50
Homer 2	79130.70	55592.80	30747.40	12509.00	9882.40	33025.00	90887.60	56480.64	62863.05	74444.30	88853.30	72106.00	656522.19
Kodiak 1	105845.00	86045.00	82409.00	35388.00	17044.00	45909.00	141999.00	94060.00	100137.00	101577.00	97430.00	102884.00	1010727.00
Kodiak 2	108662.20	112773.00	83322.00	46894.00	39062.00	57055.00	20815.00	90272.00	76222.00	87160.00	128493.00	112131.00	962861.20
Seldovia	3739.00	9970.00	6660.00	6220.00	3448.00	2564.00	1860.00	458.00	0.00	6831.00	7578.30	5802.00	65130.30
Viking Travel	41669.00	25417.00	57282.00	41370.00	30992.00	30361.00	54807.00	37368.00	49248.00	36191.00	39939.00	29234.00	473878.00
Vista Travel 1	57840.00	60512.00	25087.00	0.00	0.00	0.00	0.00	29295.00	37929.00	30173.00	55881.00	68464.00	363581.00
Vista Travel 2	26217.00	258.00	13622.00	13508.00	15329.00	25024.00	51779.00	10567.00	22244.00	11739.00	29311.00	40362.00	259958.00
River's Edge Rv Park	32427.00	15004.00	8548.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23274.00	79253.00
City of Kake-Ferry OP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1548.00	1548.00
Gross Sales	\$546,216.10	\$474,240.95	\$367,563.40	\$203,377.50	\$137,814.40	\$271,813.90	\$528,130.40	\$390,422.21	\$430,324.15	\$442,540.58	\$562,504.20	\$573,680.60	\$4,926,428.39
Less Commission	\$53,578.90	\$48,140.33	\$35,037.80	\$19,791.68	\$12,846.54	\$26,828.59	\$52,267.14	\$38,646.42	\$40,226.92	\$40,775.97	\$50,647.63	\$53,526.98	\$470,314.86
Net Sales	\$492,637.20	\$428,100.62	\$332,525.60	\$183,585.84	\$124,767.86	\$244,985.31	\$473,863.26	\$351,775.79	\$390,097.23	\$401,764.61	\$511,856.67	\$520,153.64	\$4,456,113.53

FY95 COMMISSION

Commission Agents	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Angoon	710.70	618.02	351.05	886.64	628.40	1608.20	1028.10	685.30	704.00	1987.68	390.20	777.30	10375.59
Homer 1	8283.37	10017.32	5245.40	3834.81	1542.50	6091.09	15188.48	6574.66	8138.51	7200.23	10329.78	10389.08	92835.21
Homer 2	7770.61	5525.95	2799.44	1238.88	943.84	3286.10	9088.56	5564.86	4918.11	6711.56	8381.45	6746.10	62975.24
Kodiak 1	10584.50	8400.40	8155.50	3501.50	1521.90	4561.10	14164.30	9225.90	9754.60	9919.90	8816.80	9880.70	98493.10
Kodiak 2	10222.72	10858.30	7830.80	4540.70	3402.20	5661.80	2083.20	8874.90	6884.40	7364.70	10476.50	10064.70	88034.92
Seldovia	373.90	997.00	666.00	622.00	344.80	258.40	186.00	45.00	0.00	683.10	611.50	572.40	5358.90
Viking Travel	4112.40	2426.50	5577.50	4016.75	2957.00	2875.60	5370.60	3708.90	4403.00	3368.00	3916.80	2772.70	45505.75
Vista Travel 1	5692.30	5770.64	2395.80	0.00	0.00	0.00	0.00	2909.40	3208.30	2366.90	5292.80	6081.80	33717.94
Vista Travel 2	2585.70	25.80	1361.51	1350.60	1505.90	2488.30	5177.90	1050.70	2216.00	1173.90	2431.80	3784.00	25138.11
River's Edge RV Park	3242.70	1600.40	854.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2327.40	7925.30
City of Kake-Ferry OP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	154.80	154.80
Total Commission	\$53,578.90	\$48,140.33	\$35,037.80	\$19,791.68	\$12,846.54	\$26,828.59	\$52,267.14	\$38,646.42	\$40,226.92	\$40,775.97	\$50,647.63	\$53,526.98	\$470,314.86

FY94 SALES

File Name: 94COMMAD.WK3
 Info Source: Commission Agent Reports
 Chp Misesn

Commission Agents	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Angoon	4784.00	8644.00	3144.00	7183.00	8118.00	9596.00	8277.00	4722.00	1777.00	5202.00	7284.00	10403.00	71107.00
Homer 1	103607.30	68134.80	83787.00	23854.80	33108.00	39228.00	89740.80	81640.40	81787.30	68159.60	88532.70	118102.60	786493.80
Homer 2	88788.05	43782.18	14271.00	10340.00	13488.00	24032.00	38274.90	26778.00	48817.10	47098.90	77873.65	89778.00	467284.78
Kodlak 1	81814.00	87808.00	33882.00	11642.00	3857.00	120918.00	86928.00	70924.00	87489.00	72450.00	108053.00	100389.70	818710.70
Kodlak 2	101245.00	79333.00	73978.00	83881.00	30349.00	88218.28	74314.00	78352.50	83874.00	102288.00	118387.00	145219.00	1027035.78
Saldovia	3511.00	7880.00	3831.00	4482.00	4841.00	0.00	0.00	0.00	0.00	0.00	8528.95	4465.00	34548.98
Viking Travel	44830.00	82038.00	82110.00	32478.00	42230.00	46978.00	47796.00	39281.33	47883.00	27518.00	32421.00	43787.00	509272.33
Vista Travel 1	82891.00	32379.00	36239.00	14385.00	17607.00	81597.00	38511.00	20904.00	38121.00	41777.00	47434.00	86458.00	465083.00
Vista Travel 2	41488.00	22839.00	7834.00	0.00	0.00	2859.00	8188.00	8248.00	8738.00	5007.00	22862.00	38379.00	183903.00
River's Edge RV Park	31495.00	0.00	8291.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22005.00	82790.00
AK Yukon RV Caravan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Sales	850,013.35	838,492.88	828,127.00	818,884.80	816,377.00	840,342.02	835,801.37	831,082.82	836,023.84	838,848.65	881,737.43	880,788.33	8439,422.74
Less Commission	850,301.35	838,748.27	828,812.70	818,788.48	815,037.70	840,342.02	835,801.37	831,082.82	836,023.84	838,848.65	881,737.43	880,788.33	8439,422.74
Net Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

FY94 COMMISSION

Commission Agents	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Angoon	475.40	864.40	314.40	718.80	511.80	859.60	827.70	472.20	177.70	520.20	728.40	1040.30	7110.70
Homer 1	10360.74	6813.45	8378.70	2385.48	3310.80	3922.90	8974.08	8164.04	8178.73	6815.98	8853.27	11810.26	78649.39
Homer 2	8878.81	4378.22	1427.10	1034.00	1348.80	2403.20	3827.49	2677.80	4881.71	4709.89	7787.37	8977.80	46728.49
Kodlak 1	8261.40	8780.80	3388.20	1164.20	385.70	12091.50	8692.90	7092.40	8748.90	7245.00	10805.30	10038.97	81871.07
Kodlak 2	10124.50	7933.30	7397.50	8388.10	3034.90	8821.82	7431.40	7835.28	8387.40	10228.80	11838.70	14521.80	102703.57
Saldovia	351.10	788.00	383.10	448.20	484.10	0.00	0.00	0.00	0.00	0.00	852.89	446.80	3454.89
Viking Travel	4483.00	8203.50	8211.00	3247.50	4223.00	4697.60	4779.80	3928.13	4785.30	2751.80	3242.10	4378.70	50927.23
Vista Travel 1	8289.10	3237.90	3623.50	1438.50	1760.70	8159.70	3851.10	2090.40	3812.10	4177.70	4743.40	8645.80	46508.30
Vista Travel 2	4148.80	2283.90	783.40	0.00	0.00	285.90	818.90	824.80	873.80	500.70	2286.20	3937.80	18390.30
River's Edge RV Park	3149.50	0.00	829.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2200.50	8279.00
AK Yukon RV Caravan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Commission	850,301.35	838,748.27	828,812.70	818,788.48	815,037.70	840,342.02	835,801.37	831,082.82	836,023.84	838,848.65	881,737.43	880,788.33	8439,422.74

FY93 SALES

File Name: 93COMAGT.WK3
 Info Source: Commission Agent Reports
 Charlotte E. Doogan

	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Commission Agents													
Angoon	\$5,482.00	\$9,875.00	\$6,040.00	\$5,261.00	\$8,740.00	\$14,809.00	\$9,957.00	\$6,047.00	\$2,201.00	\$5,992.00	\$7,085.00	\$5,964.00	\$87,453.00
Homer 1	\$68,882.90	\$44,192.70	\$30,500.00	\$23,834.30	\$14,657.00	\$27,689.00	\$22,826.00	\$44,525.00	\$51,128.00	\$81,321.80	\$115,207.00	\$111,522.10	\$636,285.80
Homer 2	\$33,941.15	\$42,513.40	\$17,692.00	\$15,284.00	\$1,403.00	\$5,323.00	\$0.00	\$42.00	\$10,744.00	\$19,766.00	\$38,276.60	\$64,303.80	\$249,288.95
Kodiak 1	\$107,149.00	\$86,894.00	\$34,534.00	\$20,158.00	\$14,801.00	\$80,723.00	\$95,976.50	\$84,416.00	\$90,567.00	\$108,244.00	\$120,592.00	\$92,456.00	\$936,510.50
Kodiak 2	\$103,715.00	\$83,235.00	\$80,740.00	\$32,599.00	\$22,987.00	\$87,489.00	\$96,359.50	\$105,746.00	\$132,395.00	\$97,658.00	\$127,031.00	\$104,229.00	\$1,074,183.50
Seldovia	\$4,234.00	\$5,675.00	\$3,391.00	\$2,856.00	\$2,172.00	\$1,203.00	\$1,103.00	\$1,527.00	\$0.00	\$1,954.00	\$2,711.00	\$3,971.60	\$30,797.60
Viking Travel	\$31,251.00	\$40,333.00	\$36,619.00	\$34,978.00	\$27,089.00	\$57,172.00	\$31,162.00	\$41,623.33	\$40,029.00	\$40,617.00	\$40,150.00	\$43,295.00	\$464,318.33
Vista Travel 1	\$77,538.00	\$56,268.00	\$44,331.00	\$15,930.90	\$18,097.00	\$33,135.00	\$54,478.00	\$79,613.00	\$34,949.00	\$25,997.00	\$43,421.00	\$69,944.00	\$553,701.90
Vista Travel 2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$19,467.00	\$29,294.00	\$42,377.00	\$43,490.00	\$134,628.00
River's Edge Rv Pa	\$70,957.00	\$0.00	\$3,281.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$74,238.00
Ak Yukon Rv Carav	\$542.00	\$1,257.00	\$861.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,660.00
Gross Sales	\$503,692.05	\$370,243.10	\$257,989.00	\$150,901.20	\$109,946.00	\$307,543.00	\$311,862.00	\$363,539.33	\$381,480.00	\$410,843.80	\$536,850.60	\$539,175.50	\$4,244,065.58
Less Commission	\$50,369.21	\$37,024.31	\$25,798.90	\$15,190.12	\$10,994.60	\$30,753.30	\$31,186.20	\$36,353.93	\$38,148.00	\$41,084.38	\$53,685.00	\$53,917.85	\$424,505.80
Net Sales	\$453,322.84	\$333,218.79	\$232,190.10	\$135,711.08	\$98,951.40	\$276,789.70	\$280,675.80	\$327,185.40	\$343,332.00	\$369,759.42	\$483,165.60	\$485,257.65	\$3,819,559.78

FY93 COMMISSION

	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Commission Agents													
Angoon	\$546.20	\$987.50	\$604.00	\$526.10	\$874.00	\$1,480.90	\$995.70	\$604.70	\$220.10	\$599.20	\$708.50	\$596.40	\$8,745.30
Homer 1	\$6,888.29	\$4,419.27	\$3,050.00	\$2,383.43	\$1,465.70	\$2,767.90	\$2,282.60	\$4,452.50	\$5,112.80	\$8,132.18	\$11,520.70	\$11,152.21	\$63,627.58
Homer 2	\$3,394.12	\$4,251.34	\$1,769.20	\$1,528.40	\$140.30	\$532.30	\$0.00	\$4.20	\$1,074.40	\$1,976.60	\$3,827.60	\$6,430.38	\$24,928.84
Kodiak 1	\$10,714.90	\$8,689.40	\$3,453.40	\$2,015.80	\$1,480.10	\$8,072.30	\$9,597.65	\$8,441.60	\$9,056.70	\$10,824.40	\$12,059.20	\$9,245.60	\$93,651.05
Kodiak 2	\$10,371.50	\$8,323.50	\$8,074.00	\$3,259.90	\$2,298.70	\$8,748.90	\$9,635.95	\$10,574.60	\$13,239.50	\$9,765.80	\$12,703.10	\$10,422.90	\$107,418.35
Seldovia	\$423.40	\$567.50	\$339.10	\$285.60	\$217.20	\$120.30	\$110.30	\$152.70	\$0.00	\$195.40	\$271.10	\$397.16	\$3,079.76
Viking Travel	\$3,125.10	\$4,033.30	\$3,661.90	\$3,597.80	\$2,708.90	\$5,717.20	\$3,116.20	\$4,162.33	\$4,002.90	\$4,061.70	\$4,015.00	\$4,329.50	\$46,531.83
Vista Travel 1	\$7,753.80	\$5,626.80	\$4,433.10	\$1,593.09	\$1,809.70	\$3,313.50	\$5,447.80	\$7,961.30	\$3,494.90	\$2,599.70	\$4,342.10	\$6,994.40	\$55,370.19
Vista Travel 2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,946.70	\$2,929.40	\$4,237.70	\$4,349.30	\$13,463.10
River's Edge RV Pa	\$7,095.70	\$0.00	\$328.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,423.80
AK Yukon RV Cara	\$54.20	\$125.70	\$86.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$266.00
Total Commission	\$50,369.21	\$37,024.31	\$25,798.90	\$15,190.12	\$10,994.60	\$30,753.30	\$31,186.20	\$36,353.93	\$38,148.00	\$41,084.38	\$53,685.00	\$53,917.85	\$424,505.80

Alaska State Legislature

Chairman,
Judiciary Committee

Member,
Resources Committee
Rules Committee
Committee on Committees



State Capitol
Juneau, Alaska 99801-1182
(907) 465-3873
Fax: (907) 465-3922

352 Front Street
Ketchikan, Alaska 99901
(907) 225-8088
Fax: (907) 225-0713

Senator Robin L. Taylor
Senate Majority Leader

MEMORANDUM

To: Senate Finance Committee
Senator Jim Duncan
Representative Bill Hudson

From: Senator Robin Taylor *R.L.T.*

Date: 4/14/97

Ref: Additional Support - Marine Highway Authority

FYI -

As the attached will attest, the Masters, Mates and Pilots have now joined the IBU-P in support of Senate Bill 21 and House Bill 88.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

INTERNATIONAL ORGANIZATION OF MASTERS, MATES & PILOTS

PACIFIC MARITIME REGION

2333 Third Avenue ★ Seattle, Washington 98121-1711 ★ Telephone: (206) 441-1070 ★ Fax: (206) 443-3752



April 11th, 1997

THE HONORABLE SENATOR ROBIN TAYLOR

Dear Senator Taylor,

On behalf of the majority of members of the International Organization of Masters, Mates and Pilots, who are employed with the Alaska Marine Highway System, I would like to express our sincere appreciation for your support of the proposed Marine Highway Authority Legislation (Senate Bill 21 and House Bill 88).

The Pacific Maritime Region of this Organization represents the Licensed Deck Officers on Alaska Marine Highway System vessels. In the past few days, I have received written statements of support of the proposed Legislation from over forty of our Alaska members. They are well-aware of your efforts to make passage of this very important Legislation possible, and have proclaimed their appreciation for those efforts.

We are grateful for the opportunity to work with you on this issue. If there is anything our members can do to support your efforts on this Legislation, please do not hesitate to get in touch with this Office.

Again, our sincere gratitude for your leadership on this issue.

Sincerely,

A handwritten signature in cursive script, reading "Steven J. Demeroutis". The signature is written in dark ink and is positioned below the word "Sincerely,".

CAPTAIN STEVEN J. DEMEROUTIS, President
International Organization of Masters, Mates and Pilots
Pacific Maritime Region

SJD:s

INTERNATIONAL ORGANIZATION OF MASTERS, MATES & PILOTS

PACIFIC MARITIME REGION

2333 Third Avenue ★ Seattle, Washington 98121-1711 ★ Telephone: (206) 441-1070 ★ Fax: (206) 443-3752



RECEIVED APR 18 1997

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We are grateful for the opportunity to work with you on this issue. If there is anything our members can do to support your efforts on this Legislation, please do not hesitate to get in touch with this Office.

Again, our sincere gratitude for your leadership on this issue.

Sincerely,

CAPTAIN STEVEN J. DEMEROUTIS, President
International Organization of Masters, Mates and Pilots
Pacific Maritime Region

SJD:s

APRIL 20, 1997

GOOD MORNING, SEN ROBIN TAYLOR

WE VERY SINCERELY SEEK YOUR SUPPORT FOR THIS YEAR'S FERRY AUTHORITY LEGISLATION. THIS THIRD ATTEMPT IN THIRTY YEARS TO CREATE A SEMI-AUTONOMOUS AUTHORITY HAS THE UNPRECEDENTED BACKING OF THE THREE SHIPBOARD UNIONS. SUCH SUPPORT IS PROOF OF THE SERIOUSLY FLAWED MANAGEMENT STRUCTURE AT AMHS, AS TEMPORARY POLITICAL APPOINTEES TEAR THE SYSTEM APART.

THIS VITAL MARINE HIGHWAY, THAT RETURNS SIX TIMES ITS SUBSIDY, MUST BE SAVED. IT IS OF UTMOST IMPORTANCE TO ALASKANS IN SOUTHEAST AND ALONG ANY ROADWAY IN SOUTHCENTRAL AND THE INTERIOR.

WE THANK YOU IN ADVANCE FOR YOUR CAREFUL CONSIDERATION.

ENDORSED BY:

CAPTAIN GARY ANDERSON
CAPTAIN TOM ASPINWALL
CAPTAIN CHUCK BATES
CAPTAIN GEORGE BRERETON
CAPTAIN FARRELL BROWN
CAPTAIN ERV HAGERUP
CAPTAIN BILL HOPKINS
CAPTAIN ART JOHNSON
CAPTAIN JOHN KLABO
CAPTAIN GARY OGILVY
CAPTAIN JAN SANDE
CAPTAIN KARL SCHOEPPE
CAPTAIN MARK SUNDT

THANKS, TEAM!

KARL S

COMPLIMENTS OF
SENATOR ROBIN L. TAYLOR

+



**City of
Ketchikan**

RECEIVED APR 24 1997

April 4, 1997

334 Front Street
Ketchikan, Alaska 99901
Phone 907-225-3111
Fax 907-225-5075

The Honorable Senator Bert Sharp
State Capitol, Room 516
Mailstop 3100
Juneau, Alaska 99801-1182

Dear Senator Sharp:

**Re: Senate Bill No. 21 - "An Act Relating To Ferries And Ferry
Terminals, Establishing The Alaskan Marine Highway Authority,
And Relating To Maintenance Of State Marine Vessels; And
Providing For An Effective Date"**

With regard to the above referenced subject, it is the City of Ketchikan's understanding that you will be chairing a meeting of the Finance Committee on Wednesday, April 23, 1997, in order to consider Senate Bill No. 21. Please be advised that at its meeting of April 3, 1997 the City Council adopted a motion supporting ratification of Senate Bill No. 21, which would, if adopted, establish the Marine Highway Authority. The motion further requested that the Legislature appropriate sufficient funding for the operation of the Alaska Marine Highway System should Senate Bill No. 21 be ratified.

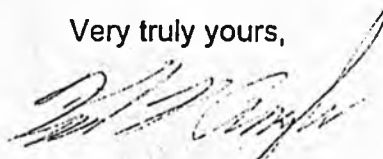
Having a population that heavily depends on AMHS for its transportation needs, as well as being the headquarters of Alaska Ship and Dry Dock, the City Council has closely followed the debate on this issue. It is the City's contention that the creation of a separate Marine Highway Authority would better meet the transportation expectations of Southeast residents. It is clear that the present Alaska Marine Highway System is unable to address the current demands for levels and quality of service.

Today my office was requested to participate in a teleconference by the Alaska Marine Highway System and the Governor's Office on this issue, which included a presentation by Jim Ayres, the Administration's Chief of Staff. The Chief of Staff stated that to date the Administration was not in favor of the proposed Authority, but was seeking input from various communities that might be affected by enactment of the legislation. While Mr. Ayres made several salient points, I would have appreciated the opportunity to hear a response from the sponsors of Senate Bill No. 21 that might have addressed the Chief of Staff's concerns. In any event I do not believe the issues raised by Mr. Ayres would cause the City Council to reconsider its endorsement of this legislation. It is our position that enactment of Senate Bill No. 21 will be the first step towards the stabilization and eventual improvement of Southeast Alaska's Marine Highway System.

On behalf of the City Council I urge your favorable consideration of Senate Bill No. 21.

Should you have any questions on this matter, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'K. Amylon', written in a cursive style.

Karl R. Amylon
City Manager

cc: Katy Suiter, City Clerk
Ketchikan City Council
Georgianna Zimmerle, Borough Manager
Senator Robln Taylor

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR
3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7888

TEXT: (907) 465-3852
FAX: (907) 586-8365
PHONE: (907) 465-3800

March 26, 1997

Dear Alaska Marine Highway System employee:

I am very concerned about recent events and how they negatively effect the Alaska Marine Highway System. I know each year we ask more of you; more port calls, more service to the public and more repairs to an aging fleet, all of this at a time when there is considerable political uncertainty about the system budget and the future of the system. I know that the continuing anxiety of annual legislative budget battles, aging ships and fears of competition for passenger and freight traffic provides uncertainty in your lives. I want to work with you to correct the problems of the system, improve service and expand the system. I don't promise that I have all of the answers but what I can tell you is that current legislation to create an Alaska Marine Highway Authority or to move employees from Juneau to Ketchikan will, in my opinion, not fix the problems.

The authority or the employee move will not provide any more money to operate the system or repair aging ships. It will not magically solve labor contract problems. It will not free the system from the political realities that govern the state budget and, in fact, would cost more. It will not give you, the people that make this system work, any more control as to how the system operates.

As you consider the current legislation to separate the Alaska Marine Highway System from the state Department of Transportation and Public Facilities, I want to present you with some facts about the job your co-workers and you do every day.

- Our Marine Highway System employees have succeeded at doing more with less. Last year you moved more than 100 million pounds of mail and freight, more than 370,000 passengers and 102,000 vehicles. What makes your achievement even more impressive is that our vessels made just as many port calls in their 289 weeks of operation in 1996 as they did in 322 weeks of operation in 1987.
- You're providing the service with less and less General Fund state money and with an overall system budget that is falling each year.
- And very important and seldom discussed, is that we are providing this service with about the same number of vessel crew members and shoreside employee as we did 10 years ago.

AMHS Employees

Page 2

March 26, 1997

I realize that shoreside staffing levels are a controversial issue for vessel employees. I am disturbed that there appears to be a void developing between our shoreside and vessel employees. Without the shoreside employees our ships would not be maintained, passengers and freight would not be booked, supplies would not be delivered, call outs would not be made, and the ships would not be tied up. We are a team and the support work done by shoreside employees is just as important to the service we provide as the work done by vessel employees. Shoreside operations have gone through countless revisions, reorganizations and restructurings since the late 1970s. Jobs have moved from the Marine Highway System to being centralized in Department of Transportation and Public Facilities and back again. Despite what you may have heard, the total number of shoreside and terminal employees is no higher this year than it was in 1985. That year, the legislature authorized 145 positions for the terminal and shoreside offices. This year, there are about 140 workers on those payrolls.

Instead of helping, I believe the Alaska Marine Highway Authority legislation currently in the Legislature will hurt the Marine Highway System for the following reasons:

- Instead of your elected officials being held responsible for the operation of the system, an appointed board of directors would be in charge. They could make any decision they wish concerning service, staffing, labor negotiations or any special service we provide, such as moving high school sports teams. They could unilaterally drop service to unprofitable areas or take other actions, all without the approval of the Governor or Legislature.
- As a separate authority, the system would be forced to compete with communities and other agencies on a statewide basis for federal highway funds needed for capital projects. In addition, there is nothing in the bill that encourages more financial support from the legislature for vessel upgrades or for general funds for operating the vessels.
- The legislation would remove all shoreside and terminal employees from the state's classified service, putting them in the exempt service and forcing them to form new collective bargaining units separate from their existing units.
- If we move the system into an Authority, there will be six months to a year of very confused operations. This is a very important time for the system, with the decision on the fate of the Malaspina soon to be made and with the new vessel, the Kennicott, coming on line next summer. We are currently looking at and must make sizable changes to the way we do business. Appointing a Board of Directors, gaining legislative approval of appointments, hiring an Executive Director, fighting for the FY 1999 capital and operating budget, and moving employees and the Headquarters from Juneau to Ketchikan would all happen during this period. How will the Authority fare in competition for FY99 operating and capital funding with other departments, including DOT&PF? Remember it is the Legislature's plan to cut the budget again next year.

AMHS Employees


Page 3

March 26, 1997

- Last of all, going to an Authority will increase the cost of operating the system. Many of the administrative services currently provided by the Department of Transportation and Public Facilities will stop and will have to be accomplished by the new Authority. We estimate that it will cost over \$500,000 per year above the current budget to run the Authority and another \$600,000 per year for cost increases with the move to Ketchikan. The Authority portion includes paying the Director's costs, additional support costs for shoreside employees and other administrative costs. Where are these additional funds going to come from? Will we have to decrease service to pay the increased costs of the Authority and the move to Ketchikan?

I ask that you consider the facts, ask questions and work with us to improve the Alaska Marine Highway System. In my opinion, turning over the system to a new authority and transferring Juneau personnel to Ketchikan isn't going to fix anything, will cost additional money and will be very disruptive to the service we provide and to the employees of the system. If you have a complaint with management, let's work together to resolve it. We have too much work ahead of us in the next year to allow the system to enter a state of confusion and disarray. Never forget, the Marine Highway System only exists to provide transportation services to the people of Southeast and Southwest Alaska and we need to provide the best service possible at the lowest cost. I believe working together in DOT&PF that we can accomplish that mission.

Sincerely,



Joseph L. Perkins, P.E.
Commissioner

Alaska State Legislature



Committee Membership
Senate Finance
Senate Resources
Senate Rules
Legislative Budget & Audit

Senator John Torgerson

District Address:
145 Main St. Loop, Ste. 226
Kenai, AK 99611
(907) 283-2690
fax 283-9267

Session Address:
State Capitol: Room 514
Juneau, AK 99801-1182
(907) 465-2828
fax 465-4779

MEMORANDUM

TO: Commissioner Perkins
FROM: Senator John Torgerson
DATE: March 12, 1997
SUBJECT: Request for information

J. Torgerson

* AMHS

After reviewing your budget, I am considering the following adjustments to the Department of Transportation Budget. Please review these areas and prepare the necessary documents for discussion and presentation to the Finance Subcommittee.

I will be contacting your office to set up our meeting schedule.

- Eliminate Statewide Internal Audit BRU.
- Eliminate inflation proofing for the Statewide Equipment Fleet.
- Reduce the Statewide Equipment Fleet by 5%.
- Reduce Statewide Planning by 10%.
- Reduce all Regions and Statewide Design and Construction by 15%.
- * • Discontinue service to the Aleutian Chain.
- * • Discontinue service to Bellingham.
- * • Surplus and sell the Malaspina and the Columbia.
- * • Sell the Aurora to the Prince of Wales Communities.
- * • Convert the rest of the Fleet to day boats, whenever possible.
- * • Eliminate the Marine Highway Fund and authorize Budget and Audit to release funds on a predetermined schedule, based on performance.

Cost to cancel Kennicott contract was asked orally at earlier meeting

- * • Approve the move of the Marine Highway Headquarters to Ketchikan.
- Increase Maintenance and Operations in each region.
- Increase Airport Maintenance and Operations.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

March 19, 1997

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

PHONE: (907) 465-3900
TEXT: (907) 465-3652
FAX: (907) 586-8365

Senator John Torgerson, Chair
Senate Finance Subcommittee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator Torgerson,

The following information is provided in response to your memo of March 12, 1997.

Eliminate Statewide Internal Review BRU

A significant portion of the audit work performed by this group is on specific projects and is eligible to be charged to those projects, including Federal-aid funding. Approximately 63% of the funding for this component is Capital Improvement Program (CIP) Receipts. Continued receipt of Federal funding from the Federal Highway Administration and Federal Aviation Administration is contingent upon:

- Completing an organization wide single audit. The Internal Review section provides field testing for Legislative Audit especially in the areas of right-of-way and construction.
- Assuring federal compliance by utility companies. Internal Review provides Legislative Audit with testing required to assure that actual costs plus overhead charged by utilities are within federal requirements.
- Other federal-aid program audits. Title 23 requires that consulting engineers receiving over \$250,000 must have a pre-negotiation audit during the design phase of a project.

It is important to comply with these requirements to ensure there is uninterrupted reimbursement of \$280 million federal funds annually.

Internal Review also serves as an extension of the management function that reviews operations and identifies control weaknesses, addresses systems improvements, ensures compliance and makes recommendations for improvement in utilization of resources. Approximately 30% of the component funding is from General Fund Match or General Funds, for those audits, or portions, not chargeable to Federal projects. The remaining 7% comes from the International Airport Revenue Fund to verify concession

lease receipts and the terms and conditions of lease agreements at the International Airports.

The special requirements of the Federal construction programs as well as the size and magnitude of responsibilities of this department, mandate that continuous audit work be performed. The most cost effective method is to have the audits performed in-house. Contracted audits would be more expensive and would require staff to act as project managers and to provide training for the contract auditors.

Eliminate inflation proofing for the State Equipment Fleet

This would equal a reduction of \$360,000 of Highway Working Capital Funds. Rates are developed based upon the actual costs of the replacement of vehicles up to the beginning of the year for which the rates are being developed. Unfortunately, as you know the cost of purchasing cars, as well as heavy duty equipment, continues to rise. For that reason we add a one year inflation factor to reflect that most of the vehicles are not purchased at the beginning of the budgeted year. If we removed inflation from our calculated rates, the effect would be a one-time reduction that would need to be recovered in future years. The Highway Working Capital Fund cannot pay out more for vehicles than has been collected for replacement costs without threatening the integrity of the fund.

There would be no immediate effect on other agencies because rates have already been calculated and approved for use in FY98. There would be no General Fund savings unless the budgets in the user agencies were reduced.

Reduce the State Equipment Fleet by 5%

The Statewide Equipment Fleet (SEF) is funded 100% from the Highway Working Capital Fund. It operates as an internal service fund and agencies pay into it based upon the number and type of vehicles they have. General fund dollars (as well as other funding sources) that are paid to the state equipment fleet are contained within user agencies' budgets. If the State Equipment Fleet budget was reduced by 5% , there would be no effect on the user agencies because there is no change in the number of vehicles they have or in the rates they are being charged. If SEF did not have sufficient authorization to expend the funds collected from user agencies, it could result in less maintenance being performed on the vehicles. Fixed costs such as gasoline and parts would take precedence. Over time, insufficient periodic or preventative maintenance could result in shorter vehicle life.

Annually the SEF Headquarters Office develops proposed rates to be charged in the next fiscal year. These rates must first be approved by the Office of Management and Budget (OMB) before being used by other agencies in their

budget preparation. OMB has not approved operating rate changes for the last three years.

Reduce Statewide Planning by 10%

This would result in a General Fund reduction of \$15,100. Statewide Planning would reduce those activities that can not be charged to Federal Planning funds such as support of the port and harbor capital budget request and responses to public inquiries not related to an on-going federal planning project.

Reduce all Regions and Statewide Design and Construction by 15%

A 15% reduction in the Design and Construction units (including Statewide Engineering) would result in a \$400,000 general fund reduction. This level of general fund reduction would severely impact our ability to support functions related to the federal funded capital improvement program. The Federal Highway Administration requires that in order to receive federal funds, the State must have a fully functioning department funded without the participation of the federal government. Further reduction in these minimal general fund support funds may well jeopardize the Department's ability to participate in the federal programs.

The general funds authorized for the Design and Construction (D&C) BRUs have been reduced 43 percent in the last five years, and approximately 75 percent since FY84. In the FY98 Governor's Budget, general funds comprise only 4 percent of the funding for D&C. There are numerous activities performed in these units that are not eligible to be charged to projects, but must still be performed. ?

If a 15 percent reduction were also assessed against CIP Receipts, Designated Program Receipts and other funding sources for Design and Construction, this would equate to a \$8,875,000 reduction (in addition to the GF reduction). However, this would save the state very little money since the CIP Program is predominantly federally funded. This reduction would impact our ability to implement the capital program and could result in fewer Federal projects being performed, and would therefore impact the private construction industry as well. If the reduction were assessed against designated program receipts it would result in fewer private businesses being able to utilize the Right of Way for utility projects or leases due to a lack of authority to expend the fees collected in conjunction with those uses.

As of February 28, 1997, of the nearly 1,000 authorized positions in the Design and Construction function, 642 were actually paid (in the Labor, Trades and Crafts union positions are considered filled even when they are on seasonal lay-off, so paid positions are those currently working). This reflects the fact that over one third of the D&C positions are seasonal,

working during the construction season. The attached chart shows the break-down of full-time and seasonal authorized positions, as well as the number of filled and paid positions.

Marine Highways

It is important to note that these options are difficult to view in isolation, since any change even to the operating weeks of one (1) vessel tends to impact not only service to numerous communities, but revenue of other vessels. They are also not questions for which impacts can be provided quickly. An in depth analysis at a very detailed level would be required to actually determine the real potential impact on service, revenue and expenditure. We have attached (and previously supplied it separately through Jim Hauck at Legislative Finance), the revenue and expenditure information you requested on the M/Vs Columbia, Malaspina and Aurora. The Vessel Summary sheets include information for all vessels for FY89-FY96. The Operating Vessel Crew List is also provided to show the crewing for each vessel.

Discontinue service to the Aleutian Chain

As indicated in an earlier response on this question, the Aleutian Chain trips take approximately five (5) days out the chain and back. These are made once each month during the summer and one in October and April. These outlying communities are much more dependent upon reliable service than the larger cities due to their lack of transportation alternatives. The lack of all weather air service and regularly scheduled barge service makes the availability of ferry service a critical component of a community's economic and social well being.

The tariff revenue loss would be less than \$150,000. The revenue generated from onboard services and cabins is not included in this number. The M/V Tustumena would serve southwest ports only, but would not otherwise reduce operating days when the Chain trips are discontinued. Since the southwest routes are not constrained during the summer season, there is no data to estimate additional revenue.

Discontinue service to Bellingham/Sell the Columbia/Sell the Malaspina

As stated previously, Bellingham is the most southern road connection. The elimination of Bellingham as a port would reduce service in Southeast by one round trip per week. The Bellingham route generates \$5.34 million in tariff revenue.

The total of all revenue generated by the M/V Columbia in FY 96 was \$13.55 million with operating expenditures of \$11.41 million.

The selling of the M/V Columbia would mean less service to southeast communities and it would result in a loss of 145 vessel jobs. We do not have a marine survey on the vessel to determine what similar type vessels have sold for on the open market. However, we would estimate this to be approximately \$4-5.0 million.

The sale of the M/V Malaspina would further impact traffic and revenue. The removal of any of the mainline vessels totally from service will have an impact on the remaining vessels. We know that the system during the summer months is already constrained and the remaining vessels would not be able to absorb the traffic within the system created by the elimination of two (2) mainliners.

The recent marine survey done on the M/V Malaspina estimated the vessel would sell for approximately \$95,000. The survey performed looked only at what similar vessels had sold for in the U.S. market.

For your information we have enclosed a copy of the draft report on alternatives for the deployment of the fleet with the addition of a new ocean class ferry. This report specifically addresses several options for future of the Malaspina.

Sell the Aurora to the Prince of Wales Communities.

The ports now served by the M/V Aurora would no longer receive AMHS service. This would include Hollis, Hyder and Metlakatla.

During the annual overhaul of the LeConte, service would be eliminated to Angoon, Pelican and Tenakee. Reduced service would be provided to Hoonah and Kake by the Taku.

Your question would assume that the Prince of Wales Communities would be interested in purchasing and operating the M/V Aurora. The vessel type that they have based their projections on is smaller with less crew requirements.

As indicated in the Vessel Summary reports supplied to Legislative Finance, the annual revenue in FY96 for the M/V Aurora was \$1.7 million at an expense of \$5.0 million.

Convert the rest of the fleet to day boats. whenever possible.

The speed of the existing vessels and the distances between ports limit the links which can be served by day boat operations. The three most likely runs and vessels for day boat possibilities are:

1. Ketchikan to Prince Rupert - M/V Taku
2. Ketchikan to Hollis - M/V Aurora
3. Juneau to Skagway and Haines - M/V Malaspina

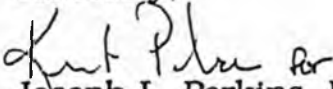
	A crew	B crew	Relief crew	Total	Diff.
Aurora - reg	24	24	12	60	
Aurora - day	12		6	18	42
Taku - reg	46	46	23	115	
Taku - day	25		15	40	75
Mal - reg	47	47	23	117	
Mal - day	18		10	28	89
				Total diff.	206

Assuming 200 jobs are eliminated at an average cost of \$40,000 per position the difference in costs between mainline ferry service and day boat ferry service is approximately \$8 million.

The working conditions would completely change and therefore there would have to be completely new labor contracts. The current contracts with IBU and MMP expire in May 1999. The MEBA contract expired in November 1996 and a new contract has not been negotiated.

We were informed verbally that the remainder of the items could be addressed at our next subcommittee hearing.

If you need further information, please contact me.

Sincerely,

 Joseph L. Perkins, PE
 Commissioner

Enclosures

cc: Senate subcommittee members

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STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM

SENIORITY ROSTER
JUNE 1996

LICENSED DECK OFFICERS

<u>NAME</u>	<u>POSITION</u>	<u>DATE OF HIRE</u>	<u>DATE APP. LIC. DECK</u>
1. JACKINSKY, Walter W.	MASTER (SW) RET	01-15-63	05-17-65
2. ASPINWALL, Thomas H. ✓	MASTER	01-25-63	05-23-67
3. SANDE, Jan W. ✓	MASTER	06-15-69	06-15-69
4. WALLIN, James K.	CHIEF MATE	07-05-68	07-23-69
5. JOHNSON, Arthur L.	MASTER	06-18-69	06-18-69
6. SCHOEPPE, Karl M. ✓	MASTER	03-22-72	03-22-72
7. KLABO, John A.	RELIEF MASTER (SW)	10-15-69	05-18-74
8. HAGERUP, Ervin L.	MASTER	05-28-68	07-03-74
9. OGILVY, Gary L.	MASTER	05-09-75	05-09-75
10. SOUCIE, James M.	CHIEF MATE (SW)	04-27-70	05-22-75
11. LEE, Robert E.	CHIEF MATE RET	04-04-76	04-04-76
12. LYNES, William J.	MASTER	07-13-76	07-13-76
13. HOPKINS, William ✓	MASTER	12-17-77	12-17-77
14. SUND, Werner	MASTER	04-03-74	03-12-78
15. JOHNSON, J. Douglas	MASTER	03-25-78	03-25-78
16. WARD, Jonathan E.	RELIEF MASTER	03-05-77	04-05-78

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**STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM**

**SENIORITY ROSTER
JUNE 1996**

LICENSED DECK OFFICERS

<u>NAME</u>	<u>POSITION</u>	<u>DATE OF HIRE</u>	<u>DATE APP. LIC. DECK</u>
17. SUNDT, Mark R.	MASTER	10-03-78	10-03-78
18. OLDACRES, Dennis E.	SECOND MATE	02-07-79	02-07-79
19. ORNELAS, Raoul A.	SECOND MATE	03-09-79	03-09-79
20. BRERETON, George	RELIEF MASTER	08-10-79	08-10-79
21. HERNDON, Homer	CHIEF MATE (SW)	04-07-74	03-22-80
22. BATES, Charles, L.	PILOT	04-28-80	04-28-80
23. SEIGEL, Richard F.	MASTER (SW)	08-02-80	05-24-81
24. ANDERSON, Gary M. ✓	RELIEF MASTER	05-29-81	05-29-81
25. BROWN, Farrell ✓	MASTER	06-22-79	06-30-81
26. GAMBACORTA, Athos	CHIEF MATE	11-22-81	12-12-81
27. WOOD, John ✓	RELIEF CHIEF MATE	12-12-81	12-12-81
28. SACKETT, Larry	PILOT	06-18-82	06-18-82
29. ANDREASEN, Henry	SECOND MATE	06-27-82	06-27-82
30. WILLIAMSON, Harvey	CHIEF MATE	01-16-83	01-16-83
31. MACAULAY, Scott ✓	CHIEF MATE	05-24-83	05-24-83
32. REED, Tom	RELIEF CHIEF MATE	05-26-83	05-26-83

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**STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM**

**SENIORITY ROSTER
JUNE 1996**

LICENSED DECK OFFICERS

<u>NAME</u>	<u>POSITION</u>	<u>DATE OF HIRE</u>	<u>DATE APP. LIC. DECK</u>
33. SEEFRIED, Jeff	SECOND MATE	05-26-83	05-26-83
34. ANDERSON, David ✓	CHIEF MATE	02-15-77	05-07-84
35. CROWLEY, Robert	CHIEF MATE	05-27-76	07-22-84
36. LUCAS, Baron ✓	CHIEF MATE	07-08-82	05-16-85
37. O'BRIEN, John Jr.	THIRD MATE	05-12-76	04-23-86
38. TAYLOR, Philip ✓	RELIEF CHIEF MATE	07-02-74	07-02-86
39. STYRK, Gregory ✓	CHIEF MATE	01-10-87	01-10-87
40. CARNES, Wayne	CHIEF MATE	04-14-87	04-14-87
41. MIKAT, Wolfgang	SECOND MATE (SW)	05-29-87	05-29-87
42. KNUTH, Harvey	CHIEF MATE	06-13-87	06-13-87
43. MONTEZ, Fred.	CHIEF MATE	02-08-77	07-02-87
44. McMAHON, Peter	SECOND MATE	07-18-74	07-04-87
45. WALTER, Lawrence ✓	SECOND MATE	09-08-87	10-14-87
46. HENDRICKSON, Scott	CHIEF MATE	07-06-85	10-15-87
47. POET, Donald ✓	SECOND MATE	04-24-73	10-23-87
48. KNIGHT, Charles	THIRD MATE	04-04-77	10-25-87

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STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM

SENIORITY ROSTER
JUNE 1996

LICENSED DECK OFFICERS

<u>NAME</u>	<u>POSITION</u>	<u>DATE OF HIRE</u>	<u>DATE APP. LIC. DECK</u>
49. HALES, Steven	SECOND MATE	03-20-79	11-01-87
50. MOORE, Thomas ✓	SECOND MATE	06-15-77	12-11-87
51. McMAHON, John	THIRD MATE	05-06-74	05-23-88
52. RATIGAN, William ✓	THIRD MATE	05-07-77	07-17-88
53. LYNCH, Robert ✓	UNASSIGNED XTRA	06-29-79	12-20-88
54. GRUNOW, Wayne	RELIEF SECOND MATE	10-04-76	07-02-89
55. HAMILTON, Scott	THIRD MATE	09-30-89	09-30-89
56. LISLE, David	SECOND MATE	05-13-74	05-08-90
57. THOMAS, William	UNASSIGNED XTRA	02-18-74	05-26-90
58. STORMONT, JOHN	THIRD MATE (SW)	08-14-87	05-30-90
59. BLAGGI, Chris ✓	UNASSIGNED XTRA	07-08-90	07-08-90
60. KRUMM, Leroy	RELIEF MASTER (SW)	04-02-92	04-02-92
61. BRESSETTE, RONALD	SECOND MATE	05-15-75	05-10-92
62. KLEIN, ALLEN	SECOND MATE	06-14-79	07-11-92
63. STRUM, DOUG	THIRD MATE	12-25-88	07-06-93
64. PETRICH, WILLIAM ✓	UNASSIGNED XTRA	07-11-93	05-01-94

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STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM

SENIORITY ROSTER
JUNE 1996

LICENSED DECK OFFICERS

<u>NAME</u>	<u>POSITION</u>	<u>DATE OF HIRE</u>	<u>DATE APP. LIC. DECK</u>
65. HENNING, Gar	UNASSIGNED XTRA	05-20-94	05-20-94
66. ACTOR, Steve ✓	UNASSIGNED XTRA	06-13-80	12-23-94
67. MONTEZ, Mike	UNASSIGNED XTRA	07-28-78	01-22-95
68. WALLI, Adrienne	UNASSIGNED XTRA	04-28-95	04-28-95
69. WHITMORE, William	UNASSIGNED XTRA	05-05-95	05-05-95
70. OLYER, Barry	UNASSIGNED XTRA	05-15-95	05-15-95
71. RUGUR, Robert	UNASSIGNED XTRA	05-29-95	05-29-95

The reason for the roster is so you can check off names. we are attempting to obtain over 50% so we can qualify as a group.

I also have contacted a S-E. Conference person to get the ball rolling there as well.

Jon Sande

SB 21/HB 88

ALASKA MARINE HIGHWAY AUTHORITY

COMMENTS BY
COMMISSIONER JOE PERKINS, DOT&PF
MARCH 6, 1997

I. THE AUTHORITY CREATES MORE PROBLEMS THAN IT SOLVES.

A. SB 21 DIMINISHES PUBLIC ACCOUNTABILITY.

UNDER THE PRESENT SYSTEM, THE MARINE HIGHWAY SYSTEM MANAGEMENT IS ACCOUNTABLE TO THE PUBLIC. CONCERNS AND REQUESTS ARE RESPONDED TO, QUICKLY AND COMPLETELY. THEY HAVE TO BE. ELECTED OFFICIALS ARE RESPONSIBLE FOR THE MANAGEMENT OF THE MARINE HIGHWAY, AND ELECTED OFFICIALS HAVE TO BE RESPONSIVE TO THE PUBLIC THEY SERVE. SOMETIMES THAT IS TIME-CONSUMING AND CUMBERSOME, BUT IT IS THE MOST RESPONSIBLE WAY TO HANDLE THE PEOPLE'S BUSINESS. THE ESTABLISHMENT OF AN AUTHORITY WILL DIMINISH THE PUBLIC ACCOUNTABILITY OF MARINE HIGHWAY MANAGEMENT BY INSERTING AN APPOINTED BOARD BETWEEN MANAGEMENT AND THE PEOPLE. MARINE HIGHWAY MANAGEMENT WILL NO LONGER WORK DIRECTLY FOR THE ELECTED GOVERNOR OR FOR ANY OTHER ELECTED REPRESENTATIVES. MANAGEMENT DECISIONS WILL BE MADE BY THE BOARD, AND NOT THE GOVERNOR NOR THE LEGISLATURE. ONCE APPOINTED, BOARD MEMBERS WILL NOT BE ACCOUNTABLE TO THE PUBLIC. A BOARD MEMBER MAY BE REMOVED ONLY FOR CAUSE. THE ACCOUNTABILITY OF MARINE HIGHWAY MANAGEMENT TO THE COMMUNITIES THEY SERVE WILL BE SUBSTANTIALLY REDUCED. WE BELIEVE THIS IS NOT DESIRABLE.

B. SB 21 LESSENS PUBLIC INFLUENCE ON DECISION MAKING.

ALASKAN'S NOW KNOW WHO IS IN CHARGE OF THE MARINE HIGHWAY SYSTEM. WHEN THINGS ARE RUNNING WELL, THEY KNOW WHO TO COMPLIMENT. WHEN THINGS AREN'T GOING SO WELL, THEY KNOW WHO TO BLAME. THIS BILL WILL CHANGE ALL OF THAT. WHEN ACCOUNTABILITY OF ELECTED OFFICIALS CHANGES, PUBLIC ACCESS TO THE DECISION MAKING PROCESS ALSO CHANGES. ALTHOUGH A PERSON OR COMMUNITY MAY STILL ASK THE EXECUTIVE DIRECTOR OR BOARD OF DIRECTORS OF THE SYSTEM FOR A SCHEDULE CHANGE OR SPECIAL RUN, THERE MAY BE LITTLE OR NO PRESSURE TO RESPOND. THE MANAGER IS INSULATED FROM THE EFFECT OF PUBLIC PRESSURE. WE BELIEVE ALASKANS APPRECIATE DIRECT ACCESS TO THE PUBLIC SYSTEMS THAT MOST AFFECT THEIR LIVES, AND THIS BILL WILL HAVE A SUBSTANTIAL NEGATIVE IMPACT ON THAT ACCESS.

II. THE ALASKA MARINE HIGHWAY SYSTEM IS NOT BROKEN.

A. (UNRELENTING) NEGATIVE CRITICISM IS DESTRUCTIVE.

THERE IS A LOT THAT IS RIGHT ABOUT THE MARINE HIGHWAY SYSTEM. THE SHIPS HAVE A FINE SAFETY RECORD, GENERALLY RUN ON TIME, AND PROVIDE SIMPLE, ECONOMICAL, COMFORTABLE AND RELIABLE TRANSPORTATION SERVICE TO THE TRAVELING PUBLIC. THE STATE'S ECONOMY RECEIVES APPROXIMATELY \$170 MILLION IN BENEFITS PER YEAR FROM OPERATION OF THE SYSTEM. OF COURSE SOME MISTAKES ARE MADE. THEY ARE INEVITABLE IN AN OPERATION THAT IS AS VULNERABLE TO AS MANY VARIABLES AS IS THE MARINE HIGHWAY SYSTEM. IT IS A SYSTEM THAT HAS A LARGE AND VARIED CONSTITUENCY, AND EVERYBODY HAS AN OPINION AS TO WHAT SHOULD BE DONE AND HOW IT SHOULD BE OPERATED. BUT OVERALL, THE SYSTEM IS DOING WHAT IT WAS DESIGNED TO DO - TRANSPORTING PEOPLE IN SOUTHEAST

AND SOUTHWEST IN THE CONTEXT OF AN INTERMODAL TRANSPORTATION NETWORK.

PAST LEGISLATURES HAVE DETERMINED THAT THE MARINE HIGHWAY SYSTEM IS AN ESSENTIAL PART OF THE STATE TRANSPORTATION SYSTEM THAT WARRANTS CONTINUED AND PREDICTABLE STATE SUPPORT. MANY COMMUNITIES' ECONOMIES ARE DEPENDENT ON ITS STEADINESS AND STABILITY, AND THE STATE'S TOURISM INDUSTRY IS GREATLY ENHANCED BY THE SYSTEM. THOSE ADVANTAGES ARE EVIDENT WHEN THE WHOLE STORY OF THE SYSTEM IS TOLD. BUT WHEN ONLY THE MISTAKES AND DIFFICULTIES ARE DISCUSSED, WHEN ONLY THE NEGATIVES ARE EMPHASIZED, WHEN LEGISLATIVE FUNDING LEVELS ARE REDUCED EACH YEAR AND WHEN THE FUTURE OF THE SYSTEM IS UNDER SIEGE, THOSE ADVANTAGES ARE NOT RECOGNIZED. THE PERCEPTION OF AN INSECURE FUTURE BECOMES A REALITY FOR EMPLOYEES WHOSE LIVES ARE INTRICATELY WOVEN INTO THE SYSTEM'S FUTURE. THE PERCEPTION OF A SHRINKING SYSTEM IS A SOURCE OF CONSIDERABLE ANXIETY FOR COMMUNITIES AND ALASKAN'S WHOSE ECONOMIES AND WAY OF LIFE HAVE BECOME PARTIALLY DEPENDENT ON THE REGULAR ARRIVAL OF THE SHIPS. THE PERCEIVED UNWILLINGNESS OF THE LEGISLATURE TO COMMIT SUFFICIENT STATE RESOURCES TO INSURE AN ADEQUATE FUTURE FOR THE SYSTEM, CANNOT HELP BUT UNDERCUT MORALE, PERFORMANCE, AND HOPE OF THE EMPLOYEES AND THOSE WE SERVE. THIS HAS HAPPENED AND IT IS SAD.

B. SB 21 IS A BAD IDEA.

THE BILL SETS UP A LAYER OF ADMINISTRATION OVER WHICH NEITHER THE GOVERNOR NOR THE LEGISLATURE WILL HAVE CONTROL. WE BELIEVE THAT IS BAD PUBLIC POLICY. BUT EVEN WORSE, IT DOESN'T FIX ANYTHING. THERE IS NOTHING IN THE BILL THAT ENCOURAGES STABILITY OR FINANCIAL SUPPORT BY THE LEGISLATURE. THERE IS NOTHING IN THE BILL THAT ADDRESSES THE INCREASING CAPITAL NEEDS OF AN AGING FLEET.

IF THERE ARE MAJOR PROBLEMS AT MARINE HIGHWAYS, THEY CAN BE HANDLED. ONE OF THE BIGGEST PROBLEMS THAT YOU CAN HELP RELIEVE IS THE TIME AND ENERGY THAT NOW IS BEING SPENT CONTROLLING THE DAMAGE CAUSED BY ANXIETY OVER THE FUTURE. THAT IS A PROBLEM THAT YOU CAN MATERIALLY AFFECT, BY TELLING THE WHOLE STORY OF THIS VERY SUCCESSFUL STATE ADVENTURE, BY DEMONSTRATING YOUR SUPPORT FOR ITS FUTURE AND HELPING US FIX THE PROBLEMS. THE SYSTEM IS 35 YEARS OLD, THE SHIPS ARE AGING, THE SYSTEM IS RUNNING THE SAME TYPE OF SERVICE TODAY IT DID 35 YEARS AGO - IN 1976 SITKA WAS PROVIDED WITH 268 TRIPS AND IN 1996 THE NUMBER WAS 311. TODAY WE ARE RESPONDING TO THE CHALLENGES OF SHRINKING FUNDING AND INCREASING REGULATORY DEMANDS. THE EMPLOYEES WHO YOU HEARD FROM IN THE LAST HEARING ARE EXPERIENCING THE IMPACTS OF THESE DYNAMICS. PEOPLE ARE BEING AFFECTED AND JOBS ARE BEING IMPACTED. HOWEVER, I BELIEVE A FIRM FOUNDATION IS BEING LAID FOR FUTURE STATEWIDE TRANSPORTATION SERVICES TO INCLUDE THE ESSENTIAL MARINE HIGHWAY SYSTEM. COSTS ARE BEING CONTAINED, VESSELS ARE BEING UPGRADED, THE SERVICES ARE BEING USED. IN FACT, WE ARE NOW EXAMINING, WITH THE SOUTHEAST ALASKA MAYORS, THE MARINE HIGHWAY EMPLOYEES AND THE LEGISLATURE THE

POTENTIAL TO DRAMATICALLY CHANGE THE WAY THE SYSTEM IS OPERATED AND TO OFFER IMPROVED AND EXPANDED SERVICE. WE NEED YOUR SUPPORT.

II. AN AUTHORITY WILL BE FURTHER ISOLATED FROM CAPITAL FUNDS.

THE MARINE HIGHWAY SYSTEM IS PRESENTLY MANAGED BY DOT/PF AS AN INTEGRAL PART OF ALASKA'S INTERMODAL TRANSPORTATION SYSTEM. THE MAJORITY OF THE ROUTES HAVE BEEN DESIGNATED BY CONGRESS AS PART OF THE NATIONAL HIGHWAY SYSTEM. AS AN OPERATING ARM OF THE DEPARTMENT, THE SYSTEM RECEIVES FEDERAL HIGHWAY AID FUNDS FROM THE DEPARTMENT. BY SEPARATING THE SYSTEM FROM DOT/PF, AS AN AUTHORITY, OPERATING INDEPENDENTLY FROM THE REST OF THE DEPARTMENT, THE DEBATE FOR FUNDING THE MARINE HIGHWAY SYSTEM CAPITAL IMPROVEMENTS COULD CONCEIVABLY SHIFT MORE TOWARD THE LEGISLATURE FOR RESOLUTION. WE WILL FORCE THE MARINE HIGHWAY SYSTEM TO COMPETE MORE AGGRESSIVELY WITH, INDIVIDUAL COMMUNITIES THROUGHOUT THE STATE, OTHER DOT/PF REGIONS, AND OTHER AGENCIES FOR ITS SHARE OF FEDERAL HIGHWAY FUNDS, RATHER THAN SHARING THEM AS ONE COMPONENT OF ALASKA'S INTERMODAL TRANSPORTATION SYSTEM.

WHILE THE COMMISSIONER OF DOT/PF WOULD SERVE ON THE BOARD OF DIRECTORS OF THIS NEW AUTHORITY, IT IS UNREALISTIC TO THINK THAT AN ORGANIZATIONAL COMPONENT WHICH IS SEPARATE FROM THE REST OF THE AGENCY -- AND FOR WHICH THE COMMISSIONER NO LONGER HAS PRIMARY RESPONSIBILITY -- WILL RECEIVE THE SAME LEVEL OF CONSIDERATION FOR FEDERAL HIGHWAY FUNDS AS IT RECEIVES AS A LINE AGENCY WITHIN THE DEPARTMENT.

III. THE AUTHORITY PROVIDES NO MECHANISM OR VEHICLES TO REDUCE
SUBSIDIES.

ALTHOUGH NOT EXPRESSLY STATED IN THE PROPOSED LEGISLATION, AN IMPLICIT PURPOSE FOR AN AUTHORITY IS APPARENTLY TO INSULATE THE MARINE HIGHWAY SYSTEM FROM INEXPERIENCED MANAGERS APPOINTED THROUGH THE POLITICAL PATRONAGE PROCESS. IT SHOULD BE NOTED, WE HAVE 16 EMPLOYEES WITH OVER 290 YEARS OF MARITIME EXPERIENCE WHO ARE WORKING IN THE ADMINISTRATION AND MANAGEMENT OF THE SYSTEM; DEDICATED, EXPERIENCED EMPLOYEES. AS ALREADY NOTED, SUCH INSULATION ALSO ISOLATES THE SYSTEM FROM DIRECT ACCOUNTABILITY FROM THE PUBLIC. THIS MIGHT BE ACCEPTABLE IF THE AUTHORITY WAS ESTABLISHED TO RUN THE SYSTEM AS A BUSINESS, DESIGNED TO BE SELF-SUPPORTING THROUGH REVENUES. HOWEVER, THIS IS NOT THE CASE.

THE MARINE HIGHWAY SYSTEM PRESENTLY DERIVES ABOUT 60% OF ITS OPERATING FUNDS FROM REVENUES, WITH THE REMAINING 40% OF ITS OPERATING BUDGET APPROPRIATED FROM THE GENERAL FUND BY THE LEGISLATURE. NOTHING IN THIS PROPOSED LEGISLATION IS DIRECTED TOWARD CHANGING THAT FUNDING RELATIONSHIP. THE PROPOSED AUTHORITY IS NOT DESIGNED TO BE SELF-SUFFICIENT. IT WILL CONTINUE TO REQUIRE ANNUAL LEGISLATIVE APPROPRIATIONS FOR OPERATIONS AND CAPITAL IMPROVEMENTS. WHAT THEN IS THE JUSTIFICATION FOR ESTABLISHING IT AS A STATE CORPORATION? AN AUTHORITY WILL REQUIRE ADDITIONAL SUBSIDY TO FUND ITS INCREASED OVERHEAD COSTS.

IV. ADMINISTRATIVE COSTS ARE LIKELY TO INCREASE.

THE MARINE HIGHWAY SYSTEM IS ALREADY AND UNFAIRLY CRITICIZED FOR THE LARGE SIZE OF ITS CENTRAL OFFICE STAFF. HOWEVER, IF THE MARINE HIGHWAY SYSTEM IS SPLIT FROM THE REST OF DOT/PF INTO AN QUASI-INDEPENDENT AUTHORITY, IT WILL LOSE THE ADMINISTRATIVE SUPPORT PRESENTLY PROVIDED BY THE DEPARTMENT AND ADMINISTRATIVE COSTS FOR AMHS WILL CERTAINLY INCREASE. PERSONNEL AND ACCOUNTING SERVICES WHICH ARE NOW PROVIDED IN PART BY HEADQUARTERS WOULD FALL ENTIRELY ON THE AUTHORITY. SO WOULD ENGINEERING SERVICES NOW BEING PROVIDED BY SOUTHEAST REGION. THE SYSTEM WOULD BE FURTHER REMOVED FROM THE FEDERAL HIGHWAY ADMINISTRATION. THE RELATIONS WITH DOT&PF AND FHWA WOULD BE COMPLICATED SINCE CFR TITLE 23 FOR THE ADMINISTRATION OF FEDERAL HIGHWAY FUNDING PROGRAMS IS THE RESPONSIBILITY OF THE STATE HIGHWAY AGENCY DOT&PF.

SEPARATE ACCOUNTING AND DATA PROCESSING SYSTEMS WILL ALMOST CERTAINLY BE NECESSARY. THE AUTHORITY WILL NOT BE EXEMPT FROM THE EXECUTIVE BUDGET ACT, STATE PROCUREMENT CODE AND OTHER STATE MANDATED RULES AND REGULATIONS.

V. AN AUTHORITY WILL NOT SOLVE THE SYSTEM'S HIGH LABOR COSTS.

LABOR AGREEMENTS FOR MARINE HIGHWAY SYSTEM EMPLOYEES ARE CURRENTLY NEGOTIATED AND ADMINISTERED AS A PART OF THE STATE'S OVERALL LABOR RELATIONS PROGRAM. ALTHOUGH VESSEL EMPLOYEES WERE TEN (10) YEARS AHEAD OF THEIR SHORESIDE PEERS IN COLLECTIVE BARGAINING,

ECONOMIC SETTLEMENTS IN THE LAST TWO (2) DECADES HAVE BEEN REASONABLY UNIFORM AND CONSISTENT FOR ALL STATE EMPLOYEE GROUPS.

AS PROPOSED, ALL EMPLOYEES OF THE AUTHORITY WOULD BE PLACED INTO THE EXEMPT SERVICE BUT REMAIN SUBJECT TO THE TERMS OF EXISTING LABOR AGREEMENTS UNTIL THEIR EXPIRATIONS. THE AUTHORITY IS THEN AUTHORIZED TO NEGOTIATE NEW LABOR AGREEMENTS, ALTHOUGH IT IS SOMEWHAT UNCLEAR WHETHER OR NOT THE TERMS OF THOSE AGREEMENTS MUST BE CONSISTENT WITH THOSE OF OTHER EXECUTIVE BRANCH EMPLOYEES. SINCE THE AUTHORITY'S EMPLOYEES WILL BE IN THE EXEMPT SERVICE, THEY ARE PROHIBITED BY BARGAINING REGULATIONS FROM REMAINING IN THE SAME CLASSIFIED EMPLOYEE BARGAINING UNITS FROM WHICH THEY CAME. THIS MEANS ADDING AT LEAST FOUR (4) MORE BARGAINING UNITS AND CONTRACTS FOR JUST AUTHORITY STAFF (GENERAL GOVERNMENT, SUPERVISORY, CONFIDENTIAL, AND LABOR, TRADES & CRAFTS).

SOME OF THESE UNITS WOULD BE COMPOSED OF ONLY A HANDFUL OF EMPLOYEES, BUT EACH SMALL GROUP HAS THE SAME RIGHTS TO NEGOTIATE AS LARGER EMPLOYEE GROUPS. EACH REQUIRES THE AUTHORITY'S RESOURCES TO NEGOTIATE NEW CONTRACTS, AND EACH HAS THE RIGHT TO ENGAGE IN A STRIKE IF THOSE NEGOTIATIONS FAIL. THE ECONOMIC LEVERAGE WHICH COULD BE EXERTED BY THESE SMALL GROUPS OF EMPLOYEES WOULD BE CONSIDERABLE. EACH HAS THE POTENTIAL TO SHUT THE SYSTEM DOWN IN THE EVENT AN IMPASSE IN CONTRACT NEGOTIATIONS RESULT IN A STRIKE

SMALL BARGAINING UNITS CAN BE PROBLEMATIC FOR JUST THESE REASONS. EVERY SMALL GROUP REQUIRES A LARGE EXPENDITURE OF LABOR RELATIONS RESOURCES, AND EACH HAS LEVERAGE OUT OF PROPORTION TO ITS SIZE. THERE IS NO REASON TO BELIEVE THAT AN AUTHORITY HAS ANY GREATER ABILITY TO NEGOTIATE REASONABLE CONTRACTS. IF ANYTHING, THE REVERSE IS TRUE.

VI. SUMMARY

ALASKA'S LONG-TERM HISTORICAL EXPERIENCE WITH CREATING AND OPERATING AUTHORITIES AND PUBLIC CORPORATIONS HAS NOT BEEN ENTIRELY POSITIVE. CONSIDER THE ALASKA POWER AUTHORITY, OF WHICH I WAS A MEMBER. AT THE TIME OF ITS CREATION, THE APA WAS BILLED AS THE ANSWER TO ALASKA'S NEED FOR CHEAP AND ABUNDANT ENERGY. VISIONS WERE FOR HYDROELECTRIC AND OTHER POWER PROJECTS THROUGHOUT THE STATE, WITH MODERN, POWER GRIDS SERVING THE MAJORITY OF ALASKA. AFTER NUMEROUS LEGISLATIVE CHANGES TO THE AUTHORITY OVER SEVERAL YEARS, IT WAS FINALLY CLOSED DOWN BY THE LEGISLATURE AS AN OPERATIONAL AGENCY. THE ALASKA RAILROAD CORPORATION IS ANOTHER EXAMPLE. IT WAS FORMED BY THE LEGISLATURE JUST OVER A DECADE AGO. TODAY, THE LEGISLATURE IS CONSIDERING RESTRICTING THE OPERATIONS OR POTENTIALLY SELLING THAT CORPORATION. COULD THESE EXAMPLES BE APPLICABLE TO A MARINE HIGHWAY AUTHORITY? THE ANSWER IS YES AS THIS LEGISLATURE CANNOT BIND FUTURE LEGISLATIVE ACTIONS.

THE PROPOSED AUTHORITY WOULD BE A MOVE IN THE WRONG DIRECTION AS FAR AS TRANSPORTATION IN ALASKA IS CONCERNED. SIX (6) YEARS AGO, CONGRESS INITIATED MAJOR CHANGES IN THE NATIONAL TRANSPORTATION INDUSTRY WITH THE ENACTMENT OF THE INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT OF 1991 (ISTEA). "INTERMODAL" IS THE "I" IN ISTEA. THE SIMPLE GENIUS OF ISTEA IS ITS PREMISE THAT TRANSPORTATION CHOICES CANNOT BE EFFICIENTLY OR ECONOMICALLY MADE IN ISOLATION FROM ONE ANOTHER. THIS CONCEPT IS CALLED INTERMODALISM.

A DECISION TO INVEST MORE PUBLIC MONEY IN ROADS, OR IN AIRPORTS, OR IN FERRY VESSELS, REQUIRES A BALANCING OF PUBLIC POLICY ISSUES THAT CANNOT BE COMPLETELY BALANCED IF ONE TRANSPORTATION MODE IS SOMEHOW TREATED DIFFERENTLY. NATIONALLY, THE TREND IS TO BRING MODES TOGETHER TO PROVIDE MORE EFFICIENT TRANSPORTATION SYSTEMS. AS I TRAVEL TO OTHER STATES AND DISCUSS ISSUES WITH MY PEERS, IT IS CLEAR THAT INTERMODALISM IS NOT A PASSING FAD. IT IS HERE TO STAY BECAUSE IT JUST MAKES SENSE. ISTEA WILL BE REAUTHORIZED THIS YEAR BY CONGRESS AS ISTEA II.

WE ALL RECOGNIZE THAT THE MARINE HIGHWAY SYSTEM CANNOT CONTINUE TO OPERATE AS IF IT WERE STILL THE 1960'S. TIMES HAVE CHANGED, AND THE NEEDS OF ALASKA'S COMMUNITIES AND THE TRAVELING PUBLIC HAVE CHANGED, THE TRANSPORTATION NETWORK ALONG ALASKA'S COASTLINE HAS CHANGED. THE CHANGES NEEDED IN THE MARINE HIGHWAY SYSTEM MAY BE DRAMATIC. HOWEVER, SB 21 TAKES US IN THE WRONG DIRECTION. WITH THE HELP OF THE LEGISLATURE, WE NEED TO WORK TO INSURE THAT THE MARINE HIGHWAY SYSTEM TRULY FUNCTIONS AS AN INTEGRAL ELEMENT IN A WELL-

DESIGNED STATEWIDE TRANSPORTATION SYSTEM. THIS ADMINISTRATION WILL CHANGE AND IMPROVE THE SYSTEM BUT THESE CHANGES MUST BE WELL THOUGHT OUT AND HAVE THE SUPPORT OF THE PEOPLE OF ALASKA. THIS TAKES TIME AND THE WORST ACTION WE CAN TAKE NOW IS TO MAKE CHANGES SUCH AS THIS BILL DOES WITHOUT THOUGHTFUL AND DELIBERATE CONSIDERATIONS OF ITS SHORT AND LONG TERM CONSEQUENCES.

Alaska State Legislature



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During Session: (Jan - May)
State Capitol
Juneau, AK 99801-1182
(907) 465-4993
Fax (907) 465-3872

Drue Pearce
President of the Senate

July 10, 1996

Senator Robin Taylor
P O Box 1441
Wrangell, AK 99929

Dear Senator Taylor:

In order to determine the efficiency of the internal operations--as well as the public utilization--of the Alaska Ferry System, I am appointing an interim task force. The task force members are:

Senator Drue Pearce
Senator Robin Taylor
Senator John Torgerson

The Alaska Ferry System is a vital part of our transportation system and we need to know we are getting the most cost-effective, efficient, use of the resource.

Sincerely,

A handwritten signature in cursive that reads "Drue Pearce" with "mm." written below it.

Senator Drue Pearce
Senate President

DP:mmm

cc: Senator John Toergerson

cc:Mail for: Joe Ambrose

Subject: <none>

From: Lew.M.Williams@ktn.net at CC2MHS1 2/2/97 10:53 AM

To: joe ambrose at JNU_CAPITOL

Joe: I hope you are working hard this Sunday morning. If I have to read about the state ferry system on one of my seven days off a week, it is appropriate that my civil servant also work!

I just finished Fred Ross' report. As you acknowledge and I discovered, there is a lot of comment that supports a union viewpoint. That is not all bad because he has a lot in the report that is from studies and records that show terrible mismanagement of the system. The fact that Ross is an engineer in the system adds a lot of credibility to his conclusions based on his information sources.

Taking last things first, he envisions some kind of a board to run the system that is a state-owned corporation and that members of the board of directors will be paid a good wage for each day they work. I hope Taylor's bill is more along the lines you describe -- a state board which I presume will get the standard state per diem and travel expense as I now get serving on the board of regents. The crucial point is to have the state ferry board hire a system manager who is experienced in marine transportation, not politics. And have the board members with long enough terms there is some overlap for continuity and have them protected so that the governor can't fire them on a whim.

Ross' report inclines me to believe that instead of selling the Malaspina, the state should sell the Columbia, which has the highest operating and maintenance cost. And use the money from the sale to upgrade the Malaspina and Taku to the successful and efficient design of the Matanuska. Then we would have three efficient mainliners. When the new ship comes on the line, it can handle the Bellingham/Southeast route in the summer. Instead of being tied up in the winter like the Columbia, it can be moved to the westward to take over for the Bartlett and Tustamena while they are in maintenance and when the weather is a little heavier.

Moving state ferry headquarters to Ketchikan from Juneau is a good money-saving move but you might have to wait until there is an independent board running the system that can make the move administratively. It certainly can be justified for more efficient operating. But if Taylor can get it independently, more power to him. There is certainly enough room on state-owned land at Ketchikan Shipyard and the ferry terminal. I often suggested that a second deck for parking and office space is feasible over the existing ferry parking space, such as that where the crew park vehicle behind the post office. (Don't want to block the view from Terry Wanzer's new sun deck at the landing, although the parking lot in front of him can be enlarged by dredging more tieup space and using the material to fill and expand the parking area.)

However, that is not the point of this.

I think what is important is to emphasize:

--increasing fares has reduced traffic while expenses climbed.

--taking out the bars, like raising fares, cost more than it saved.

The idea of opening the bars and having a juke box and game machines to increase revenue is more practical. So is an expanded gift shop open more hours.

--selling the Columbia instead of the Malaspina is more practical.

--Less yard time seems to be more efficient than laying ships up. \$305,000 a week to operate the Matanuska, minus \$150,000 for weekly

JOHN J. SCHNABEL
P.O. Box 149 • Haines, AK 99827
(907) 766-2821 • 766-2228 • Fax 766-2832

February 18, 1997

RECEIVED
FEB 20 1997
Ans'd.....

Honorable Robin Taylor
State Senate
Juneau, Alaska

I listened to the teleconference you held today on SB21 and problems of the Maines Highway System as viewed by Marine Highway employees. I favor SB.21 as being an improvement to what we have but I recommend SURGERY instead of a BAND AID as proposed by the employees. I have live in Haines since 1939 and watched the first ferry service between Haines and Juneau begun by Steve Homer in 1946. Since then it has been improved, expanded and studied for years and it is my conclusion that it is time to consider a different approach. I believe the construction of a road to Juneau would be a forward step towards reducing the inadequacy of the present system. This saving of over Two Hundred Miles and twelve hours of operating time could be used to upgrade the service to the rest of Southeast. The present road plan, chosen by the D.O.T., to build entirely on the East side of Lynn Canal from Juneau to Skagway thus by passing Haines except for a unreliable ferry connection from The Katzehin to Haines, is unacceptable as it does not give Haines equal treatment. It is suggested that the East Side road be terminated at the Katzehin and all traffic use the Ferry to Haines and the road then be constructed on the West side of Lynn Canal between Haines and Skagway. This suggestion is also in the best interest of the State as this increased ferry use will make it self supporting. As I pointed out in previous correspondence, I believe this road cqn be funded outside of the legislative appropriation process.

Yours truly,



12810 Snowberry Lane North
Ketchikan, Alaska 99901

RECEIVED JAN 8 1997

January 3, 1997

The Hon. Robin Taylor
c/o Legislative Information Office
353 Front Street
Ketchikan, Alaska 99901

Dear Senator Taylor:

I would like to add a further thought on your draft bill to place the Alaska Marine Highway System under an authority with a board of directors.

- The makeup of the board as presently written has a heavy maritime professional presence. I believe that this is imperative, however, if there are too many maritime types there will be those who will feather their own nest.
- To counter this, the board of directors would also have to have a strong professional business presence as well. These business professionals should have a proven and successful track record in the business world. They should not be academic theorists.

I support your bill for an authority with a board of directors to manage the Alaska Marine Highway System. Many of my co-workers have concluded that this is the proper reform that is needed to ensure the future of the Alaska Marine Highway System.

Thank you for your efforts.

Sincerely yours,



Captain William M. Hopkins

KETCHIKAN GATEWAY BOROUGH

RESOLUTION NO. 1325

A RESOLUTION OF THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, SUPPORTING SENATE BILL NO. 21, RELATING TO FERRIES AND FERRY TERMINALS, ESTABLISHING THE ALASKA MARINE HIGHWAY AUTHORITY, AND RELATING TO MAINTENANCE OF STATE MARINE VESSELS; AND ESTABLISHING AN EFFECTIVE DATE.

RECITALS

A. The Alaska Marine Highway is the main component of the transportation system in Southeast Alaska providing all of the principle cities of Southeastern Alaska and the transcontinental railroads and highways at Prince Rupert, British Columbia and Bellingham, Washington and the Southcentral Alaska highway system at Haines, Alaska.

B. The Alaska Marine Highway system provides Southeast Alaska and visitors with links to major medical, trading and transportation centers. Residents and visitors depend on the Alaska Marine Highway System for appointments with doctors, dentists, lawyers, accountants and other professional businesses. Interaction between Prince of Wales Island and Ketchikan Gateway Borough is essential.

C. The purpose of the Bill is to establish an authority for the operation, management, planning, construction and maintenance of facilities for the marine highway system. The authority shall be the exclusive state agency directly associated with the operation, management, planning, construction and maintenance of facilities for the marine highway system.

D. Today, Alaska has an expanded system that has evolved to meet the ever increasing demand of the people and communities of Alaska for more efficient service and enhancement of economic development through tourism, mail and freight deliveries.

E. An Alaska Marine Highway Authority would assist the residents, businesses, and communities of the state in obtaining optimal marine passenger and freight service; schedule vessel sailing to optimize the frequency of service to all ports; encourage and integrate with other public and private carriers to the greatest extent possible to provide ferry service within the state and between Alaska ports and ports outside the state in order to provide optimum service within the state; provide reservation access and marketing information throughout the state; encourage vessel construction, maintenance, and service in the state to the greatest extent possible; employ residents of the state to the greatest extent legally possible; and recognize Alaska unions and employee associations to the greatest extent possible.

F. The Ketchikan Gateway Borough has passed prior resolutions requesting continued service, more service, and planning of the Alaska Marine Highway System to enhance the quality of life for the residents of the Ketchikan Gateway Borough.

G. The Ketchikan Gateway Borough is home to a shipyard, built by the state, which can maintain, refurbish and drydock the Alaska Marine Highway ferries. With the mill closure approaching, economic diversity must be found for the economic health and stability of the Ketchikan Gateway Borough and its citizens.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE FACTS, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, as follows:

Andrea Barkley
P.O. Box 1037
Ward Cove, Alaska 99928

To: All State of Alaska Representatives and Senators

Please enter this letter into the legal record on the subject of
The A.M.H.S. Bar Closures:

Until September of 1996, I had been a bartender on AMHS vessels for over 18 years. Over those many years, I have witnessed a huge variety of events. Mostly, I have seen foreigners from one end of the planet meet locals from the opposite end of the planet. Without fail, the one (and sometimes only) thing all these people had in common was Alaska.

The bars on the ferries were, in reality, traveling public relations centers for our state. Thousands upon thousands of recommendations, observations, and experiences were exchanged. Restaurants, camp sites, hotels, events, points of interest were endorsed or rejected. Guidance was given on everything from A): 'Which road to take', to Z): 'How to best enjoy the Alaskan experience'. The one thing everyone could, and did talk about was our state; the beauty of it, the unusual people who populated it, how it remains one of the most unique, pristine environments left in our country if not on our earth.

Bars on the ferries were a place for exchange; the exchange of ideas, the exchange of money. Over the years, I was only one of many bartenders who participated in the revenue intake of untold hundreds of thousands, if not millions, of dollars for our state. AMHS vessels were paid for in full years ago by public bonds. This reality, along with several other unique factors, allowed the State to possess and profit from a previously unheard-of remarkable business opportunity. The State sold this product in a low overhead-cost environment, enjoyed the singular privilege of purchasing the cheapest liquor in the state through duty-free Canadian Sea-stores, and had the extraordinary opportunity of benefitting from a monopoly of sales of this service to a captive audience; literally hundreds of thousands of people who could not go "across the street" for their next drink.

Read into testimony at the KTN Telecon-
ference Feb 18, 1997

TO: THE ALASKAN STATE SENATE, TRANSPORTATION COMMITTEE

FEBURARY 18, 1997

FROM: ANDREA BARKLEY
BOX 1037
WARD COVE, AK. 99928

I WAS A BARTENDER ON THE ALASKA MARINE HIGHWAY SYSTEM FOR 18 YEARS, UNTIL I WAS PUT OUT OF MY JOB WHEN THE BARS WERE CLOSED IN SEPTEMBER OF 1996.

WHEN I SPEAK ABOUT THE BAR CLOSURE ON THE FERRY SYSTEM, I MUST ADDRESS IT AS "THE BIG LIE". I'M SORRY TO HAVE TO PUT IT TO YOU IN SUCH A DIRECT WAY, BUT AT THIS POINT, I FEEL IT TRULY IS IMPORTANT TO TELL THE TRUTH ABOUT WHAT REALLY HAPPENED.

"THE BIG LIE" WAS THAT THE BAR CLOSURE WAS ABOUT LOSS OF REVENUE. THIS WAS NEVER TRUE; THE BAR CLOSURE WAS NEVER ABOUT REVENUE LOSSES AT ALL. THE REASON WE KNOW THIS IS BECAUSE OF 3 FACTS:

1) THE LE CONTE BAR WAS CLOSED RIGHT IN THE HEIGHT OF THE SUMMER SEASON; JUNE 1ST. THE "EMPLOYEE POSITION SAVINGS" THE STATE SAID THEY MUST HAVE WAS NEVER GAINED, BECAUSE THAT EMPLOYEE WAS SIMPLY MOVED OVER TO ANOTHER JOB ON THE SAME SHIP, SAME CREW. NO "EMPLOYEE COSTS" WERE SAVED; ONLY REVENUE LOST.

2) DIRECTOR GARY HAYDEN TOLD THE IBU THAT IF SOLUTIONS COULD BE FOUND TO OFFER THE SAME COST-SAVINGS THE STATE WAS SEEKING, THE DECISION TO CLOSE THE BARS WOULD BE RE-CONSIDERED. THE IBU THEN ENTERED INTO EXTENSIVE LABOR/MANAGEMENT MEETINGS WHICH OFFERED MANY SUGGESTIONS ON HOW TO INCREASE REVENUE IN THE BARS. ALL WERE BASICALLY NO-COST ITEMS, AND ALL SUGGESTIONS WERE IGNORED. ON THE MATANUSKA, THE CREWS WENT AHEAD AND IMPLEMENTED THESE SUGGESTIONS, WITHOUT MANAGEMENT DIRECTION. CONSEQUENTLY, THE MATANUSKA IMMEDIATELY BEGAN BRINGING MORE REVENUE INTO THE BARS. JUNEAU CENTRAL OFFICE, HOWEVER, WAS NOT INTERESTED IN OUR EFFORTS OR IMPROVEMENTS. THEY SIMPLY DID NOT WANT TO HEAR IT.

3) THE STATE ANNOUNCED THAT THE BAR ON THE COLUMBIA DID MAKE MONEY, AND THEREFORE WOULD NOT BE CLOSING. THEN, AS SOON AS THE BARS ON THE OTHER VESSELS WERE CLOSED, THE BAR HOURS ON THE COLUMBIA WERE CUT FROM 12 HOURS OF OPERATION A DAY TO 6 HOURS OF OPERATION. NOW, WHAT BUSINESS MAN IN HIS RIGHT MIND WHO'S REALLY WORRIED ABOUT LOSING MONEY CLOSSES DOWN HIS ONLY PROFITABLE BUSINESS VENTURE FOR HALF OF ITS' OPERATING HOURS?

TODAY, THERE IS NO ONE HERE THAT CAN TELL ALL OF YOU WHAT THE TRUE "HIDDEN AGENDA" REALLY WAS BEHIND THE BAR CLOSURES ON THE FERRY SYSTEM. YOU WILL HAVE TO ASK THAT QUESTION DIRECTLY IN THE GOVERNOR'S OFFICE IF YOU REALLY WISH TO KNOW.

BUT, BECAUSE OF THESE THREE FACTS, WE NOW KNOW THAT "LOSS OF REVENUE" WAS NEVER THE TRUE REASON BEHIND THE CLOSURE OF THE BARS. IT WAS "THE BIG LIE". IT WAS THE "RED HERRING" WE WERE MENT TO CHASE INTO THE BLIND ALLEY.

PLEASE DON'T MAKE THE SAME MISTAKE ON THIS SUBJECT THAT THE IBU MADE; PLEASE DON'T WASTE YOUR OWN PRECIOUS TIME CHASING THE RED-HERRING.

THE CITIZENS AND VOTERS AND ALASKAN VISITORS WANT THE COCKTAIL SERVICES ON THE ALASKA MARINE HIGHWAY VESSELS OPENED AGAIN. HUNDREDS OF PASSENGERS HAVE SENT IN COMMENT CARDS DIRECTING THAT TO HAPPEN. NINE PEOPLE WROTE IN TO SAY THEY WERE GLAD THE BARS WERE CLOSED. 668 PEOPLE, (AND MORE COMING IN ALL THE TIME), WANT THE BARS OPENED. NINE DO NOT. THE ADMINISTRATION OF AMHS IS FLATLY REFUSING A MANDATE OF THE PEOPLE. THIS IS WRONG; AMERICAN GOVERNMENT WAS DESIGNED TO SERVE THE WILL OF THE PEOPLE. THE LAST TIME I LOOKED, THE BILL OF RIGHTS WAS STILL IN EFFECT.

IT IS MY PERSONAL STRONGLY HELD BELIEF THAT IF SENATE BILL #21 DOES NOT PASS THIS LEGISLATIVE SESSION, THE ALASKA MARINE HIGHWAY SYSTEM WILL NOT SURVIVE; OUR SOUTHEASTERN AND SOUTHWESTERN WATER ROADWAY WILL DRY-UP, EVAPORATE, AND VANISH.

I URGE YOU, AS REPRESENTATIVES OF THE PEOPLE OF ALASKA, TO PLEASE SUPPORT AND PASS SENATE BILL #21.

THANK YOU,

(4)

DRAFT**AMHS FOOD COST CONTAINMENT PLAN AMENDMENT****DRAFT****Responsible person:** Mike Young/Joe Ver**Start date:** Mid October 1996 or November 1, 1996, after the plan is presented at a Chief Stewards meeting tentatively scheduled for either the first or second week of October 1997.**Completion date:** June 30, 1997**Estimated reduction:** \$100,000.00**Plan:**

This amendment is in addition to the plan submitted by Mike Young during the week of August 15, 1996.

Soda pop and candy which are both sold in vending machines on AMHS vessels are currently purchased from Alaskan vendors but not on a contract basis. In FY 96 AMHS purchased approximately \$62,000.00 in both soda pop (\$40,000) and candy (\$22,000). By placing both of these commodities out for bid, AMHS may be able to reduce the purchasing costs for both commodities from two to ten percent. This would be based on more than two vendors showing interest in bidding for these commodities. *2. rather when going into effect*

A proposed draft four (4) week menu plan for lunch and dinner was submitted to the current members of the labor-management food committee (see attached). This 4 week menu cycle is based on entrees currently served on AMHS vessels and low-fat/vegetarian recipes from the *Healthwise Quantity Cookbook*. The low-fat/vegetarian recipes are included in this menu cycle based on comments from both the crew and passengers requesting more healthy entrees.

The 4 week menu cycle needs to be incorporated with the lunch service plan initially developed by the labor-management food committee and needs to also include more galley crew input from the other vessels. The proposed 4 week menu cycle is flexible so that the number of entrees, vegetables, starches can be added or subtracted especially for the dinner menu.

What a (4 week) menu cycle accomplishes is a planned lunch and dinner menu for all AMHS vessels. The Chief Cook and Storekeeper will be able to keep usage figure records on different entree items. Both the Chief Cook and Storekeeper will be able to reduce storeroom inventory because they will only keep the raw food ingredients in storage that are needed for a particular week's menu.

Both the passengers and the crew will be served the same menu items. Recipes will become standardized and based on quantities for 25, 50, 75, 100 etc. Usage records (soup, entrees, starches, vegetables, fast food fare etc. will assist the Chief Cook as to how much to prepare during the next menu cycle. These also will be based on the time of the year, the number of passengers traveling, youth groups traveling etc. The menu cycle is set up so that leftovers from

submitting only one page out of a total of five. ©

SENATE TRANSPORTATION COMMITTEE

March 6, 1997

1:33 p.m.

MEMBERS PRESENT

Senator Jerry Ward, Chairman
Senator Gary Wilken, Vice Chairman
Senator Lyda Green
Senator Rick Halford
Senator Georgianna Lincoln

MEMBERS ABSENT

All members present.

OTHER MEMBERS PRESENT

Senator Robin Taylor

COMMITTEE CALENDAR

SENATE BILL NO. 21

"An Act relating to ferries and ferry terminals, establishing the Alaska Marine Highway Authority, and relating to maintenance of state marine vessels; and providing for an effective date."

- MOVED CSSB 21(TRA) OUT OF COMMITTEE

Confirmation Hearings for the Alaska Board of Marine Pilots:
Bernie Smith, David Stewart, Barbara Huff Tuckness

PREVIOUS SENATE ACTION

SB 21 - See Senate Transportation Committee minutes dated 2/18/97.

WITNESS REGISTER

Joe Perkins, Commissioner
Department of Transportation & Public Facilities
3132 Channel Drive
Juneau, Alaska 99801-7898

POSITION STATEMENT: Stated that SB 21 moves in the wrong direction.

Mike McMullen, Personnel Manager
Division of Personnel
Department of Administration
PO Box 110201

Juneau, Alaska 99811-0201
POSITION STATEMENT: Discussed collective bargaining.

Doug Ward, Project Manager
Alaska Ship & Dry Dock
Ketchikan, Alaska
POSITION STATEMENT: Discussed Amendment 1.

Joe Ambrose, Staff
Senator Taylor
State Capitol
Juneau, Alaska 99801-1182
POSITION STATEMENT: Answered questions.

Barbara Huff Tuckness
1912 Parkview
Anchorage, Alaska 99501
POSITION STATEMENT: Appointee for the Board of Marine Pilots.

David Stewart
500 L Street, Suite 401
Anchorage, Alaska 99501
POSITION STATEMENT: Appointee for the Board of Marine Pilots.

Bernie Smith
Tesoro Alaska Petroleum Company
PO Box 196272
Anchorage, Alaska 99519
POSITION STATEMENT: Appointee for the Board of Marine Pilots.

ACTION NARRATIVE

TAPE 97-6, SIDE A

#SB21

SB 21 ALASKA MARINE HIGHWAY AUTHORITY

Number 001

CHAIRMAN WARD called the Senate Transportation Committee meeting to order at 1:33 p.m. and introduced SB 21 as the first order of business before the committee.

COMMISSIONER JOE PERKINS, Department of Transportation & Public Facilities, read the following statements into the record:

I. THE AUTHORITY CREATES MORE PROBLEMS THAN IT SOLVES.

A. SB 21 DIMINISHES PUBLIC ACCOUNTABILITY.

Under the present system, the Marine Highway System management is accountable to the public. Concerns and requests are responded to,

quickly and completely. They have to be. Elected officials are responsible for the management of the marine highway, and elected officials have to be responsive to the public they serve. The establishment of an authority will diminish the public accountability of marine highway management by inserting an appointed board between management and the people. Marine highway management will no longer work directly for the elected governor or for any other elected representative. Management decisions will be made by the board, and not the governor nor the legislature. Once appointed, board members will not be accountable to the public. A board member may be removed only for cause. The accountability of marine highway management to the communities they serve will be substantially reduced. We believe this not desirable.

B. SB 21 LESSENS PUBLIC INFLUENCE ON DECISION MAKING.

Alaskans now know who is in charge of the Marine Highway System. When things are running well, they know who to compliment. When things aren't going so well, they know who to blame. This bill will change all of that. When accountability of elected officials changes, public access to the decision making process also changes. Although a person or community may still ask the executive director or board of directors of the system for a schedule change or special run, there may be little or no pressure to respond. The manager is insulated from the effect of public pressure. We believe Alaskans appreciate direct access to the public system that most affect their lives, and this bill will have a substantial negative impact on that access.

II. THE ALASKA MARINE HIGHWAY SYSTEM IS NOT BROKEN.

A. (UNRELENTING) NEGATIVE CRITICISM IS DESTRUCTIVE.

There is a lot that is right about the Marine Highway System. The ships have a fine safety record, generally run on time, and provide simple, economical, comfortable and reliable transportation service to the traveling public. The state's economy receives approximately \$170 million in benefits per year from operation of the system. Of course some mistakes are made. They are inevitable in an operation that is as vulnerable to as many variables as is the Marine Highway System. It is a system that has a large and varied constituency, and everybody has an opinion as to what should be done and how it should be operated. But overall, the system is doing what it was designed to do - transporting people in Southeast and Southwest in the context of an intermodal transportation network.

Number 115

Past Legislatures have determined that the Marine Highway System is an essential part of the state transportation system that warrants

continued and predictable state support. Many communities' economies are dependent on its steadiness and stability, and the state's tourism industry is greatly enhanced by the system. Those advantages are evident when the whole story of the system is told. But when only the mistakes and difficulties are discussed, when only the negatives are emphasized, when legislative funding levels are reduced each year and when the future of the system is under siege, those advantages are not recognized. The perception of an insecure future becomes a reality for employees whose lives are intricately woven into the system's future. The perception of a shrinking system is a source of considerable anxiety for communities and Alaska's whole economies and way of life have become partially dependent on the regular arrival of the ships. The perceived unwillingness of the Legislature to commit sufficient state resources to insure an adequate future for the system, cannot help but undercut morale, performance, and hope of the employees and those we serve. This has happened and it is sad.

B. SB 21 IS A BAD IDEA.

The bill sets up a layer of administration over which neither the Governor nor the Legislature will have control. We believe that is bad public policy. But even worse, it doesn't fix anything. There is nothing in the bill that encourages stability or financial support by the Legislature. There is nothing in the bill that addresses the increasing capital needs of an aging fleet.

If there are major problems at Marine Highways, they can be handled. One of the biggest problems that you can help relieve is the time and energy that now is being spent controlling the damage caused by anxiety over the future. That is a problem that you can materially affect, by telling the whole story of this very successful state adventure, by demonstrating your support for its future and helping us fix the problems. The system is 35 years old, the ships are aging, the system is running the same type of service today it did 35 years ago - in 1976 Sitka was provided with 268 trips and in 1996 the number was 311. Today we are responding to the challenges of shrinking funding and increasing regulatory demands. The employees who you heard from in the last hearing are experiencing the impacts of these dynamics. People are being affected and jobs are being impacted. However, I believe a firm foundation is being laid for future statewide transportation services to include the essential Marine Highway System. Costs are being contained, vessels are being upgraded, the services are being used. In fact, we are now examining, with the Southeast Alaska Mayors, the Marine Highway employees and the Legislature the potential to dramatically change the way the system is operated and to offer improved and expanded service. We need your support.

II. AN AUTHORITY WILL BE FURTHER ISOLATED FROM CAPITAL FUNDS.

The Marine Highway System is presently managed by DOT/PF as an integral part of Alaska's intermodal transportation system. The majority of the routes have been designated by Congress as part of the National Highway System. As an operating arm of the department, the system receives federal highway aid funds from the department. By separating the system from DOT/PF, as an authority, operating independently from the rest of the department, the debate for funding the Marine Highway System capital improvements could conceivably shift more toward the Legislature for resolution. We will force the Marine Highway System to compete more aggressively with, individual communities throughout the state, other DOT/PF regions, and other agencies for its share of federal highway funds, rather than sharing them as one component of Alaska's intermodal transportation system.

Number 180

While the Commissioner of DOT/PF would serve on the board of directors of this new authority, it is unrealistic to think that an organizational component which is separate from the rest of the agency -- and for which the commissioner no longer has primary responsibility -- will receive the same level of consideration for federal highway funds as it receives as a line agency within the department.

III. THE AUTHORITY PROVIDES NO MECHANISM OR VEHICLES TO REDUCE SUBSIDIES.

Although not expressly stated in the proposed legislation, an implicit purpose for an authority is apparently to insulate the Marine Highway System from inexperienced managers appointed through the political patronage process. It should be noted, we have 16 employees with over 290 years of maritime experience who are working in the administration and management of the system; dedicated, experienced employees. As already noted, such insulation also isolates the system from direct accountability from the public. This might be acceptable if the authority was established to run the system as a business, designed to be self-supporting through revenues. However, this is not the case.

The Marine Highway System presently derives about 60 % of its operating funds from revenues, with the remaining 40 % of its operating budget appropriated from the general fund by the Legislature. Nothing in this proposed legislation is directed toward changing that funding relationship. The proposed authority is not designed to be self-sufficient. It will continue to require annual legislative appropriations for operations and capital improvements. What then is the justification for establishing it as a state corporation? An authority will require additional subsidy to fund its increased overhead costs.

IV. ADMINISTRATIVE COSTS ARE LIKELY TO INCREASE.

The Marine Highway System is already and unfairly criticized for the large size of its central office staff. However, if the Marine Highway System is split from the rest of DOT/PF into an quasi-independent authority, it will lose the administrative support presently provided by the department and administrative costs for AMHS will certainly increase. Personnel and accounting services which are now provided in part by headquarters would fall entirely on the authority. So would engineering services now being provided by Southeast region. The system would be further removed from the Federal Highway Administration. The relations with DOT/PF and FHWA would be complicated since CFR Title 23 for the administration of federal highway funding programs is the responsibility of the state highway agency DOT/PF.

Separate accounting and data processing systems will almost certainly be necessary. The authority will not be exempt from the Executive Budget Act, State Procurement Code and other state mandated rules and regulations.

V. AN AUTHORITY WILL NOT SOLVE THE SYSTEM'S HIGH LABOR COSTS.

Labor agreements for Marine Highway System employees are currently negotiated and administered as a part of the state's overall labor relations program. Although vessel employees were 10 years ahead of their shoreside peers in collective bargaining, economic settlements in the last two decades have been reasonably uniform and consistent for all state employee groups.

As proposed, all employees of the authority would be placed into the exempt service but remain subject to the terms of existing labor agreements until their expirations. The authority is then authorized to negotiate new labor agreements, although it is somewhat unclear whether or not the terms of those agreements must be consistent with those of other executive branch employees. Since the authority's employees will be in the exempt service, they are prohibited by bargaining regulations from remaining in the same classified employee bargaining units from which they came. This means adding at least four more bargaining units and contracts for just authority staff (general government, supervisory, confidential, and labor, trades & crafts).

Some of these units would be composed of only a handful of employees, but each small group has the same rights to negotiate as larger employee groups. Each requires the authority's resources to negotiate new contracts, and each has the right to engage in a strike if those negotiations fail. The economic leverage which could be exerted by these small groups of employees would be considerable. Each has the potential to shut the system down in the event an impasse in contract negotiations result in a strike.

VI. SUMMARY

Alaska's long-term historical experience with creating and operating authorities and public corporations has not been entirely positive. Consider the Alaska Power Authority, of which I was a member. At the time of its creation, the APA was billed as the answer to Alaska's need for cheap and abundant energy. Visions were for hydroelectric and other power projects throughout the state, with modern, power grids serving the majority of Alaska. After numerous legislative changes to the authority over several years, it was finally closed down by the Legislature as an operational agency. The Alaska Railroad Corporation is another good example. It was formed by the Legislature just over a decade ago. Today, the Legislature is considering restricting the operations or potentially selling that corporation. Could these examples be applicable to a Marine Highway Authority? The answer is yes as this Legislature cannot bind future legislative actions.

The proposed authority would be a move in the wrong direction as far as transportation in Alaska is concerned. Six years ago, Congress initiated major changes in the National Transportation Industry with the enactment of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). "Intermodal" is the "I" in ISTEA. The simple genius of ISTEA is its premise that transportation choices cannot be efficiently or economically made in isolation from one another. This concept is called intermodalism.

A decision to invest more public money in roads, or in airports, or in ferry vessels, requires a balancing of public policy issues that cannot be completely balanced if one transportation mode is somehow treated differently. Nationally, the trend is to bring modes together to provide more efficient transportation systems. As I travel to other states and discuss issues with my peers, it is clear that intermodalism is not a passing fad. It is here to stay because it just makes sense. ISTEA will be reauthorized this year by Congress as ISTEA II.

We all recognized that the Marine Highway System cannot continue to operate as if it were still in the 1960's. Times have changed, and the needs of Alaska's communities and the traveling public have changed, the transportation network along Alaska's coastline has changed. The changes needed in the Marine Highway System may be dramatic. However, SB 21 takes us in the wrong direction. With the help of the Legislature, we need to work to insure that the Marine Highway System truly functions as an integral element in a well designed statewide transportation system. This Administration will change and improve the system but these changes must be well thought out and have the support of the people of Alaska. This

takes time and the worst action we can take now is to make changes such as this bill does without thoughtful and deliberate considerations of its short and long term consequences.

Number 308

In response to Senator Taylor, COMMISSIONER PERKINS agreed that the Legislature did not increase the department's budget last year. Commissioner Perkins clarified that AIDEA owes the department money, and a small amount may have been paid. That amount would be placed in the fund not into operations.

SENATOR TAYLOR believed that last year's budget increased by \$1.3 million. The Administration made some changes regarding the cost the department was required to share with Risk Management and the amount of the increase in salaries out of the contracts.

COMMISSIONER PERKINS said that he based that statement on what the department requested and what funding was actually received which was about \$75,000 less. In response to Senator Taylor, Commissioner Perkins offered to provide last year's budget information to the committee. In further response to Senator Taylor, Commissioner Perkins assumed that a new group would be required in order to handle labor negotiations.

SENATOR TAYLOR asked if this would be a different organization than now. Currently, Mr. Ayers sends memos to Mr. Boyer making decisions regarding the politics that may impact the third floor. Senator Taylor emphasized that process would be desirable to change. COMMISSIONER PERKINS said that he did not know that happens. SENATOR TAYLOR stated that he had documentation of such which was in the Daily News.

In response to Senator Taylor, COMMISSIONER PERKINS said that the closure of the bars was a cost issue. He did not believe that it was an issue upon which to hold public hearings. Commissioner Perkins stressed that the bars cost more than the revenue generated from the bars. The people in Fairbanks and Anchorage were subsidizing every alcoholic beverage served on every ferry, except the Columbia. The money lost can be applied to better service. Commissioner Perkins acknowledged that some say revenue was lost with the closure of the bars, but in order to make a profit or break even the cost must be contained. When costs exceed revenue, then no matter the amount of revenue bankruptcy follows.

SENATOR TAYLOR said that would apply to the entire system from Gary Hayden's position to anyone else's position that does not generate revenue. Senator Taylor pointed out that the task force only received numbers without the 40 percent subsidy within them which is the only way in which to illustrate a loss. When the 40 percent subsidy is included on every employee, every bar generated a profit over cost.

COMMISSIONER PERKINS disagreed with Senator Taylor. Commissioner Perkins did not believe the people of Alaska should subsidize drinks in state facilities. The bars were subsidized in addition to the 40 percent. SENATOR TAYLOR said that the bars were not subsidized more than the 40 percent. If the 40 percent is placed on the numbers submitted by Mr. Hayden, then every bar makes a profit. COMMISSIONER PERKINS asked if the State of Alaska wants to subsidize, even at the 40 percent level, liquor on a ferry. Commissioner Perkins replied no. That is a business answer, not a moral response.

Number 380

SENATOR TAYLOR assumed then the same would apply to food which is also subsidized by 40 percent. COMMISSIONER PERKINS believed that people had a right to eat on ferries. Commissioner Perkins did not believe that alcohol was a necessity for travelling.

SENATOR TAYLOR noted that the records speak for themselves, the numbers submitted by the department are contrary to Commissioner Perkins' comments. The fact that the bars have been a service to the traveling public 35 years before the present management, indicates prior management. Further, the record reflects that the closure of the bar was not a public process.

COMMISSIONER PERKINS pointed out that in last year's transportation hearings bar closures were discussed. SENATOR TAYLOR interjected that so were other issues such as the reduction in routes, but there was no indication that a policy would be implemented without the public process or the Legislature. Moreover, the only public input resulted in 90 percent opposition to closure of the bars.

SENATOR GREEN recognized that there is a problem with AMHS. In the absence of SB 21, what is being done? Where is AMHS going in the future? Further, is it time to change the direction of the Alaska Railroad Corporation (ARRC)?

COMMISSIONER PERKINS said that the ARRC does not receive any state appropriations while making a profit. Commissioner Perkins believed that the ARRC was doing well in the business world. Placing the ARRC under the Executive Budget Act would tie the railroad's hands. If an Alaska Marine Highway Authority is created, what will a Legislature 10 years from now do? Establishing an authority does not guarantee success.

With regard to what is being done with the AMHS, Commissioner Perkins acknowledged that there is and has been for a number of years a labor - management problem. All those, but one, who testified at the last hearing were AMHS employees not the public. In Commissioner Perkins' opinion, the emphasis for change begins with unhappy employees. This requires attention. Commissioner Perkins reiterated that the AMHS was being operated the same as 20-

30 years ago when it was created. Change in the way in which the system is operated is necessary. Commissioner Perkins informed the committee that there are eight proposals addressing the fate of the Malaspina which effects the Kennicott as well as the entire system. Therefore, the decision regarding the Malaspina will change the AMHS. Commissioner Perkins noted that each committee member would receive a package for comments on the future of the system. Commissioner Perkins acknowledged that AMHS has problems, but these problems have manifested over the long-term not just in the past two years.

Number 479

MIKE MCMULLEN, Division of Personnel, requested that more attention be given to collective bargaining. In 1992 the Legislature moved some programs from the Department of Community & Regional Affairs to the Alaska Housing Finance Corporation (AHFC), the collective bargaining confusion from that move resulted in a Supreme Court decision. That decision in August of 1996 remanded parts of the case back to the labor relations agency and to the Superior Court. Five years later, the issue remains unresolved. Mr. McMullen identified the problem as the provisions in the bill that would give the Authority collective bargaining authority over all of its employees. The transition is transitioning positions now in four collective bargaining units of positions of the classified service. As these contracts expire, the question regarding what is the new unit in the authority and who negotiates with them is a confusing point. The general government argument will likely be that since the positions were perpetuated into a successor agency, the general government already represents them. The result would be two employers representing them with one union in a unit that crossed two authorities. Unless that confusion is addressed by the Legislature, the saga will continue in the courts. Mr. McMullen noted that there is no precedent in Alaska for this, but he offered to work with the committee if the bill is to move forward.

SENATOR TAYLOR asked if Mr. McMullen had any recommendations. MIKE MCMULLEN said that if the outcome is to have the authority be a complete severance from the classified service and existing bargaining units, more language could clarify the expiration of existing contracts.

CHAIRMAN WARD asked if anyone else wanted to testify on SB 21.

SENATOR WILKEN moved the sponsor's amendment, Amendment 1.

SENATOR LINCOLN requested that Senator Taylor explain the amendment. SENATOR TAYLOR deferred to Mr. Ward.

Number 523

DOUG WARD, Project Manager for Alaska Ship and Dry Dock, said that

the amendment is important and necessary. The amendment would provide a complete and accurate business accounting and evaluation of all interport costs which is essential in order to level the playing field for Alaskan shipyards. The AMHS is the only portion of Alaska's federal road system that can send its highway out of state for maintenance. SB 21 would help to repatriate a larger portion of Alaska's highway maintenance dollars to Alaska which will place Alaskan shipyards as a viable enterprise while diversifying the economy.

Mr. Ward explained that Amendment 1 would require that all costs of delivering an Alaskan vessel to an outside shipyard would be considered in the total interport cost differential. Mr. Ward acknowledged that some believe that some of the costs are considered to be insignificant or difficult to calculate and would not make a difference in the overall interport process. For example, the deferred maintenance of a vessel during its delivery voyage to an out of state shipyard has been considered insignificant. The crew payroll cost during a delivery voyage is also not included in the interport differential. Mr. Ward understood that due to the guaranteed pay periods existing with the union contracts, these ferry employees would be paid during the delivery voyage whether on the job or not. Mr. Ward believed that this represented a lost opportunity cost to the state.

Competitive bid situations anticipate a number of items that may or may not be turned on during the course of the work. Bid amounts are typically much higher than the actual volume of work performed during the contract period. Mr. Ward said that results in a dilution of the interport differential when determined on the overall bid amount which could lead to work being sent to out of state shipyards. If a lesser anticipated contract amount were used in the determination, the work would have stayed in the state. SB 21 would allow Alaskan shipyards the ability to repatriate the maximum amount of Alaskan jobs and dollars.

In response to Senator Lincoln, SENATOR TAYLOR said that the last funding on the AMHS maintenance facility in Ketchikan was 1986. At that time, there was legislation which attempted to mandate that the work done on Alaskan vessels would remain in the state. That bill was opposed by the Sheffield Administration and the Commissioner of the AMHS. The legislation required reports be provided to the Legislature regarding why a particular shipyard was chosen.

TAPE 97-6, SIDE B

Number 587

Senator Taylor noted that Washington does not send any of its ships out of state for work which is because Washington uses general funds without mixing in federal highway funds. The federal highway

funds are used for other things and the general funds are taken from those. Alaska mixes the federal highway funds with state general funds for a maintenance project. When that project is put out to bid, the lowest bid must be taken because federal funds were included. That legislation had a five year sunset which is now in its third sunset. The amendment is necessary in order to provide some direction for the authority regarding where the boats will be worked on. Senator Taylor stressed the need for this amendment to keep these boats in state.

SENATOR GREEN asked if this was standard language in the amendment. SENATOR TAYLOR replied yes, and noted that the language is actually weaker.

CHAIRMAN WARD asked if anyone objected to the adoption of Amendment 1. Without objection, Amendment 1 was adopted. Chairman Ward inquired as to the pleasure of the committee.

In response to Senator Lincoln, CHAIRMAN WARD said that he intended to report the bill out of committee today.

SENATOR LINCOLN referred to page 12 when she indicated that she was unsure as to the language that would address the Division of Personnel's concern regarding the collective bargaining agreement. Senator Lincoln assumed that the division would present some language to the next committee of referral, State Affairs. CHAIRMAN WARD said that Mr. McMullen shook his head indicating that he would provide language in the State Affairs Committee.

SENATOR LINCOLN asked where is the Gulf of Alaska area west of Icy Cape. Senator Lincoln reviewed the breakdown of the board members. Will the areas with the ferry system, Cordova, Whittier, and Valdez also be considered for the board?

SENATOR TAYLOR said it was an arbitrary choice of numbers based on the volume of the fleet and the location of the vessels. In response to Senator Lincoln, Senator Taylor said that the task force did consider where the board members would come from and to whom they would be responsible. That was one of the recommendations, but the specific details were not discussed.

Number 524

SENATOR LINCOLN noted that the three Senators appointed to the task force were majority members; were all the recommendations of the task force included in SB 21. SENATOR TAYLOR replied no, SB 21 only represents one aspect of the task force report. This legislation was created about eight years ago and SB 21 is the result of all the work in those eight years.

SENATOR LINCOLN referred to page 5 regarding the AMHS's ability to acquire property; how is this different than the situation with

ARRC? SENATOR TAYLOR stressed that ARRC's single biggest asset is its land. The AMHS only has land for limited upland purposes such as terminals, parking lots, etc. SENATOR LINCOLN did not believe the language was limiting to that and she cautioned what authority was given in this area.

JOE AMBROSE, Staff to Senator Taylor, pointed out that the AMHS Authority is nothing like the ARRC which is totally independent. The AMHS Authority is an exclusive agency of Alaska to which all of the Authority's assets belong.

SENATOR HALFORD asked if there was legislative confirmation of the board members. JOE AMBROSE informed the committee that a provision requiring legislative confirmation was requested. However, this is an administrative/management board rather than a regulatory board and the drafting attorney said that was not the purview of the Legislature. In response to Senator Halford, Mr. Ambrose agreed that if the board was given any quasi-judicial or regulatory function, confirmation could be required.

SENATOR HALFORD suggested that a quasi-judicial or regulatory function and a corresponding confirmation procedure be determined for this board.

CHAIRMAN WARD inquired as to the pleasure of the committee.

Number 456

SENATOR WILKEN moved to report CSSB 21(HES) out of committee with individual recommendations and accompanying fiscal notes.

SENATOR LINCOLN objected.

Upon a roll call vote, Senators Ward, Wilken, Green, and Halford voted "Yea" and Senator Lincoln voted "Nay". Therefore, CSSB 21(HES) was reported out of committee.

#

CHAIRMAN WARD announced that the Confirmation Hearings for the Board of Marine Pilots would be the next order of business. He asked Ms. Barbara Huff Tuckness to provide the committee with a brief statement regarding who she was and why she wanted to be a board member.

BARBARA HUFF TUCKNESS, Board of Marine Pilots Appointee, informed the committee that she has been a resident of Alaska since 1972. Ms. Tuckness valued the public and political process and said that she would take pride in serving in the public position of the board. Alaska's waterways provide a valuable recreational and economical resource. Ms. Tuckness believed that the AMHS is the life blood for the state. If confirmed, Ms. Tuckness said that she would attempt to ensure that the best interests of the public is

served by ensuring that standards and regulations are adhered to. Ms. Tuckness informed the committee of her background with negotiating and conflict resolution. She expressed a commitment to work together with the marine pilots and the shipping industry in order to continue to achieve the safety and economic value of Alaska's waterways. Ms. Tuckness thanked the committee and offered to answer any questions.

Number 403

DAVID STEWART, Board of Marine Pilots Appointee, noted that he too was being considered for a public position on the board. Mr. Stewart has been a resident of Alaska since 1975 and is a lawyer with experience primarily in the criminal area. He has served as a District Court Judge in Anchorage and for a short time in the Public Defenders Office in Fairbanks. Mr. Stewart emphasized his belief in public service to the state. Mr. Stewart informed the committee that he had no specific ties with the marine industry, but noted his review of the recent Supreme Court decision involving Marine Pilots Board litigation. Mr. Stewart thanked the committee and offered to answer any questions.

SENATOR HALFORD acknowledged that Mr. Stewart's background was adequate to serve on the board, however he asked Mr. Stewart why he would want to serve. Senator Halford noted that Mr. Stewart listed Special Counsel for the State of Alaska. DAVID STEWART explained that he had been asked by Attorney General Cole to review the potential for prosecution against a lawyer having contacts with Governor Hickel's Administration. Further, Mr. Stewart had looked into whether there were state criminal violations in the Cordova road project. Both those have been completed and nothing is pending for the State of Alaska. With regards to why participate, Mr. Stewart expressed an interest in public service.

SENATOR HALFORD assumed that Mr. Stewart did not deal with matters dealing with transportation or industry. DAVID STEWART replied no, commercially he represented Fred Meyer. SENATOR HALFORD commended Mr. Stewart for desiring to serve on this board.

BERNIE SMITH, Marine Pilots Board Appointee, informed the committee that he had served on this board last year and his term expired. He had been asked to serve again. Mr. Smith noted that he has been the chief negotiator for Tesoro with whom he is employed for the Southwest pilots. He represents the Southcentral Industry. Mr. Smith believed that he had a good reputation in this area as well as a good relationship with the shippers in Cook Inlet and Prince Williams Sound. Mr. Stewart was happy to serve on the board and offered to answer any questions.

SENATOR HALFORD asked if Mr. Smith served in the industry seat. CHAIRMAN WARD replied yes.

SENATOR GREEN moved to report the confirmation packets from committee with individual recommendations. Without objection, it was so ordered. There being no further business before the committee, the meeting was adjourned at 2:45 p.m.

Alaska State Legislature

Chairman,
Judiciary Committee

Member,
Resources Committee
Rules Committee
Committee on Committees



State Capitol
Juneau, Alaska 99801-1182
(907) 465-3873
Fax: (907) 465-3922

352 Front Street
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Fax: (907) 225-0713

Senator Robin L. Taylor

MEMORANDUM

TO: Gary Hayden, Director
Alaska Marine Highway System

Senator Jerry Ward, Chairman
Senate Transportation Committee

FROM: Senator Robin Taylor *R.L.T.*

DATE: 3/6/97
RE: Information Request

Thank you for providing me with a copy of the RFP for the economic analysis you commissioned on moving the AMHS central offices to Ketchikan. It is my understanding that you have received an initial draft report from the contractor.

Although the report is in draft form I request you provide copies to this office and to the Senate Transportation Committee as soon as possible. The committee plans to take up Senate Bill 27 next week and the committee members should have advance access to this document.

Although this \$25,000 study was commissioned even before a bill was filed, the target completion date for a final report is not until the end of April. That is too late to be of benefit to the Legislature as it deals with Senate Bill 27.

Please provide the requested copies of the draft report before the close of business tomorrow.

Thank you.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES**

ALASKA MARINE HIGHWAY SYSTEM / SYSTEM DIRECTOR

P.O. BOX 25535
JUNEAU, ALASKA 99802-5535
PHONE: (907) 465-3959
FAX: (907) 465-2474

February 26, 1997

The Honorable Senator Robin Taylor
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Taylor:

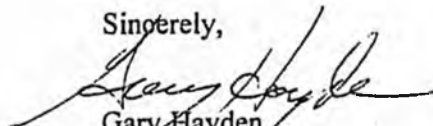
A copy of the Economic Analysis RFP on the relocation of AMHS central offices to Ketchikan is enclosed per your request of February 22, 1997. We have not received a final report from the contractor, since they still had several elements needing further review. The contractor planned to survey the current staff to ascertain how many employees would actually consider relocating to Ketchikan. This is important due to the relocation cost estimates, and to determine the level of positions needing to be filled, and whether a sufficient resource pool exists in Ketchikan. We could find ourselves in a situation of hiring and training replacements in Juneau then relocating them to Ketchikan.

I will follow-up with the contractor to get a status on an anticipated completion date. It is in the best interest of AMHS and the State to know, to the closest degree possible, the cost impact.

As to your question on the Tustumena trip to the ASD and its non-revenue status, the decision was made because there wasn't the potential for significant revenue. There was only two weeks to market the trip. The Traffic Manager contacted some commercial customers and didn't find interest in the run at this time of the year. The crew size was reduced and additional dock rental was avoided.

If I can be of further assistance, please contact me at 465-3959.

Sincerely,



Gary Hayden
System Director

Enclosures

cc: Joseph Perkins, Commissioner, DOT & PF

STANDARD AGREEMENT FORM

1. Agency Contract Number MT-1152		2. ASPS Number N/A		3. Financial Coding 28070001/10		4. Agency Assigned Encumbrance Number	
5. Vendor Number				6. Alaska Business License Number			
This contract is between the State of Alaska:							
7. Department of Transportation and Public Facilities				Division Alaska Marine Highway System			
8. Contractor Information Insights							
Mailing Address 542 Fourth Ave. Ste. 300		Street or P.O. Box		City Fairbanks		State AK	ZIP-4 99701-4714
<p>8. ARTICLE 1. Appendices: Appendices referred to in this contract and attached to it are considered part of it.</p> <p>ARTICLE 2. Performance of Service: 2.1 Appendix A (General Provisions), Articles 1 through 14, governs the performance of services under this contract. 2.2 Appendix B sets forth the liability and insurance provisions of this contract. 2.3 Appendix C - Information Insights proposal dated December 5, 1996.</p> <p>ARTICLE 3. Period of Performance: The period of performance for this contract begins <u>January 1, 1997</u> and ends <u>April 30, 1997</u>.</p> <p>ARTICLE 4. Considerations: 4.1 In full consideration of the contractor's performance under this contract, the State shall pay the contractor a sum not to exceed <u>\$24,970</u> in accordance with the provisions of Appendix D. 4.2 When billing the State, the contractor shall refer to the Authority Number or the Agency Contract Number and send the bills to:</p>							
10. Department of Transportation and Public Facilities				Attention: Division of Alaska Marine Highway System			
Mailing Address PO Box 25535, Juneau, AK 99802-5535				Attention: Finance Section			
11. CONTRACTOR:				13. CERTIFICATION: I certify that the facts herein and on supporting documents are correct, that this voucher constitutes a legal charge against funds and appropriations of the State that sufficient funds are encumbered to pay this obligation, or that there is a sufficient balance in the appropriation cited to cover this obligation. I am aware that to knowingly make or allow false entries or alterations on a public record, or knowingly destroy, mutilate, suppress, conceal, remove or otherwise impair the veracity, legibility or availability of public records constitutes tampering with public records punishable under AS 11.56.81-820. Other disciplinary action may be taken up to and including dismissal.			
Name of Firm Information Insights							
Signature of Authorized Representative <i>Brian Rogers</i>			Date 1/8/96				
Typed or Printed Name of Authorized Representative Brian Rogers							
Title Project Manager		Employer ID No. (EIN) or SSN 92-0089908					
12. CONTRACTING AGENCY:							
Department/Division DOT/BF - AMHS		Date 1-8-97					
Signature of Project Director <i>Brenda Markey</i>				Signature of Head of Contracting Agency or Designee <i>Mark O'Brien</i>		Date 1-8-97	
Typed or Printed Name of Project Director Brenda Markey				Typed or Printed Name Mark O'Brien			
Title Support Services Manager				Title Contracting Officer			

NOTICE: This contract has no effect until signed by the head of contracting agency or designee.

Article 2

APPENDIX A GENERAL PROVISIONS

Article 1. Definitions.

- 1.1 In this contract and appendices, "Project Director" or "Agency Head" or "Procurement Officer" means the person who signs this contract on behalf of the Requesting Agency and includes a successor or authorized representative.
- 1.2 "State Contracting Agency" means the department for which this contract is to be performed and in which the Commissioner or Authorized Designee acted in signing this contract.

Article 2. Inspection and Reports.

- 2.1 The department may inspect, in the manner and at reasonable times it considers appropriate, all the contractor's facilities and activities under this contract.
- 2.2 The contractor shall make progress and other reports in the manner and at the times the department reasonably requires.

Article 3. Disputes.

- 3.1 Any dispute concerning a question of fact arising under this contract which is not disposed of by mutual agreement shall be decided in accordance with AS 36.30.620-632.

Article 4. Equal Employment Opportunity.

- 4.1 The contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, or because of age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood when the reasonable demands of the position(s) do not require distinction on the basis of age, physical handicap, sex, marital status, changes in marital status, pregnancy, or parenthood. The contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, physical handicap, age, sex, marital status, changes in marital status, pregnancy or parenthood. This action must include, but need not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.
- 4.2 The contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that it is an equal opportunity employer and that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood.
- 4.3 The contractor shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' compensation representative of the contractor's commitments under this article and post copies of the notice in conspicuous places available to all employees and applicants for employment.
- 4.4 The contractor shall include the provisions of this article in every contract, and shall require the inclusion of these provisions in every contract entered into by any of its subcontractors, so that those provisions will be binding upon each subcontractor. For the purpose of including those provisions in any contract or subcontract, as required by this contract, "contractor" and "subcontractor" may be changed to reflect appropriately the name or designation of the parties of the contract or subcontract.
- 4.5 The contractor shall cooperate fully with State efforts which seek to deal with the problem of unlawful discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.
- 4.6 Full cooperation in paragraph 4.5 includes, but is not limited to, being a witness in any proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.
- 4.7 Failure to perform under this article constitutes a material breach of the contract.

Article 5. Termination.

The Project Director, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the State. The State is liable only for payment in accordance with the payment provisions of this contract for services rendered before the effective date of termination.

Article 6. No Assignment or Delegation.

The contractor may not assign or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the written consent of the Project Director and the Agency Head.

Article 7. No Additional Work or Material.

No claim for additional services, not specifically provided in this contract, performed or furnished by the contractor, will be allowed, nor may the contractor do any work or furnish any material not covered by the contract unless the work or material is ordered in writing by the Project Director and approved by the Agency Head.

Article 8. Independent Contractor.

The contractor and any agents and employees of the contractor act in an independent capacity and are not officers or employees or agents of the State in the performance of this contract.

Article 9. Payment of Taxes.

As a condition of performance of this contract, the contractor shall pay all federal, State, and local taxes incurred by the contractor and shall require their payment by any Subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by the State under this contract.

Article 10. Ownership of Documents.

All designs, drawings, specifications, notes, artwork, and other work developed in the performance of this agreement are produced for hire and remain the sole property of the State of Alaska and may be used by the State for any other purpose without additional compensation to the contractor. The contractor agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. The contractor, for a period of three years after final payment under this contract, agrees to furnish and provide access to all retained materials at the request of the Project Director. Unless otherwise directed by the Project Director, the contractor may retain copies of all the materials.

Article 11. Governing Law.

This contract is governed by the laws of the State of Alaska. All actions concerning this contract shall be brought in the Superior Court of the State of Alaska.

Article 12. Conflicting Provisions.

Unless specifically amended and approved by the department of Law the General Provisions of this contract supersede any provisions in other appendices.

Article 13. Officials Not to Benefit.

Contractor must comply with all applicable federal or State laws regulating ethical conduct of public officers and employees.

Article 14. Covenant Against Contingent Fees.

The contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, contingent fee, or brokerage except employees or agencies maintained by the contractor for the purpose of securing business. For the breach or violation of this warranty, the State may terminate this contract without liability or in its discretion deduct from the contract price or consideration the full amount of the commission, percentage, brokerage, or contingent fee.

APPENDIX B¹
INDEMNITY AND INSURANCE

Article 1. Indemnification

The contractor shall indemnify, hold harmless, and defend the contracting agency from and against any claim of, or liability for error, omission or negligent act of the contractor under this agreement. The contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the contractor and the independent negligence of the contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Contractor" and "contracting agency", as used within this article, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the contracting agency's selection, administration, monitoring, or controlling of the contractor and in approving or accepting the contractor's work.

Article 2. Insurance

Without limiting contractor's indemnification, it is agreed that contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the contractor's policy contains higher limits, the state shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Contracting Officer prior to beginning work and must provide for a 30-day prior notice of cancellation, nonrenewal or material change of conditions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the contractor's services. All insurance policies shall comply with, and be issued by insurers licensed to transact the business of insurance under AS 21.

2.1. Workers' Compensation Insurance: The contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations including but not limited to Federal U.S.L.&H. & Jones Act requirements.

The policy must waive subrogation against the State.

2.2. Commercial General Liability Insurance: Such policy shall have minimum coverage limits of \$300,000 combined single limit per occurrence. The policy shall be written on an "occurrence" form unless specifically reviewed and agreed to by the Division of Risk Management.

2.3. Commercial Automobile Liability Insurance: Such policy shall have minimum coverage bodily injury liability limits of \$300,000 combined single limit per occurrence or split limits of \$300,000 per person / \$500,000 per occurrence. The policy shall cover all owned, hired and non-owned vehicles. In addition, it shall have a minimum of \$50,000 per occurrence property damage liability limits.

Requesting Agency:

State of Alaska
Dept. of Transportation & Public Facilities
Alaska Marine Highway System
PO Box 25535, Juneau, AK 99802-5535

Contract MT-1152
Economic Analysis: Relocating AMHS office to Ketchikan

Understanding of the Services Required

The decision to move the Alaska Marine Highway System administrative office to Ketchikan is a complex one. Our goal in this project is to couple the technical competence of our staff with the impartial position of people with no regional interest in the decision to produce a timely and accurate analysis. We are cognizant of the compressed time scale of the project, and have developed a three phase approach to balance rapid completion of project goals with the detailed analysis required to inform the decision:

1. Preliminary meetings to clarify project goals and methods; draft analysis of the leasing, construction and physical costs of the proposed move (Sections A-C and J below).
2. Draft analysis of the impact of the proposed move on AMHS operations (Sections D, G and H below).
3. Draft analysis of the impact of the proposed move on the communities of Juneau and Ketchikan (Sections E, F and I below).

Following submittal of the draft document on 5 January, there will be a content review by AMHS staff. Meetings will then be held to finalize content, revisions made and the final document prepared to meet the 15 January submittal date.

A. Cost Analysis of a Move to Ketchikan

To determine the costs of a move to Ketchikan, we will complete a rough inventory of equipment to be moved, determine the expected number of transferred households, and solicit a bid for moving costs for these two items. We will also estimate the approximate 'downtime' until employees resume their usual productivity following the move.

B. Availability/Cost of Suitable Office Space in Ketchikan

A survey of available office space in Ketchikan must be performed so that we can compare the economic feasibility of new construction versus the use of existing facilities. Since the needs of the administrative unit will be somewhat idiosyncratic compared with what is likely available, standard commercial lease rates are likely of little value.

C. Cost of Constructing Office Space in Ketchikan

We will establish the cost of constructing AMHS administrative offices in Ketchikan using the standard CSI (Construction Standards Institute) format. We will take into account various factors including logistics, the seasonal nature of the construction season in Ketchikan (primarily due to precipitation), and current construction systems and technology. These estimates will be based upon square foot unit costs that in turn will be determined through interviews with the AMHS personnel in Juneau.

D. Benefits to AMHS of Ketchikan/Juneau Location

To study the direct effects of a proposed move of the AMHS, we will conduct a logistics study of current operations and the availability of satisfactory modes of communications between the various associated offices and the administrative unit. We will estimate expected productivity by carefully considering the mix of internal and external operations, the current communications modes, and the specific proposal for the types of operations that may be moved. Our analysis will consider a variety of contingencies for the proposed scale of the move.



E. Impacts of Move on Ketchikan/Juneau: Housing Markets

We will examine a variety of location-specific benefits that the AMHS must consider. Both Ketchikan and Juneau provide the intuitive physical link to the marine highway. However, the State of Alaska must concern itself with other factors such as the cost of operations in each alternative location, the level of displacement of other enterprises in each location, the types of links that can be established between AMHS administration and local enterprises, and the substantial effect of a relocation on local employment and public facilities.

This analysis is challenging because Ketchikan is currently undergoing an employment transformation as a result of recent decisions by Ketchikan Pulp. While the tools of input/output analysis and regional employment multipliers must be considered, our in-depth understanding of the methodology will be critical because Ketchikan is not in a steady state. We expect that a major relocation of the AMHS Administrative Office will have a substantial effect on the local economy and therefore requires special consideration in this analysis.

Of special concern is the effect such a proposed move would have on the local housing market. We will identify and apply reasonable assumptions that must be made with regard to the housing choices of employees prone to transfer and the ability of the relevant markets to absorb the demand for housing in its various forms. A complete analysis of both the home ownership and rental markets will be conducted.

F. Impacts of Move on Ketchikan/Juneau: Employee Payroll

We will complete an analysis of the current and the likely future pattern of payroll, based on contingencies determined in Section D above. The pattern of payrolls in the communities considered is necessary to determine the overall effect on the communities because the injection of new income into Ketchikan will have a very different effect given the employment slack in the Ketchikan economy. We will extrapolate past data from Ketchikan to incorporate recent structural changes in the Ketchikan economy. We propose to study both the direct and the indirect effect of the proposed shift in payroll on the Ketchikan region.

G. Ketchikan Workforce Analysis

Related to the employment analysis in Section F, we will consider the ability of the Ketchikan employment market to meet the needs of the AMHS administrative move. Expectations of the composition of resignations and the desired composition of the new administrative facility will be formulated. We will further include study of the existing composition of the AMHS administrative office and the strategic plan for the new office. In addition, results from the study of the housing market from Section E will aid our estimation of successful relocation of administrative employees.

H. Effects of Distance on Business Processes

We will carefully consider the need for direct and indirect interaction between AMHS administrative employees and legislative and agency personnel. In Section D above we described the need to develop alternative relocation contingencies so that the relocation strategy does not frustrate the necessary business of the AMHS administrative unit. Travel costs, dependability, and availability will be among the factors we consider in light of alternative communications technologies suitable for internal operations of the administrative unit.

I. Impacts of Move on Ketchikan/Juneau: Service Economy

We must establish that the community of Ketchikan can meet the service needs of the influx of administrative employees. To accomplish this we will assess the services available in the Ketchikan area and the ability of the Ketchikan community to satisfy increased demand as a consequence of the relocation. Our primary tool for this analysis will be interviews with service providers in Ketchikan. This is a necessary ingredient of the input-output analysis, which assumes that the community can readily expand the level of infrastructure to accommodate increased activity. Such a reserve capacity must be determined to permit confidence in the regional multiplier analysis described in Sections E and F above.



**Economic Analysis Proposal
Relocating AMHS Administrative Office to Ketchikan**

12 December, 1996

J. Status of Available Authorization for a Building Project

As part of a general review of the current status of the project, we will review alternative financing mechanisms for the project and will report on available funding and financing options from the State of Alaska, the Alaska Industrial Development and Export Authority, the Ketchikan Gateway Borough, the City of Ketchikan, or other possible financing entities.

Relevant Qualifications and Experience of Proposed Staff

Sections A - B and D - I will be completed by Dr. Colin Read, Ph.D. in Economics and Associate Professor of Economics at the University of Alaska Fairbanks. Dr. Read is a nationally recognized expert in housing markets and the only housing professor in Alaska. In addition, Dr. Read teaches and does research in Alaskan regional issues and is well-schooled in the special techniques involved in regional analysis. These skills include employment analysis, regional multiplier effects, and the influence of transportation networks on local growth.

Assisting Dr. Read will be Dr. Ken Osterkamp, Ph.D. in Political Science and Director of Information Technology at Information Insights. Dr. Osterkamp has extensive research and analytical experience, as well as expertise with the computer technologies that will be used to support this project.

Section C will be completed by Charles Bettisworth. Charles Bettisworth and Company is an eleven member architectural firm that in the last five years has completed over \$80 Million in projects throughout Alaska. CBCo has maintained a continuous involvement in Ketchikan since 1982, including:

- being part of the team that developed the original designs for the Ship Maintenance Facility in Ketchikan, a project that included an on-site office complex;
- preparation of construction documents for the Marine Highway System provisioning warehouse;
- the Southeast Alaska Visitor's Center, completed and dedicated in 1995.

Section J will be completed by Brian Rogers, who has extensive experience in the provision of public facilities and the legislative and budgetary considerations in the required authorization. Mr. Rogers gained his experience in such analysis through his tenure as an Alaska legislator, Vice President for Finance at the University of Alaska, extensive consulting experience in similar projects, and participation in various private sector business ventures. Mr. Rogers will also be responsible for overall project management.

Cost Proposal and Schedule

Cost Proposal: Total Project Budget \$24,970

Participant	Hourly Rate	Activity	Hours				Budget
			Read	Osterkamp	Rogers	Bettisworth	
B. Rogers, Project Manager	\$100	Planning Meeting	4	4	4		\$1,000
C.B. Bettisworth, Architect	\$100	Draft Document: Analysis and Preparation					
Dr. Read, Economist	\$90	A. Analysis of a Move to Ketchikan	16	15			\$2,250
Dr. Osterkamp, Researcher	\$150	B. Value of Cost of Suitable Office Space in Ketchikan	8	8			\$1,200
		C. Final Constructing Office Space in Ketchikan				8	\$800
		D. Benefits of Relocating Ketchikan/Juneau Location	14	14			\$2,100
		E. Impact of Moving Ketchikan/Juneau: Housing Markets	20	20			\$3,000
		F. Impact of Move on Housing/Juneau: Employee Payroll	12	12			\$1,800
		G. Ketchikan Workforce Analysis	8	8			\$1,200
		H. Effects of Distance on Business Production	10	10			\$1,500
		I. Impact of Move on Ketchikan/Juneau: Service Economy	12	12			\$1,800
		J. Status of Available Authorization for a Building Project				8	\$800
		Final Document: Analysis and Preparation		27			\$3,300
		Project Management					\$800
		Travel costs					\$3,420
		Totals	126	126	20	8	\$24,970

Note: per diem at State rate (\$42 per day)



**Economic Analysis Proposal:
Relocating AMHS Administrative Office to Ketchikan**

12 December, 1996

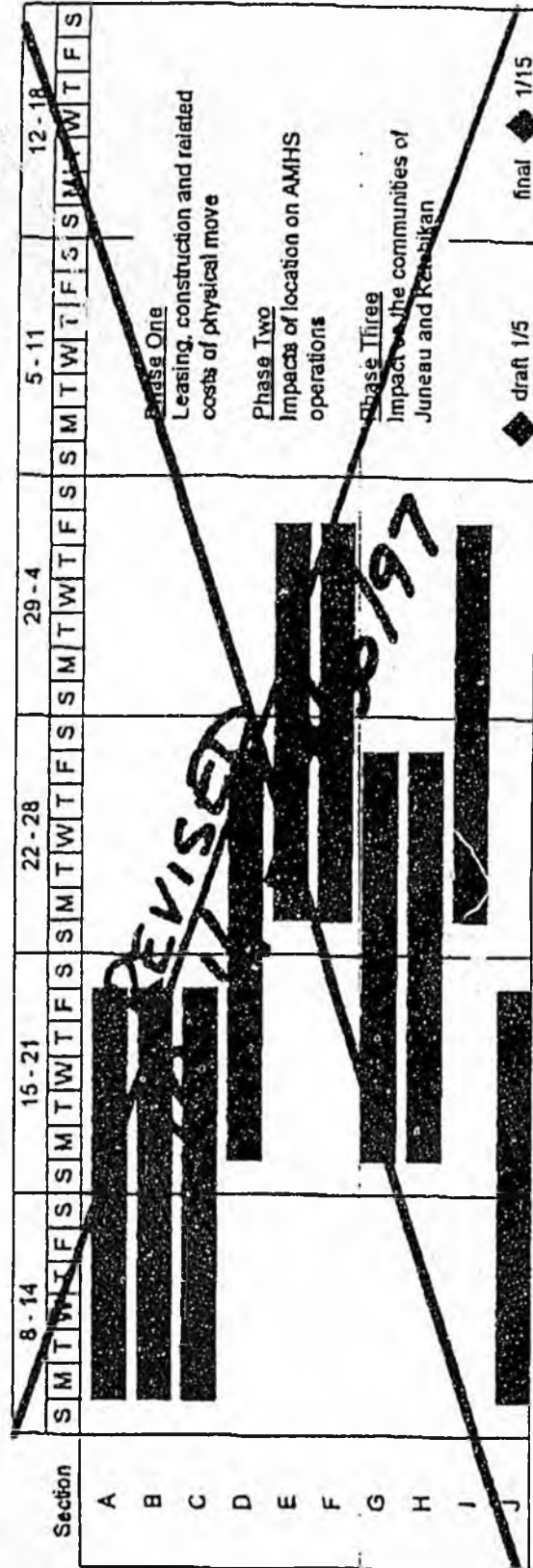
Schedule

The three phases of the project will be completed in the order shown at right. Each succeeding phase depends in part on the phase before it.

There will need to be an initial meeting to clarify project goals and methods. This meeting should occur early on, preferably the week after the project has been awarded. This would give Information Insights a week to do preliminary investigation. Present at this meeting would be Brian Rogers, Project Manager; Dr. Read, Economist; and Dr. Osterkamp, Researcher.

Drs. Read and Osterkamp would travel or to Ketchikan from this meeting to continue their research there.

The Project Manager, Brian Rogers, would also meet physically with the AMHS staff at some point during the final document preparation stage to address any concerns that might arise late in the project and to present the final document.



Appendix D

Consultant	Hourly Rate	Activity	Hours				Budget
			Read	Osterkamp	Rogers	Bettisworth	
B. Rogers, Project Manager	\$100	Planning Meeting	4	4	4		\$1,000
C.B. Bettisworth, Architect	\$100	Draft Document: Analysis and Preparation					\$0
Dr. Read, Economist	\$90	1 Outline of Significant Issues	4	8	8		\$1,640
Dr. Osterkamp, Researcher	\$60	2 Initial Fixed Costs	12	16	4	6	\$3,040
		3 Ongoing Operational Costs	24	32	8		\$4,880
		4 Economic Impact	16	16	4		\$2,800
		5 Document Preparation	16	24	8	2	\$3,880
		Final Document: Analysis and Preparation	8	12	6		\$2,040
		Project Management			6		\$600
		Travel costs					\$5,090
		Totals	84	112	48	8	\$24,970

Note: per diem at State rate
(\$42 per day)

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM
P.O. BOX 25535
JUNEAU, ALASKA 99802-5535

REQUEST FOR PROPOSALS

CONTRACT MT-1152
ECONOMIC ANALYSIS - RELOCATING AMHS ADMINISTRATIVE OFFICE TO
KETCHIKAN

This Request for Proposals (RFP) is being made under the professional services procurement rules for agreements of \$25,000 or under.

Consultants responding to this RFP will be evaluated primarily on the following items:

1. The consultant's qualifications, experience and expertise within the subject area.
2. The consultant's understanding of the services required.
3. The proposed cost and schedule of the services.

To be considered, proposals should address the following items:

1. Understanding of the Services Required.

Response must outline in as specific a format as possible, the objective and scope of the proposed agreement as perceived. Do not repeat the scope of work provided, but elaborate on the conditions or specifics deemed significant to demonstrate a complete understanding of the technical and substantive issues necessary to accomplish the services required.

2. Relevant Qualifications and Experience of Proposed Staff.

Response must list all individuals who will be involved in performance of the services required.

Further response should describe the qualifications and experience of each listed individual in terms of his or her educational, managerial and substantive experience which is directly related to the proposed agreement.

Relevant projects the individual has worked on and the extent of responsibilities may be included.

3. Schedule and Cost Proposal

The consultant should provide a schedule showing each major phase of the work to be performed and a projected completion date for each phase.

The schedule should contain specific milestones which can be used to manage contract performance and on which compensation can be negotiated and paid.

The cost proposal should consist of an estimate of the hours and staff required to perform each task or subtask and the hourly rate for each named individual or job classification.

4. Period of Performance

Work shall commence upon receipt of Award/Notice To Proceed and be completed by ~~January 1, 1997.~~ DRAFT BY 1/6/97 AND FINAL DUE 1/15/97. NOTIFIED BY PHONE
VVO

5. Project Description

Provide economic analysis of factors related to the relocation of the administrative offices of AMHS to Ketchikan.

6. Scope of Work

Work with AMHS staff to identify all factors to be covered in the analysis. The following areas have been tentatively identified as relevant to this study:

- a. Cost analysis of a move to Ketchikan. Include estimated costs for relocating the office and staff.
- b. Determine the availability of suitable office space in Ketchikan and the estimated cost to lease a facility that will meet the needs of AMHS.
- c. Establish a cost to construct an office facility on or near the Ketchikan Ferry Terminal.
- d. Evaluate the benefits to the AMHS of being located in Ketchikan and Juneau.
- e. Describe the impacts to Ketchikan and Juneau, should the offices move to Ketchikan, including the impact on the housing markets in both locations.
- f. In terms of employee payroll, what is the current AMHS contribution to each community and how would this change.

CONTINUED
RFP MT-1101

- g. Assess the costs associated with acquiring and training new personnel based on anticipated resignations resulting from the move. Evaluate the job applicant pool in Ketchikan and assess its ability to meet AMHS staffing demands.
- h. Evaluate productivity and travel costs associated with not having direct access to the Legislature, Governor's Office, Commissioner's Office, S.E. Region (for shoreside projects), Headquarters staff, etc.
- i. Affect on services as a result of move - laundry, food, etc.
- j. Describe the status of available authorization for a building project and the funds appropriated.

7. Available Documentation

- a. "AMHS Administration Building Program," by A.E. Rogers Architects, February 2, 1993.

INSTRUCTIONS TO OFFERORS

RFP Review

Offerors shall carefully review this RFP for defects and questionable or objectionable material. Offerors comments concerning defects and questionable or objectionable material in the RFP must be made in writing and received by the Contracting Officer at least ten days before the proposal opening at the following address:

Mark O'Brien, Contracting Officer
MT-1152 - ECONOMIC ANALYSIS - RELOCATING AMHS ADMINISTRATIVE
OFFICE TO KETCHIKAN
Alaska Marine Highway System
P.O. Box 25535
Juneau, AK 99802-5535

Addenda

Addenda providing additional information, changes, clarifications, or interpretations of the request for proposals, may be issued by the state from time to time during the time allowed for proposal preparation. Oral interpretations will not be given. No addendum will be issued later than five (5) days from the proposal due date without extending the due date.

CONTINUED
RFP MT-1101

Submitting Proposals

Proposals will be received by AMHS, on behalf of the State of Alaska, up to 3:00 p.m. prevailing time, December 6, 1996 and will not be opened by the Selection Committee until after that time.

Limit your proposal, including price if requested, to not more than four (4) 8.5 X 11 pages. Each printed side of each sheet, including covers, transmittal, etc., equal one page. One copy of the proposal should be sent to:

Mark O'Brien, Contracting Officer
Department of Transportation
And Public Facilities
Alaska Marine Highway System
P.O. Box 25535
Juneau, AK 99802-5535
Fax: 907/465-2024

Or Delivered to:

3132 Channel Drive #310
Juneau, Alaska 99801

A proposal may be corrected, modified, or withdrawn before the time and date set for submission of proposals.

Prices

Prices quoted for services must be quoted in U.S. Funds. Prices quoted in proposals must be exclusive of federal, state and local taxes. If the offeror believes that certain taxes are payable by the State, the offeror should list such taxes separately in his proposal. The State is exempt from Federal Excise Tax under Registration No. 92-73-0006-K.

Filing A Protest

An offeror may protest the award of the AMHS. The protest must be filed in writing to the Procurement Officer, Alaska Marine Highway System, and must include the following information: (1) the name, address and telephone number of the protester; (2) the signature of the protester or the protester's representative; (3) identification of the contracting agency and the solicitation or contract at issue; (4) a detailed statement of the legal and factual grounds of the protest, including copies of relevant documents; and (5) the form of relief requested. Protests will be treated in accordance with AS 36.30.560 -- 610.

CONTINUED
RFP MT-1101

CONDITIONS UNDER WHICH RFP IS ISSUED

Authority

This RFP is written in accordance with Alaska Statutes 36.30 and 2 Alaska Administrative Code 12.

Compliance

In the performance of a contract that results from this RFP, the contractor must comply with all applicable federal, state and local regulations, codes and laws; be liable for all required insurance, licenses, permits and bonds; and pay all applicable federal, state and local taxes.

Offerors will fully comply with all terms of the request for proposals. Offerors that do not comply are nonresponsive and may be rejected.

Firm Offer

For the purpose of award, proposals made in accordance with this RFP must be good and firm for a period of 120 days following delivery of the proposal.

Late Proposals

Proposals received after the time and date set for their receipt will not be accepted and will be returned to the offeror unopened.

Proposal Rejection

The State reserves the right to reject all proposals at any time prior to award, and to waive formalities when it is in the State's best interest to do so. The State may reject proposals if they are incomplete, fail to acknowledge addenda, are improperly signed, or conditioned in any way. The State is not liable for any costs incurred by the offeror in proposal preparation.

Contract Funding

The agreement that is entered into as a result of this RFP is subject to the availability and appropriation of funds.

CONTINUED
RFP MT-1101

Conflict of Interest

An officer or employee of the State of Alaska may not seek to acquire, be a party to, or possess a financial interest in this contract if (a) the officer or employee is an employee of the administrative unit that supervises the award of this contract; or (b) the officer or employee has the power to take or withhold official action so as to affect the award or execution of the contract.

Assignment(s)

Assignment of rights and duties under a contract resulting from this RFP is not permitted unless authorized in writing by the Department of Transportation and Public Facilities, Alaska Marine Highway System.

Subcontract(s)

Within five working days of notice, the successful offeror must submit a list of the subcontractors they propose to use, if any, in the performance of the proposed agreement. The list must include the name of each subcontractor and the location of the place of business for each subcontractor and evidence of each subcontractor's valid Alaska business license, if any.

Force Majeure

The contractor is not liable for the consequences of any failure to perform, or default in performing, any of its obligations under an agreement entered into as a result of this RFP, if that failure or default is caused by any unforeseeable Force Majeure, beyond the control of and without the fault or negligence of the contractor. For the purpose of this agreement, Force Majeure will mean war (whether declared or not); revolution; invasion; insurrection; riot; civil commotion; sabotage; military or usurped power; lightning; explosion; fire; storm; drought; flood earthquake; epidemic or quarantine.

Disputes

Any dispute arising out of the agreement resulting from the RFP shall be resolved under the laws of Alaska. Any appeal of the administrative order or ruling and any action to enforce any provision of this agreement or to obtain any relief from or remedy in connection with this agreement may be brought only in the Superior Court for the First Judicial District of Alaska.



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e-mail: info@infoinsights.com

February 27, 1997

Brenda Markey, Support Services Manager
Alaska Marine Highway System
Department of Transportation & Public Facilities
PO Box 25535
Juneau, AK 99802-5535

via fax: 465-2469

Dear Brenda:

You asked for an update to the schedule for completion of contract MT-1152 (Economic Analysis, Relocating AMHS Administrative Office to Ketchikan).

The Standard Agreement Form signed by DOT/PF and Information Insights on January 8, 1997, called for a contract period of January 1, 1997 to April 30, 1997. AMHS System Director Gary Hayden and I discussed and agreed to the following contract milestones within the contract performance period:

- | | | |
|-----|--|------------------|
| (1) | Comment Draft on Major Issues | February 1, 1997 |
| (2) | Completion of First Draft — Major Issues | March 15, 1997 |
| (3) | Comment Draft on Final Report | April 15, 1997 |
| (4) | Final Report | April 30, 1997 |

Please let me know if you need any further refinement to this schedule.

Sincerely,

Brian Rogers
Project Manager

cc: Gary Hayden, System Director

Grian Rogers

**Impact Analysis:
Relocation
of the DOT & PF
Alaska Marine Highway System
Administrative Offices
to Ketchikan**

*Some valid concerns.
- highly budgeted for report
- most of those involving to
make - clerical.
- how budget budget.
not just communit
based employees - with
the fleet.*

March 15, 1997



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Overview

The Alaska Department of Transportation and Public Facilities, Alaska Marine Highway System, sought an analysis of the economic impact and a summary of the issues concerning the proposed movement of AMHS administrative offices from Juneau to Ketchikan. This interim report presents an analysis of the move impacts. Completion of the employee survey currently underway will allow a finer calibration of the findings, but is unlikely to significantly change the results.

This report presents several analytical approaches.

- First, a stakeholder analysis identifies the non-economic impacts on the parties affected by a move of AMHS administrative offices.
- Second, a cost/benefit analysis on an AMHS cash flow basis presents the operational impacts of a move.
- Finally, it presents the economic impacts of a move on the communities of Juneau and Ketchikan.

Following these three analyses, the report summarizes the contract findings.

The question of the AMHS administrative office move arises during difficult economic times, both for Ketchikan and for state government in general. The impending closure of Ketchikan's pulp mill will create significant unemployment and a downturn in the community's economy. Alaskan political leaders are looking for positive steps that can be taken to assist Ketchikan through this difficult transition.

At the same time, however, Alaska's state government feels growing fiscal pressure from decreasing oil revenues. Alaskans expect a downsizing of state government services for the rest of this decade. Any move of AMHS administrative offices will be examined closely for cost justification. If the public perceives a move as wasting state resources, AMHS will suffer.

I. Stakeholder Issues

Any relocation of a major office, whether in the public or private sector, results in costs and benefits that are perceived differently by different stakeholders in the office's operation. In the private sector, all costs flow to the company's bottom line. In the move of a public sector office, competing alternatives may result in budgetary changes to multiple departments, with costs and benefits spread differentially. AMHS is a public sector entity, but must operate in part like a private sector entity, generating 60% of its budget from passenger and freight revenues. In this respect, any cost savings or new costs flow to AMHS' bottom line.

Who are the stakeholders?

The effects of the proposed move would impact a large number of organizations. Each organization with a stake in AMHS operations, whether on the revenue or expenditure side, will

be affected to some extent. In our analysis we define stakeholders as parties who generate revenues and/or costs relative to AMHS.

Figure 1: Direct Economic Stakeholders

Revenue side	Expenditure side
Passengers	AMHS on-shore employees
Alaska residents	AMHS vessel employees
Visitors	AMHS management
Vehicles	Contractors
Freight shippers	Suppliers
Alaska residents	Alaska Department of Administration
Visitors	
The Alaska Legislature	

In addition to the direct economic stakeholders, the following parties are substantially economically impacted by AMHS operations, and may have a stake in the question of a move of AMHS administrative offices and staff:

Figure 2: Indirect Economic Stakeholders

Revenue side	Expenditure side
Ferry system communities	Private Sector Competitors
Residents	Air Carriers
Businesses	Cruise Ship Operators
State Government	Passenger Ferries (current/potential)
DOT&PF	
Dept. of Corrections	
Dept. of Administration	
Alaska Court System	

The impacts to stakeholders include costs to AMHS and other state agencies as detailed in the cash flow impact analysis and economic effects on Juneau and Ketchikan as outlined later in this report. In addition to cash flow and economic effects, there are other, non-economic, impacts. While the analysis of institutional impacts may appear subjective, the underlying issues may provide a better understanding of the true meaning of the effect of a move on Juneau, Ketchikan, and Southeast Alaska.

Effects of a move on AMHS customers

In large part, the move will have little direct impact on AMHS customers. Most passenger contact with AMHS is over the toll-free 800-number. Potential passengers who call for reservations probably do not know or care where they are calling; a change would make no difference as long as communications are of acceptable quality.

There would be some impact to customers who visit AMHS administrative offices. This would be particularly significant for those Southeast and Southwest Alaska community representatives who travel to Juneau throughout the year to visit the DOT/PF Commissioner's offices and AMHS administration to discuss transportation needs. For these communities, an additional

trip to Ketchikan could be necessary, adding time, distance and travel costs to the journey. In addition, as shown by the figure below, travel opportunities to Ketchikan are somewhat less than those to Juneau:

Figure 3: Southeast Air Connections

	From Juneau	From Ketchikan
To Anchorage	4x daily, 1.5 hr - 3 hr	2x daily, 4.5 hr - 6 hr
To Petersburg	1x daily, 45 min	1x daily, 1.5 hr
To Seattle	5x daily, 3.5 hr - 5 hr	3x daily, 1.5 hr
To Sitka	1x daily, 40 min	2x daily, 50 min - 1.5 hr
To Wrangell	1x daily, 1.5 hr	1x daily, 35 min
	To Juneau	To Ketchikan
From Anchorage	4x daily, 1.5 hr - 3 hr	2x daily, 4 hr - 5 hr
From Petersburg	1x daily, 1.5 hr	1x daily, 1.5 hr
From Seattle	5x daily, 2.5 hr - 6 hr	3x daily, 2 hr
From Sitka	2x daily, 40 min	1x daily, 40 min
From Wrangell	1x daily, 2.5 hr	1x daily, 45 min
Total flights to and from	17x daily	13x daily

As will be shown below, travel issues impact many of the AMHS operations.

Effects of a move within DOT/PF

Separation of the AMHS administrative offices from the rest of the Department's offices will also have an impact on AMHS. The absence of (or reduction in) formal and informal day-to-day contact between AMHS leadership and the Commissioner's office will reduce the quality of communication and restrict the opportunities to work together to solve problems. Any loss of opportunity for contact between the Commissioner's office and AMHS can only be detrimental to the system.

The Commissioner is conducting an efficiency review of DOT&PF operations to save money for the state and to bring a greater emphasis on direct service to the public. While the review is still underway, one can speculate that the plan will include tighter integration of planning, design, engineering, and administrative support across divisions and regions. A similar 1992 report recommended consolidation of Southeast transportation system administration, including budget, finance, personnel/payroll, procurement and clerical support. The physical separation of AMHS administrative offices from the rest of DOT&PF may inhibit these cost-savings efforts.

Of particular concern to AMHS stakeholders should be the effect of AMHS' absence from everyday decision-making by the department. Distance rarely improves influence, and frequently has a negative effect. "Out of sight" is likely to lead to "out of mind" in departmental planning and budget-making. It is not unlikely that a future Commissioner, separated from AMHS by distance, will tend to focus his or her efforts on roads, airports and ports rather than

the marine highway system. When the Commissioner determines the proposed allocation of federal funds for highways, it may be that he or she will wear "roads-colored glasses", resulting in fewer federal dollars for marine highway improvements.

Also important is the greater difficulty in coordinating transportation planning with other transportation modes. The core public service sought by customers in Southeast and Southwest Alaska is transportation of people and goods, which requires good coordination of marine, land and air transportation. If AMHS administrative offices are physically separate from other planning functions within the Department, coordinated planning will suffer.

How Ketchikan views AMHS administration

The AMHS administrative offices are seen by many in Ketchikan as "Juneau-centric", top-heavy and/or overly bureaucratic. Meetings with opinion leaders indicated a general sense that the AMHS administration is not looking out for the interests of their Ketchikan-based staff, the marine maintenance facility, or the community. Many appear to believe that AMHS management is choosing Seattle over Ketchikan for major maintenance based on non-economic reasoning.

Such a view of a central office by those most closely in touch with a regional or division office is common, both in private industry and in government. Division staff may not understand all of the issues considered by a central office in its decision-making, and in the absence of regular and good communication will often ascribe motivations that have little basis in reality. Nonetheless, perceptions have real consequences.

The perceptions in Ketchikan clearly require an strategy for improving administrative/staff and Juneau/Ketchikan communication. Improved communication between Juneau headquarters and Ketchikan staff should not, however, come at the cost of disrupted communication between Juneau headquarters and its customers and Departmental co-workers. It would be far less expensive, and far less disruptive, for the AMHS administration to send the director or a top manager from Juneau to Ketchikan for one day each week throughout the year than to send 100 employees from Juneau to Ketchikan.

II. Cost/Benefit Issues

The financial costs and benefits of moving the AMHS administrative offices will be spread across several state agencies and the AMHS-served communities. This section of the report identifies the areas that will incur costs or receive benefits and, where possible, quantify these costs and benefits.

The cost/benefit analysis requires the analysis of a number of factors, some fairly straightforward (such as space requirements), and some not (the number of employees who would make the move from Juneau to Ketchikan). Most factors are somewhere in between, where an estimate can be made based on standards and conditions found elsewhere in similar situations. This analysis identifies the factors that would impact the decision of moving the

AMHS offices, and makes clear the assumptions that must necessarily be made when calculating the costs and benefits for each.

Ongoing operational costs

AMHS operational costs (in direct outlays of dollars from the AMHS budget), including facilities rent, will increase by approximately \$638,000 annually if the administrative offices are moved to Ketchikan. Of this total, roughly \$459,000 is attributable to space requirements and could be partially alleviated by capital construction funding. The remaining \$179,000 in annual costs are focused primarily in communications and travel costs. From the perspective of the broader state budget, there would be some partial offsets to these costs, but any offsetting benefits would accrue to other state agencies, rather than AMHS.

Data communications would have to move off the mainframe hub; voice circuits switched from the state system in Juneau to the municipally-owned Ketchikan Public Utilities. It remains to be determined whether AMHS data functions could effectively function off-hub. AMHS data communications costs are estimated to increase by \$84,200 annually, and voice communications by \$24,000.

Travel costs are likely to be significant due to operational requirements for AMHS administrative staff to be in Juneau for regular meetings and interaction with the legislature, DOT/PF, and other state agencies. Travel costs are estimated to increase by just over \$70,000 annually.

Communications

Based on current AMHS communications usage — both voice and data — communications costs will increase by approximately \$84,000 annually as shown in the figure below:

Figure 4
Data communications costs*

Location	Juneau monthly costs	Ketchikan installation cost	Ketchikan monthly costs	Increase (decrease) in monthly cost
WAN charges	\$ 1,323.00	\$6,897.50	\$3,814.56	\$2,491.56
SNA Gateway	416.50	1,116.00	1,200.88	784.38
SNA Controller	1,984.50	2,232.00	5,721.84	3,737.34
Wiring for new building		34,350.00		
CCMail separation costs		5,500.00		
Total one-time costs		\$50,095.50		
Total monthly costs	\$3,724.00		\$10,737.28	\$7,013.28
Total annual costs	\$ 44,688.00		\$ 128,847.36	\$ 84,159.36

*See Exhibit B for more detail on these costs



The long-distance tariffs for Ketchikan and Juneau calls are similar enough to expect little change in long distance costs for current traffic. There will therefore be virtually no impact on the reservations operation from a long-distance toll standpoint. To the extent long-distance communications are required between Ketchikan-based AMHS staff and other state offices in Juneau, there will be new costs.

The state does not currently keep records of the telephone traffic between state offices in Juneau, so there is not a perfect basis to estimate the volume of new long-distance traffic the move would require. The offices with the most interaction with other state agencies are AMHS administration (3 positions) and AMHS Support Services (44 positions). Assuming 25 of these staff make two daily 5-minute calls to Juneau-based state offices, the remainder make one weekly 5-minute call to Juneau-based state offices, and each other AMHS administrative staff member makes one weekly 5-minute call to a Juneau-based state office, toll charges will be \$24,000 annually. Clearly, some staff members will exceed these assumptions, while others will make few or no calls. Whatever the volume, there will be an increase in voice traffic. For purposes of this report, and in the absence of better call volume estimates, \$24,000 is used as the cost of increased long-distance tolls.

A far larger concern is that of data access. The state data system does not provide the same quality service off-hub Ketchikan as at the Juneau hub. Figure 4 shows costs assuming all administrative offices are moved from Juneau to Ketchikan. The major cost drivers are offices requiring access to the state mainframes in Juneau; currently these are the reservations and finance-related offices. If either of these offices are left in Juneau, costs will not increase as significantly.

While one may speculate that over time Ketchikan will improve its telecommunications infrastructure, the same is likely to be true in Juneau, leaving AMHS offices in Ketchikan lagging technologically. Good telecommunications capability is crucial to the ability of the system to meet customer needs.

Travel

A move of the AMHS administrative offices from Juneau to Ketchikan clearly provides better in-person service to customers in Ketchikan and southern Southeast Alaska. It should be noted, however, that for customers from elsewhere on the Southeast mainline and in Southwest, travel time, distance and cost for in-person meetings would be increased.

A major "customer" of AMHS, providing up to 40% of system revenues, is the Alaska legislature. A major operational impact of a move of AMHS administrative offices to Ketchikan is the need and cost of sending AMHS staff to and from Juneau, often on short notice, to meet the informational needs of the Alaska legislature and its staff. It is likely that AMHS, like other state entities located outside Juneau would find the need to almost permanently station staff in Juneau during the legislative session to meet the needs of these important customers.

Scheduled airline traffic between Ketchikan and Juneau would affect AMHS operations for meetings between AMHS administration and those state offices located in Juneau. Following are the current Alaska Airlines schedules between Ketchikan and Juneau:

Figure 5: Juneau/Ketchikan Air Schedule

From Ketchikan to Juneau:

	<u>Depart Ketchikan</u>	<u>Arrive Juneau</u>	<u>Time en route</u>
AS 65	9:16 a.m.	12:42 p.m.	3 hrs. 26 min.
AS 67	4:09 p.m.	6:02 p.m.	1 hr. 53 min.
AS 69	9:10 p.m.	10:03 p.m.	53 min.

From Juneau to Ketchikan:

	<u>Depart Juneau</u>	<u>Arrive Ketchikan</u>	<u>Time en route</u>
AS 60	6:00 a.m.	6:54 a.m.	54 min.
AS 62	10:14 a.m.	12:06 p.m.	1 hr. 52 min.
AS 64	2:20 p.m.	4:47 p.m.	2 hrs. 27 min.

This schedule shows that it is not possible for Ketchikan-based staff to attend morning or early afternoon legislative meetings in Juneau without staying the previous night. Sample round-trip itineraries from Ketchikan to Juneau and return include:

All day meeting

Day 1 AS 69 Ktn-Jnu 9:10 p.m. / arrive 10:03 p.m.
 Day 2 Meeting 8 a.m. to 4:30 p.m.
 Day 3 AS 60 Jnu-Ktn 6:00 a.m. / arrive 6:54 a.m.

Half-day morning meetings

Day 1 AS 69 Ktn-Jnu 9:10 p.m. / arrive 10:03 p.m.
 Day 2 Meeting 8 a.m. to 1 p.m. ---
 AS 64 Jnu-Ktn 2:20 p.m. / arrive 4:47 p.m.

Half-day afternoon meetings

Day 1 AS 65 Ktn-Jnu 9:16 a.m. / arrive 12:42 p.m.
 Meeting 1:30 p.m. to 4:30 p.m.
 Day 2 AS 60 Jnu-Ktn 6:00 a.m. / arrive 6:54 a.m.

In most cases, attending both morning and afternoon meetings in Juneau would require a two-night stay. Even a half-day meeting requires an overnight stay and travel during the remainder of the day of the meeting. The impact of the difficulty for Ketchikan-based administrative staff to timely meet the information needs of legislators cannot be underestimated.

Interviews with AMHS staff indicate significant contact requirements with other state agencies in Juneau. These include contact between:

- AMHS management staff with the Commissioner and other DOT/PF directors,
- AMHS budget staff with the Office of Management and Budget and with the administrative officers of other DOT/PF divisions and other state agencies,
- AMHS personnel and management staff with the Department of Administration on collective bargaining and labor relations issues,
- AMHS personnel staff and the Division of Personnel on issues relating to hiring and other personnel decisions,

- AMHS management staff with the Office of the Attorney General concerning litigation, and
- AMHS computing and finance staff for computer systems training.

Estimates of additional travel required between Ketchikan and Juneau are shown in Figure 6.

Figure 6
Projected Ketchikan - Juneau - Ketchikan Travel

	Trips	Over- nights
<u>AMHS Director</u>		
Weekly trips during legislative session, average 2.5 working days (includes legislative hearings, labor negotiations, DOT/PF meetings)	17	51
Biweekly trips during remainder of year, average 1.5 working days (includes legislative hearings, labor negotiations, DOT/PF meetings)	17	34
<u>Support Services Manager</u>		
Weekly trips during legislative session, average 2.5 working days (includes legislative hearings, labor negotiations, DOT/PF meetings)	17	51
Biweekly trips during remainder of year, average 1.5 working days (includes legislative hearings, labor negotiations, DOT/PF meetings)	17	34
<u>Engineering Manager, Transportation Planner</u>		
3 trips each during legislative session, average 2.5 working days	6	18
5 trips each during remainder of year, average 1.5 working days	10	20
<u>Accountant IV</u>		
Monthly trips, average 1.5 working days	12	24
<u>Payroll Supervisor</u>		
Bi-monthly trips, average 1.5 working days	6	12
<u>Programmer/Analyst</u>		
Quarterly trips, average 2.5 working days	4	12
<u>Finance Staff</u>		
Staff training in AKSAS, average 1.5 working days	6	12
<u>Terminal & Ship Services Manager</u>		
Quarterly trips, average 2.5 working days	4	12
<u>Marine Transportation Services Manager</u>		
Quarterly trips, average 2.5 working days	<u>4</u>	<u>12</u>
Total trips	120	
Total overnights		292

There would obviously be a reduction of trips from Juneau to Ketchikan and return, which we estimate at 20 trips annually. We assume half of these trips currently require a single overnight, while half are day trips. Additional travel and per diem costs are as follows:

Additional costs of travel

Estimated 120 trips, 292 nights	
Airfare (Ktn-Jnu-Ktn @ \$250 average)	\$30,000
Car rental or state equipment fleet (\$30/day average)	9,000
Hotel (\$90 average, including tax)	27,000
Meals and incidentals (\$42 average)	<u>12,300</u>
Subtotal	\$78,300
Less: Flights from Juneau to Ketchikan saved	-5,000
Hotel, car rental, meals & incidentals saved	<u>-2,500</u>
Total additional travel costs	\$70,800

The above costs are a reasonable estimate of travel requirements to Juneau. Certainly a significant portion of communication between state agency officials can be by telephone. Nonetheless, it would be naive to assume there is no loss of quality of interaction in purely telephonic communication between commissioners and their staff, between agency fiscal officers and the state divisions of finance, personnel, or labor relations, or between state officials and the legislature. If AMHS is out of sight, it could be out of mind for others in the state bureaucracy, with impacts that are hard to predict.

Support services

Laundry services are currently performed by the Department of Corrections (DOC) under AS 33.32.030(c). A move of AMHS administrative offices would require staff in Juneau to pick up and deliver laundry from DOC's Lemon Creek facility. No new costs have been assigned to this function. The costs for the food service, automotive fleet, and other support operations would remain the same. Any Juneau-required functions could be performed by the port staff and the handful of positions that would remain in Juneau, at no net cost increase to the system.

Fixed and one-time costs

The fixed and one-time costs associated with the proposed move include

- construction or leasing of office and warehouse facilities;
- movement of personnel and equipment;
- productivity loss, training and retraining of personnel; and
- relocation and creation of communications networks.

In the fixed cost arena, the largest driver is the need for office and warehouse space. Approximately 19,700 square feet of office space and 5,000 square feet of warehouse space would need to be provided in Ketchikan to house the AMHS administrative functions currently located in Juneau. No existing Ketchikan facility can meet these needs.

An obvious one-time cost is the movement of personnel and equipment to the new location. State administrative procedures dictate the process for movement of staff, dependents and their households. Movement of furnishings, fixtures, equipment, and files must be carefully

coordinated to allow continuation of essential administrative procedures, including billing, cash receiving and payroll during the move process.

A third cost of a decision to move results from staff turnover among those who choose not to move. Costs include hiring of temporary or permanent replacements in Juneau or Ketchikan and training or retraining of those replacements.

Finally, the communications networks must be recreated at the new location, including the local area network and SNA connections to the Juneau mainframe.

In general, all fixed cost issues point toward an overall negative impact of office movement with the possible exception of the net present value of the current space occupied by the administrative offices. As detailed below, this item alone can yield a wide range in the net present value cost or benefit of the move, depending on how the observer views the economic and budgetary impacts of the cost of space requirements.

Space requirements

Based on the research conducted during the preliminary economic analysis, no space is currently available for lease or purchase in Ketchikan that would completely meet the needs of the AMHS administrative offices (currently 19,700 square feet in two Juneau facilities, plus approximately 5,000 square feet of warehouse space). AMHS currently occupies a mix of state-owned and leased space. Neither AMHS nor any other state agency pay rent on the state-owned space; the Department of Administration pays costs of leased space. Sufficient acceptable space could be constructed in Ketchikan by the private sector and leased to the AMHS for an estimated \$1.75 per square foot per month. Alternatively, the state could construct acceptable space for an estimated \$3 million.

There are at least three ways to look at the economic and budgetary impacts of space costs in Ketchikan and Juneau:

1. A pure economic analysis would assign an opportunity cost to the state-owned space (the cost of leasing new space in Juneau) and a smaller opportunity cost to the leased space (the difference between the cost of leasing new space in Juneau and the cost of the AMHS leased facilities). These would be compared to the cost of new space in Ketchikan (with or without a qualitative component between the higher quality new space in Ketchikan and the space in Juneau).
2. A state cost analysis would look at the differences between the outlays of state funding for all agencies on a current annual basis between the new space in Ketchikan and the currently occupied space in Juneau.
3. An AMHS cost analysis would look at the differences between the outlays from the AMHS Fund on a current annual basis between the new space in Ketchikan and the currently occupied space in Juneau.

These three approaches yield sharply different results:

1. The pure economic analysis would compare the estimated new \$1.75 per month office cost in Ketchikan with the opportunity cost of office space in Juneau of approximately \$2.25 per month. Under this analysis, the move would save \$118,200 annually, the difference between the totals shown in Figures 7(b) and 7(c). This assumes other state offices currently leasing space at \$2.25 could and would move into the leased and owned space vacated by AMHS. An additional adjustment may need to be made due to the less than ideal condition of the Glacier Avenue reservation offices.
2. The state cost analysis would compare the new \$1.75 cost per month in Ketchikan for 19,700 square feet with the current \$1.91 cost for 12,500 square feet and the current free space of 7,200 square feet. Under this analysis, the net annual cost of the move would be \$135,570, the difference between the totals shown in Figure 7(a) and 7(b). This assumes the state can find an alternative state agency user for the space currently occupied in Juneau whose lease is up for renewal at the time of the AMHS transfer and whose lease costs are approximately the same as AMHS'; the Department of Administration space leasing cost savings would offset the AMHS increased cost of \$458,700.
3. The AMHS cost analysis requires either (1) all new lease costs and benefits to be charged to AMHS, for a total of \$458,700 annually as shown in Figure 7(b) or (2) a capital appropriation of an estimated \$3 million for construction of the office facility in Ketchikan and annual operating costs of an estimated \$45,000 for warehouse space.

Figure 7
Cost of Space Requirements

7a) Juneau - actual cost	Leased Space in DOT/PF	Owned Space on Glacier Ave	Warehouse Space	Total
Current square feet	12,500	7,200	5,000	24,700
Lease price / sq. ft. / month	\$ 1.91			
Lease / year	\$ 286,530			\$ 286,530
Utilities / year (estimated)		\$ 21,600	\$ 15,000	\$ 36,600
Total cost / year (estimated)	\$ 286,530	\$ 21,600	\$ 15,000	\$ 323,130

7b) Ketchikan - projected cost	Leased Space	Warehouse Space	Total
Square feet	19,700	5,000	24,700
Lease price / sq. ft. / month	\$ 1.75	\$ 0.50	
Lease / year	\$ 413,700	\$ 30,000	\$ 443,700
Utilities / year (estimated)		\$ 15,000	\$ 15,000
Total cost / year (estimated)	\$ 413,700	\$ 45,000	\$ 458,700

7c) Juneau - opportunity cost	Leased space	Owned space	Warehouse Space	Total
Current square feet	12,500	7,200	5,000	24,700
Lease price / sq. ft. / month	\$ 2.25	\$ 2.25	\$0.50	
Lease / year	\$ 337,500	\$ 194,400	\$ 30,000	\$ 561,900
Utilities / year (estimated)			\$ 15,000	\$ 15,000
Total cost / year (estimated)	\$ 337,500	\$ 194,400	\$ 45,000	\$ 576,900

The next figure shows the gross dollar flows and present values over a 25-year period, assuming lease rates increase at 3% annually, and using a 6% discount to present value:

Figure 8
Present value of space cost changes

	Juneau offices	Ketchikan offices	Juneau offices opportunity cost
Undiscounted cash flows over 25-year period	\$11,781,082	\$16,723,865	\$21,033,350
Opportunity cost savings of Ketchikan alternative			\$4,309,485
Increased cost to AMHS of Ketchikan alternative		\$4,942,782	
Present value of cash flows over 25-year period	\$5,847,380	\$8,300,662	\$10,439,616
Opportunity cost savings — of Ketchikan alternative			\$2,138,954
Increased cost to AMHS of Ketchikan alternative		\$2,453,283	

Among the three alternative approaches to space cost, no one alternative is best. The opportunity cost approach would most likely best satisfy economists; the state cost analysis provides the best measure of net costs to the State of Alaska; the AMHS cost analysis shows the effect on AMHS budget and operations.

Since the full costs of an AMHS move will be borne by AMHS, the \$2.45 million net present value of the Ketchikan office space should be used as the basis for comparison of the Ketchikan and Juneau locations. Downward adjustments to this number could be considered if (1) any of the current AMHS administrative offices stayed in Juneau, (2) the current two-location office situation in Juneau were replicated in Ketchikan and lower-priced existing office space could be located in Ketchikan, or (3) any Juneau staff could be relocated to currently-owned or leased state space in Ketchikan.

Movement of personnel

How many would move?

There are 116 administrative positions in Juneau, of which 95 are currently staffed. Assuming normal operations, about 20 positions are vacant or forced vacant at any given time. These positions could obviously be transferred without household moving costs. About five support positions would remain in Juneau, and would not need to be moved.

There is no way to predict with full confidence the number of the other 90 people that would move to Ketchikan. One method is to ask the employees. Based on partial results from the employee survey conducted for this report, 28% of the employees would "definitely" or "probably" accept transfer and move to Ketchikan, 41% would "definitely not" or "probably not" accept a transfer, and 31% are "not sure."

Many of the employees would seek alternative employment. Among those answering "probably not" or "definitely not," 94% indicated they would seek alternative employment in Juneau or elsewhere in Alaska. Twenty-five percent of these employees are managerial or executive, 12% are professional, and 63% are clerical or technical. Some indicated they have already started looking for new work, and several are already interviewing with other positions with the state.

These employees' positions will be vacated and will need to be refilled during the roughly 18 months between a decision to move and the move itself. AMHS will face no easy choices during this period: either positions will be filled on a permanent basis, and AMHS will have to pay their moving costs to Ketchikan, or the positions will be filled temporarily, and AMHS will have to train both the temporary replacement in Juneau and later the permanent replacement in Ketchikan. Furthermore, the pool of applicants to fill the jobs during the interim will be smaller, consisting only of individuals willing to relocate to Ketchikan or only of individuals willing to accept temporary assignments.

Excluding survey respondents who were not sure whether they would accept a transfer, 41% of survey respondents would move, with an average of 1.8 children and dependents each. The survey thus would indicate a minimum of 37 current personnel and 67 dependents would move. Assuming the same percentage of replacement personnel would also move, an additional 22 personnel and 40 dependents would move, for a total of 59 personnel and 107 dependents.

Movement of households

Under existing labor contracts, the state is obligated to pay up to the following amount for each employee that moves:

- (1) moving costs for up to 10,000 pounds of personal effects,
- (2) moving costs for up to two vehicles,
- (3) airline or ferry tickets for employees and their families,
- (4) up to 15 days per diem for employees and their families.

A portion of these costs would be recovered in freight revenues (to the extent that the move took place during a period of time the ferry system has vacant freight space and to the extent that movers use the ferry, rather than barge service).

Based on the partial survey data and its extension to refilled positions, 59 employees and their dependents would be moved. Assuming the average employee moves two vehicles and 8,000 pounds of personal effects, the state would incur the following costs:

(1) Moving costs for personal effects:	\$224,600
(2) Moving costs for up to two vehicles (on ferry):	0 *
(3) Ferry tickets for employees and their families:	0 *
(4) 15 days lodging and per diem for employees and their families:	\$133,000
Total cost of moving employees and households	\$377,600

* Assumes space is available for worker vehicles without displacing revenue-producing freight or vehicles; actual cost would be higher if any displacement occurred.

Assuming half of the household freight is shipped on the ferry rather than barges, about \$7,500 would be received by the system during the move of household effects, leaving a net cost to AMHS of \$370,100 for movement of households. This cost would rise by the cost of airfare for any employees or dependents who used air rather than ferry transportation for the move.

Lost productivity, training and retraining

Any office relocation results in lost productivity for the staff affected. The initial economic impact analysis estimated one month of lost productivity for each currently employed staff member, including about one week of lost time arranging and conducting the physical move and one week in the transition period at the new offices. Based on current staff salaries and benefits, this lost productivity has a cost of about \$400,000. While this lost productivity is a cost from an economic standpoint, it would probably not translate into additional budget costs for AMHS and is therefore excluded from the AMHS cost analysis.

The projected loss of current experienced staff, together with the time and cost of new hiring and training, will result in additional productivity losses. Based on the partial employee survey results, ten employees with over five years experience at AMHS will need to be replaced, in addition to 24 employees with one to five years experience and 20 with less than one year experience at AMHS. Using the earlier assumptions that roughly 40% of the replacement workers will move, 22 positions will be refilled once, and 31 positions refilled first with temporary employees in Juneau and then with permanent employees in Ketchikan. This extraordinary hiring process imposes operational costs on AMHS, including the management time to advertise, go through the personnel process, and the time to train the new hires. Assuming one month of training time per employee, costs of training this total of 84 new hires will be approximately \$350,000. If 25% of these training costs are hard dollar costs, rather than lost productivity, the net new cost to AMHS will be \$87,500.

It appears that Ketchikan can indeed physically absorb the move. The local employment market has the ability to supply the administrative office with a pool of qualified candidates from which to choose for many of the AMHS positions. A job-by-job analysis comparing the AMHS

administrative positions with the pool of current and newly unemployed workers in Ketchikan will show which position classifications would require hiring outside of Ketchikan. Exhibit A contains a first estimate of the positions that have comparable jobs in the current Ketchikan labor market.

Movement of equipment

Computers and communication infrastructure

Moving the computer network to Ketchikan is a major undertaking with two facets. The first is the physical movement of computers and other network items. The second and larger issue is the infrastructure required to support the data communications needs of the network. Based on estimates supplied by AMHS and detailed in Exhibit B, up front move costs will total about \$50,000. As shown above, operational costs for communications will be more significant.

Office equipment

The move of AMHS administrative offices includes shipment of office furniture, files and equipment. Modular work-stations must be torn down, reconfigured and assembled, and computer cables installed. Several years ago AMHS moved a portion of its staff from Glacier Avenue to Channel Drive at a cost of approximately \$150,000, including office reconfiguration and communications line installations. The cost of the physical move of offices and equipment from Juneau to Ketchikan was estimated assuming offices have an average of 150 cubic feet of furniture and equipment, 4,000 cubic feet of files are stored and necessary to move, and a portion of goods now stored in the Juneau warehouse would need to be moved. Excluding communications setup costs (dealt with elsewhere in the report) and basic office configuration (included in space costs), an estimated \$100,000 would be required to pack, move, repack and assemble AMHS administrative offices.

In addition to these costs, careful coordination will be required to allow AMHS to continue to function during the move. Because AMHS has both semimonthly and biweekly payroll processing, for example, payroll staff are working on data entry and payroll distribution on three-quarters of the days in the average month. A move must be timed to off-cycle days, and requires files and computers be accessible before, during and immediately after the move date. This timing may require some air transportation of staff and files, but no adjustment to cost estimates to reflect such an eventuality has been included in this report.

III. Community Economic Impact

The economy of Southeast provides the proper context for many of the above issues. Understanding the regional economy also informs the analysis of such issues as the availability of labor and the cost of housing.

The economic effects of the move on the communities of Juneau and Ketchikan are detailed below. In summary, economic impact on the two communities is relatively minor. Initial calculations indicate that Juneau's growing economy would absorb the impact of job losses within three, while job creation in Ketchikan would only marginally soften the economic impacts of the impending mill closure.

In short, from an economic perspective moving the offices to Ketchikan creates fewer benefits to Ketchikan than some may hope, while moving the offices from Juneau has a smaller economic impact on the community than some may fear.

As outlined below, it appears the overall economic benefits and costs of a move are either roughly in balance or tilt somewhat against a move. While this may be the case from a pure economic cost/benefit standpoint, there are significant issues that are not purely economic that affect the long-term viability of the Alaska Marine Highway System and its ability to serve its customers and stakeholders.

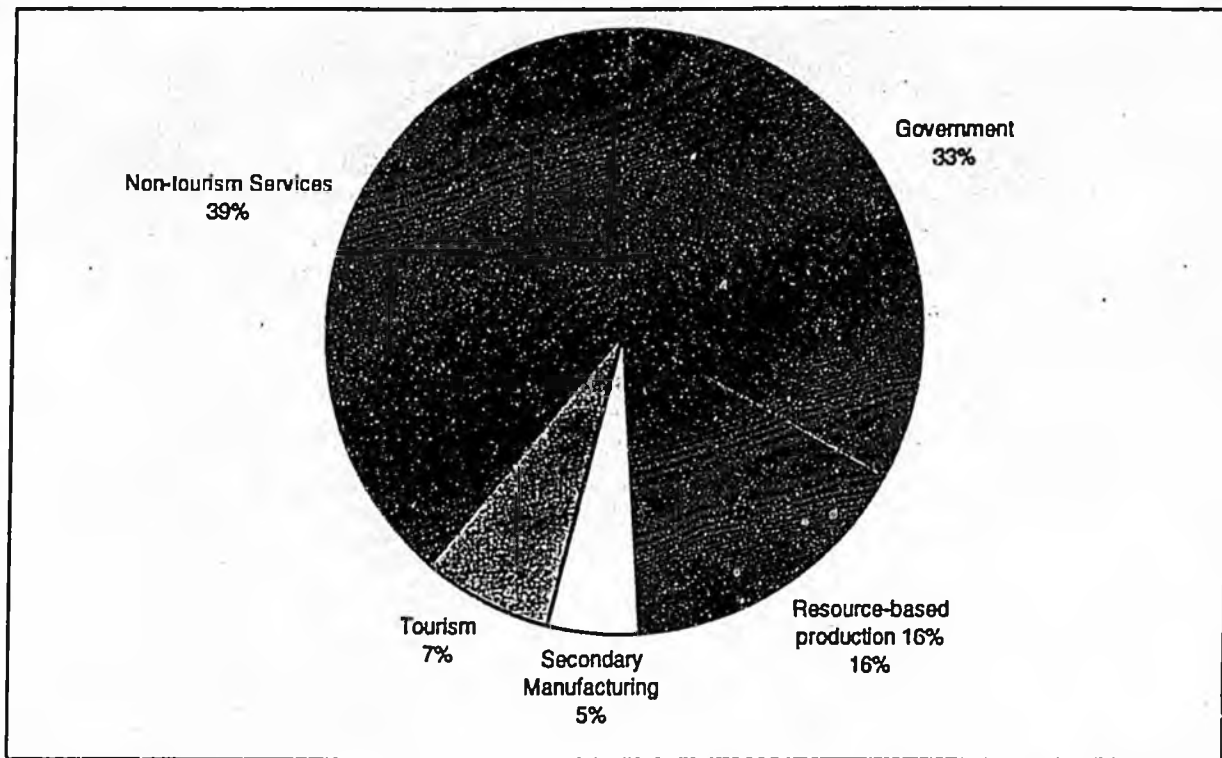
As the economic analysis shows, the costs to Juneau and benefits to Ketchikan are smaller than some may suspect. If the time, energy, and money that a move would cost was applied to working on either improving AMHS operations and community communications, or to working on improving the Ketchikan economy, there would be net economic benefits instead of the costs identified herein.

Southeast regional economy

The Southeast Alaskan economy is defined by disparities. With the exception of the three large towns of Juneau, Ketchikan, and Sitka, the region is made up primarily of small communities. Of the 73,000 people living in Southeast, about one-third live in Juneau. Two-thirds of the population live in the three urban centers with the remaining third of the population distributed among twenty-nine communities.

While the region as a whole is quite diverse by Alaska standards, much of that diversity is in these three larger communities. Typically, the smaller communities rely on a single industry for economic survival. These industries may give rise to mining or fishing communities, logging communities, or towns centered on tourism. While support industries are built up around these primary industries, it is the viability of these primary industries that must maintain the region's smaller towns.

Figure 9: Southeast Regional Economy



The viability of many of the small communities depends on the movement of products into and out of their towns or the arrival of tourists. Transportation networks are of paramount importance and are explicitly included in the mission statement of the Alaska Marine Highway System to provide "opportunities to develop and maintain a reasonable standard of living and high quality of life, including social, education and health needs."

As the figure above shows, primary and manufacturing jobs represent about 61% of regional employment, with about .64 service jobs generated for each primary or manufacturing job.

The region is experiencing steady growth at a rate of 1.6% in 1996, projected to rise to 1.9% in 1997. This regional growth is very industry specific. Much of it is in mining and construction, mostly in the Juneau area, and masks declines in timber, seafood and fishing, and government. Only Juneau can be expected to experience strong growth, especially as these growth figures must be revised downward with the impending closure of the Ketchikan Pulp Company mill in Ketchikan.

Growth will be best realized only in the communities with the most diversified economies. With most of the region's economies tied to timber, fisheries, or tourism, communities are very sensitive to small changes in commodity prices or the overall level of economic activity in the nation. The lack of diversification means that local economies are supported in large part by imports. In addition, these regional economies are tied to demand from extra-regional sources

and hence are quite dependent on the overall health of other economies. Without changing the overall level of activity within the region as a whole, there is much to gain in economic stability by encouraging the diversification of the regional economies through greater intraregional cooperation and dispersion of economic activity.

One peculiarity of the region is its proximity to the markets of the 'lower forty-eight' states. This results in a trade pattern that looks south more than is typical for the rest of Alaska. As a consequence, tourism from customers arriving from the contiguous United States is quite important, with the Alaska Marine Highway System playing a key role in this market.

In addition, the industries of seafood processing, timber, hotel/hospitality, water transportation, and recreation services are key industries and are the five sectors with the greatest share of non-resident employment. Each employs non-residents as at least 30% of total employment. This is destabilizing for two reasons. First, it reflects a seasonal transience, which puts pressure on housing and local economies during the summer months, and results in overbuilding, with excess housing capacity in the winter months. These unemployed resources are costly to the local economies. Second, imported workers increase the level of income leakage from the region and hence reduce the level of local employment multipliers.

The industries that experience significant levels of nonresident employment have historically been high growth sectors. However, the seafood and timber industries are currently experiencing systemic decline which is not expected to rebound in the short term. It is not clear whether declines in these industries will harm non-resident employees to a greater degree than resident employees in these two predominant industries. However, a recent cutback in pulp operations at Sitka did have a greater effect on the percentage decline in non-resident labor than it did on resident labor in the community. This is likely because non-resident labor is more transient and can be expected to respond to both economic upturns and downturns with greater sensitivity.

Juneau, Ketchikan, and Sitka are three of only five urban centers in Alaska, and represent 65% of the population of the Southeast region. These economies are comparably diverse when compared with other Alaska communities. This diversity is due to seaport access and the traditional employment industries of timber, mining, recreation/tourism, and government.

The lack of diversity in Alaskan economies is problematic for regional economic development. When compared with a larger, more diverse economic area, Alaska suffers from an economy that is very open and dependent on resources and services from elsewhere. As a consequence, while income earned in a more diverse economy will ultimately contribute to purchases of goods and services within a region, Alaskan purchases come largely from economies outside of the region. For instance, if an additional dollar of income in an economy can generate 80¢ of local spending and 20¢ of spending from elsewhere, additional income earned contributes to new income in the local economy. Of course, those in the local economy receiving this new spending will also spend 80% of their new income on local goods or services, thereby generating even more local wealth, but at a diminished rate. It can be shown that the pattern of income generation, from the initial dollar of income earned, to the second round of local spending of 80¢ to the third round of 80% of 80¢ (or 64¢), and so on, will result in a total increment to local income of \$5.00.

Such a multiplier effect of initial income generated is common in a well-diversified economy. Indeed, an economy that is very self-sufficient could have a multiplier ranging upward to ten times original spending. Unfortunately, the multiplier in Alaskan communities is very low due to the lack of diversification in Alaskan economies and the need to import many consumption and intermediate production goods from Outside. Indeed, a multiplier of 2.0 is high for an Alaskan community, and can be expected only in the Anchorage area.

While it is not unreasonable to assume the pattern of consumption within a given community is common across individual consumers, regardless of their source of income, it is not the case that an additional dollar of spending in one industry will be equivalent to the purchase pattern in another industry. If the source of additional income is more demand for the product of an industry that hires much of its resources locally, then the net effect of the additional wealth will reach more consumers in the first round. For instance, the fishing industry will use an additional dollar of demand for their product to pay local workers, maintain a local fleet, and buy materials and fuel locally. In turn, the industries serving the local fisheries may purchase many of their goods locally, resulting in a larger share of wealth that remains in the local economy. Alternately, direct spending in the tourism industry may support jobs for booking agents or fleet operators in Seattle or Vancouver, or earn profits for hotel chains outside the region.

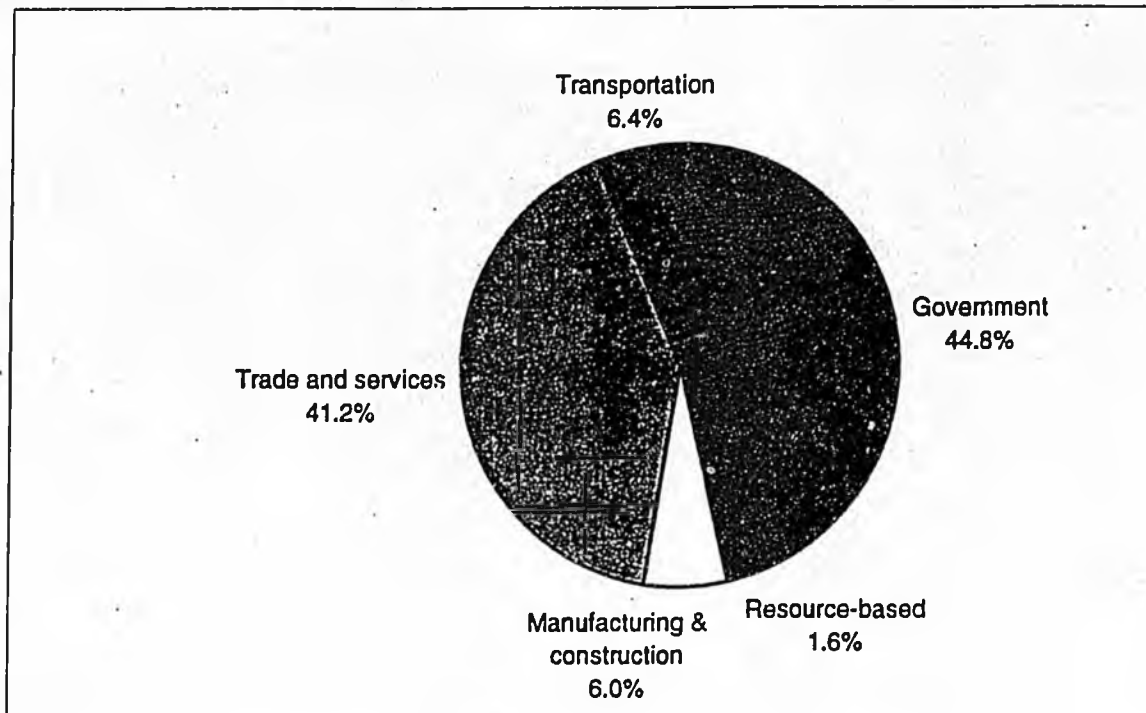
A look at the pattern of direct and indirect effects of additional industry earnings in the Ketchikan economy finds the multiplier indeed varies across industries. The multiplier for the recreation industry in the Southeast is only 1.32 while the fishing industry enjoys a multiplier of 1.92, or 45% higher than the recreation industry. These differences are directly related to different factor purchase patterns in the two industries.

The economy of Juneau

Juneau has traditionally been the strongest economy of the region, with significant mining activity fueling the economy up to the war years. Redistribution of national mining priorities during World War II led to a decline in the Juneau mining economy, only to be supplanted as Juneau became the center of state government in Alaska.

Juneau as the state capital has not always been secure. Repeated attempts to secure the approval of voters to move the capital from Juneau has been unsuccessful. Nonetheless, Juneau well understands the threat and has made efforts to diversify its economy. Currently, the economy is constituted by the following sectors:

Figure 10
Economic Activity in Juneau by sector (1995)



The figure shows Juneau enjoys a much larger share of government activity than the region as a whole. Trade and services, including wholesale, retail and tourism, is the other dominant sector. As a consequence, much of the local economy is driven by government and support for households employed in government. Indeed, since many of these are professional jobs with relatively high wages, government sector employment alone represents 63% of the total wage bill in the capital city.

While the Juneau economy could accurately be described as non-diversified, it has shown signs of increased diversification. Over the past 16 years, overall employment has grown by 46% while government employment has fallen by 12%. In addition, mining is showing a greater effect on the local economy. While not included in the figures for Juneau because the mines lie outside the borough, the Greens Creek and Kensington projects should provide a significant boost in local employment, adding up to 750 jobs to the local economy and increasing resource-based employment to nearly five percent of local employment.

This constant and steady growth in the Juneau economy has been successful at more than just replacing the relatively small losses of employment in the government sector. While the region as a whole has enjoyed an average growth rate over the past ten years of about two percent and can expect to maintain that growth rate for the next few years, Juneau's growth has been closer to four percent. This disproportionate growth is primarily attributable to increased tourism, which is attracted to Juneau because of both the setting and the scale of services the largest city in the region can offer.

As a consequence of this high historical growth rate and the types of professional jobs generated in the local economy, Juneau leads other urban centers in the region and the state in both wages and housing costs. In addition, the female labor participation rate is very high, with the 1990 census reporting that 74% of females over the age of 16 participate in the laborforce, compared to a 66% female laborforce participation rate in the state as a whole.

These factors are problematic from an economic sense for a number of reasons. First, they create a much larger than average level of household income. Since all households will purchase a certain base amount of goods and services to meet the basic needs of food, clothing, health, transportation and education, any additional income beyond that level is discretionary and will tend to bid up the value of the fixed factors of production. The most significant factor is the price of land. A sampling of listings of homes for sale in Juneau suggests that median housing prices are currently near \$175,000. Accordingly, Juneau has the highest housing prices of any urban center in the state.

Second, Juneau's seasonal employment in tourism (and, to some extent, government) creates a transience that, when tied to very high housing costs, tends to reduce speculative or peak demand overbuilding of the housing stock. As a consequence, the vacancy rate for Juneau rental units tends to hover around 1.0%, while Ketchikan as the next largest center in the region has a vacancy rate near 5.0%. Rents in Juneau are also high, with median contract rents of \$800 per month, compared to similar rentals in Ketchikan of only \$660 per month.

The combined factors of high wages and high rents and housing prices cast into doubt some of the rosier assumptions that may follow increased income growth in the local economy. With little opportunity for significant new in-migration, increased local income results in modest job growth and significant personal income growth, which tends to be mostly capitalized in higher and higher housing prices. In the absence of major structural changes in the Juneau economy, it is most likely that land prices will continue to rise at a very strong rate, resulting in increased income to those holding land, but decreased purchasing power to those who rent. The primary stumbling block to increased growth is the inability of the local economy to affordably house and otherwise absorb additional workers. As a consequence, annual growth of four percent in the area will translate into something less than employment growth of four percent, with the difference accruing to the owners of the fixed factors of production.

While efforts to diversify the economy are necessary, fostering significant economic growth in an overheated economy is not productive. Juneau already has the highest cost of living of the urban centers in the state, with an all-items index of 136.6 in the fourth quarter of 1995, compared to indices of 125.6 and 126.3 in Anchorage and Fairbanks respectively. Juneau has lower heating costs and, with access to the Alaska Marine Highway System and west coast barge traffic, lower shipping costs. The number of large-scale retail outlets in the local market has enhanced market competitiveness. The high land costs and high level of disposable income, however, maintain a high cost of living in Juneau.

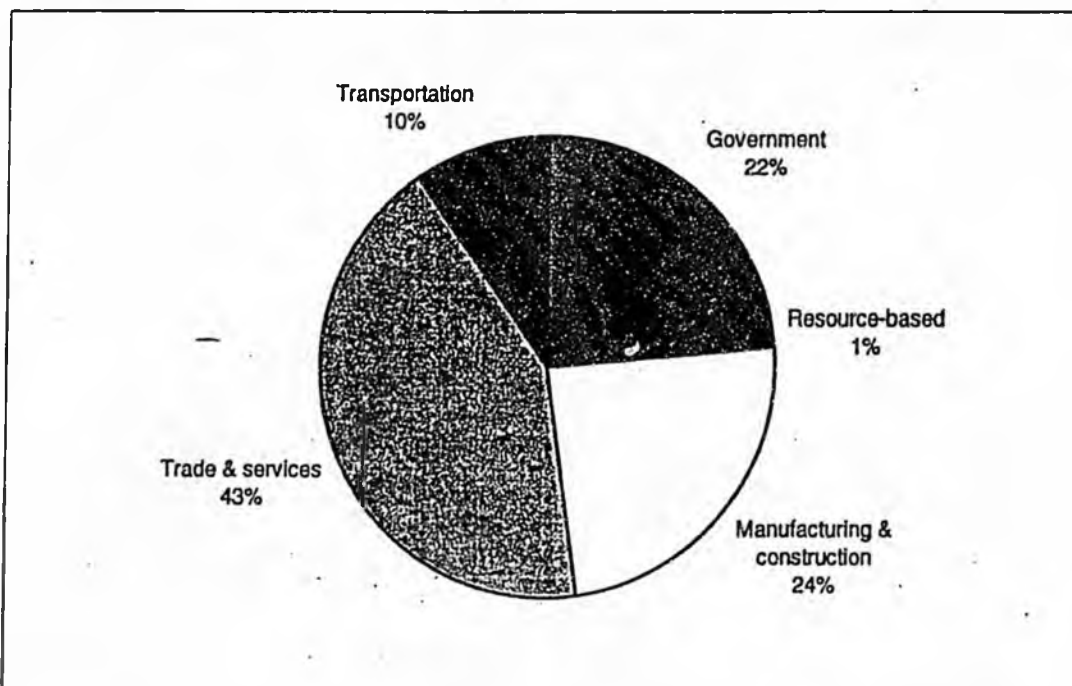
The economy of Ketchikan

Ketchikan is a quite diverse economy by Alaska standards. This diversity arises from its role as the gateway and marine port of entry to Alaska. Only a seven-hour ferry trip from Prince

Rupert, Ketchikan citizens and businesses enjoy the most free and inexpensive access to significant southern markets, both by sea and by air. As a consequence of this proximity, the trade pattern is more southerly oriented than other Alaska communities. Upon graduation from high school, young people look south as well for higher education and jobs.

The Ketchikan Gateway Borough is not as large as its Juneau counterpart, with only about one-half of the employment that Juneau enjoys. The City of Ketchikan employs about a quarter of Juneau's total. Most significant for the Ketchikan economy is its level of diversification. The largest sector in the local economy is the very diversified sector of trade and services, which includes wholesale and retail trade, transportation, communications, utilities, services, finance and real estate. Manufacturing and construction is a much more significant part of the Ketchikan economy as well, with government representing a distant third in importance.

Figure 11
Economic Activity in Ketchikan by sector (1995)



This diversification is key to minimizing the short-term dislocation caused by a major economic event in the Ketchikan economy. The phasing out of Ketchikan Pulp Company operations will result in the ultimate loss of 500 to 600 direct mill jobs, depending on the level of operations maintained by the associated sawmill. Effects in associated industries could be up to 800 to 1000 additional jobs lost. While much of the effect will come at the expense of the manufacturing sector, the transportation sector will also absorb a significant loss, if the recent experience in the closing of the Sitka pulp mill is a good example.

The strength of the economy rests with its role as a gateway and hub to the surrounding communities. The major blow to the Ketchikan economy will have strong ripple effects across Southeast. Despite the significant loss in jobs, interviews with a number of people familiar with

the region suggest a surprising lack of pessimism. This is because Ketchikan well understands that it is unusually diversified by Alaska standards, the mill will be offering significant severance packages to its employees, and the federal and state governments are offering community dislocation relief and support.

There will not only be a significant level of available resources to bridge the interim gap until economic growth can absorb redundant workers. Estimates suggest that perhaps up to a third of the mill employees will choose retirement, while perhaps a third will relocate outside the region. Of the direct job loss, perhaps only one-third of the workers will need to be reabsorbed into the Ketchikan economy. In addition, perhaps two-thirds of the indirect jobs that are an outgrowth of the mill activity will also need to be reabsorbed, resulting in a dislocation still on the order of 500 persons. This represents a potential outmigration of about 500 households, or 1,500 persons, a number consistent with the conclusions drawn separately by the McDowell Group in their analysis of the withdrawal of Ketchikan Pulp from the community.

This dislocation represents about two or three years of typical job growth in the region. Fortunately, about two-thirds of the dislocated employees hold job classifications consistent with the mix that can be readily absorbed into the Ketchikan economy. These include office and management staff and technical occupations.

In the analysis of short-term effects on the Ketchikan, this dislocation has created significant slack. Average housing prices for single family homes have been in the neighborhood of \$155,000 to \$160,000. Interviews with realtors, bankers and developers in the Ketchikan area suggest housing prices will drop somewhat, perhaps down ten to 15 percent from previous levels. This is due to a higher than average inventory of available homes as owners try to sell early to prevent loss of capitalization once the mill closes down. In addition, there is already significant slack in a rental market that experiences a consistent vacancy rate of around five percent. At this time, housing values are good and renters are using the opportunity to upgrade to significantly better housing for the same level of rents.

Food costs are also lower in Ketchikan, with a weekly cost of food for a family of four of \$98.50. This compares with \$93.22 in Anchorage, \$97.75 in Fairbanks, and \$100.17 in Juneau. When combined with average rents of \$660, or about 18% lower than Juneau, the 1.6% lower food costs give Ketchikan the lowest cost of living in Southeast. Falling land prices and rents are giving households the opportunity to move into higher quality housing. If subsequent cost of living analyses by the Department of Labor could capture this effect in a quality-adjusted cost of living index, it is likely Ketchikan would show an index five to fifteen percent lower than Juneau.

These factors combine to make Ketchikan a prime location for new industry in the region. The availability of a regular and inexpensive transportation network, a diversified economy, and significant slack in the local economy all bode well for an economic recovery. The availability of a well-trained labor pool that matches the needs of prospective new enterprises also favors long-term recovery. Finally, the significant transition funding provided by the federal and state governments will ease the pains of significant relocation.

Economic benefit of AMHS administrative offices to Juneau

The Alaska Marine Highway System is the largest transportation network in Southeast Alaska, surpassing Ketchikan Pulp Company and Alaska Airlines as the region's largest employer. Depending on season, the system has up to 900 employees, with about one-third based in Ketchikan (most of whom are vessel-based crew), and about one-third based in Juneau. An additional 90 employees are based outside Alaska, principally in the southern terminus of Bellingham.

The system generates an annual payroll of \$45 million (including benefits) and generates \$171 million of indirect and indirect spending, some of which accrues to Bellingham, but most of which represents wealth for Alaskans. The system generates revenues from passenger and cargo traffic of approximately \$40 million annually, and has operating expenses of about \$75 million annually. About 80% of this revenue comes from passengers and vehicles, 70% of which is earned during the summer season. The AMHS administrative office in Juneau represents 1.6% of total government employment, and 0.7% of all local jobs.

Juneau unambiguously benefits from jobs maintained in the government sector, but is experiencing growth that is nearly double the Alaska and national averages. The AMHS administrative jobs represent less than a single quarter of annual employment growth, and, because of the higher salaries in the government sector, between one quarter and one-half year of wage growth in the Juneau economy. If the administrative officers were removed from the Juneau economy, it would still grow at an average rate above that of the nation as a whole. As a consequence, local housing prices will continue to increase at a rate above the national and state averages.

The 95 filled AMHS administrative jobs create demand for 95 housing units in Juneau. There were 10,638 housing units in Juneau in 1990. While removal of 95 units from the demand would result in less than one percent additional temporary inventory of excessing housing capital, it is necessary to detber of staff that would choose to relocate if the administrative offices were moved to Ketchikan. Based on the employee survey and its extension to re-filled positions, about 60 employees would relocate. As a consequence, about 60 housing units would potentially be available, representing about 40 owned homes and 20 rental units available to the market. These numbers would likely be reabsorbed into the Juneau housing market, creating an excess inventory of two or three months in the housing market. In addition, there are 1,153 rental units in Juneau, suggesting the twenty additional rental units would slightly more than double the current rental vacancy rate to near three percent. Even such a temporary increase in the rental vacancy rate would merely move Juneau from the tightest to the second-tightest rental market in the state.

Economic benefits if the AMHS administrative offices went to Ketchikan

The effects of a move to Ketchikan are far more striking than the withdrawal from Juneau. The Ketchikan market would be expected to absorb the roughly 60 employees moving from Juneau.

These 60 new households would compete for 5,030 occupied housing units in the Ketchikan Gateway Borough.

The McDowell Group has estimated the impending closure of Ketchikan Pulp will reduce housing prices in the short term by 15 to 20%. Local experts believe the reduction will be in the range of five to 15%. An injection of housing unit demand of 60 units will not stress the slack housing market in Ketchikan. Rather, it would likely mitigate the reduction in housing prices from the expected 5-15% range to a 4-12% range. This represents only two-thirds of the current advertised inventory in Ketchikan.

In 1994, there were 1,408 individuals listed as unemployed in Ketchikan. Of these, 216 were clerical and sales workers, 177 professional, technical and managerial workers, and 201 were employed in the service sector. With the reduction in Ketchikan Pulp jobs from the economy, an additional 55 to 60 employees with office and general management skills, in the areas of executive, clerical, accounting, personnel and purchasing staff, will be unemployed. These professional staff would be of sufficient number to meet the professional hiring demand of the AMHS, especially when taken together with the 594 available clerical, sales, professional, technical, managerial and service workers typically available in Ketchikan. The primary problem in filling AMHS administrative vacancies would be those positions requiring AMHS experience or those with specialized technical knowledge of marine systems.

It is clear that movement of the administrative offices would not fill the surplus housing and employment gap. Instead, the move would reduce the slack in the economy by perhaps one-quarter, mitigating somewhat the expected drop in housing prices and, to a lesser degree, wages. Similarly, it is likely that a move of the administrative offices would also only partially fill the gap created in the K-12 public education system.

The cost of commercial property is primarily driven by building costs and the cost of land. While there are no adequate existing office units available in Ketchikan in the 20,000 square foot range able to accommodate the AMHS administrative offices, interviews suggest a new building could be constructed and offered to AMHS for about \$1.75 per square foot. Utility rates are slightly higher, but slightly more moderate temperatures result in similar overall utility bills. Developers indicate a facility can be either co-located at the Ketchikan Shipyard and AMHS terminus location, or on land within a couple of blocks of that location.

IV. Summary

Based on all of the issues set out above and on supporting information, a move of the AMHS administrative offices from Juneau to Ketchikan will require both an up-front cash outlay and ongoing costs to AMHS as follows:

Figure 12
Summary of Costs

	Scenario 1 New building in Ketchikan	Scenario 2 Leased building in Ketchikan
Fixed and one-time costs:		
Cost of moving personnel	\$ 370,100	\$ 370,100
Facility construction	3,000,000	0
Lost productivity, training & retraining	87,500	87,500
Communications infrastructure	50,200	50,200
Office move	<u>100,000</u>	<u>100,000</u>
	\$3,607,800	\$607,800
Additional annual costs:		
Space leasing	45,000	458,600
Data communications	84,200	84,200
Voice communications	24,000	24,000
Travel	<u>70,800</u>	<u>70,800</u>
	\$ 224,000	\$ 637,600

The benefits of moving AMHS administrative offices do not justify the substantial fixed costs of the move or the additional operational costs and complexity created by the move. The improvement to communication between Ketchikan-based employees and Juneau-based management is far outweighed by the losses to communication between Juneau-based management and their counterparts in the Department and elsewhere in state government.

Legislation has been introduced this session to move a portion of the AMHS administrative offices from Juneau to Ketchikan. This legislation requires at a minimum that the system director, the deputy director, and the managers of marine operations, support services and engineering, together with "all other offices, functions and employees of the marine highway system except those whom the commissioner determines must be located outside of Ketchikan" be located in Ketchikan.

As outlined above, the top-level employees of the AMHS are the individuals who most need to interact with the legislature and other DOT/PF administrative offices. Movement of their offices would create significant problems in the operations of the system. It may be that certain AMHS administrative staff positions in Juneau could be transferred to Ketchikan without imposing comparable costs. Among the units that appear to be transferable with minimal impact to the system are reservations, procurement and maintenance engineering.

Alaska Marine Highway System Staffing

Exhibit A

Position	Range	Is there a comparable job in the current Ketchikan laborforce?
AMHS Administration		
Assistant Commissioner	27	Yes
Marine Trans. Services Manager	24	?
Secretary II	11	Yes
Marine Engineering Management		
Marine Trans. Services Manager	24	?
Engineering Associate	52	Yes
Maintenance Worker II	54	Yes
Administrative Manager I	15	Yes
Maintenance Worker I	55	Yes
Administrative Clerk I	07	Yes
Marine CIP Program		
Engineer III	22	?
Engineer III	22	?
Naval Architect	22	No
Engineer/Architect II	20	?
Engineering Associate	19	Yes
Engineering Associate	19	Yes
Engineering Associate	19	Yes
Planner III	19	No
Engineering Associate	19	Yes
Engineering Assistant III	18	Yes
Engineering Assistant III	18	Yes
Accounting Tech II	14	Yes
Administrative Clerk II	08	Yes
Administrative Clerk I	07	Yes
AMHS Vessel Operations Management		
Marine Trans. Services Manager	24	?
Port Captain	23	-
Transportation Planner II	22	No
Assistant Port Captain	21	-
Passenger Services Inspector	20	?
Passenger Services Inspector	20	?
Safety Officer	18	Yes
Ferry Services Manager IV	17	?
Reservations Specialist	16	?
Reservations Specialist	16	?
Administrative Manager I	15	Yes
Personnel Assistant II	14	Yes
Administrative Clerk II	08	Yes

Alaska Marine Highway System Staffing

Exhibit A

Position	Range	Is there a comparable job in the current Ketchikan laborforce?
AMHS Support Services		
Marine Trans. Services Manager	24	?
Procurement Specialist V	21	?
Labor Relations Analyst II	20	?
Accountant IV	20	Yes
Personnel Officer II	20	Yes
Analyst/Programmer IV	19	No
Analyst/Programmer IV	19	No
Program Budget Analyst III	19	No
Procurement Specialist III	18	Yes
Accountant III	18	Yes
Procurement Specialist III	18	Yes
Personnel Officer I	18	Yes
Analyst/Programmer III	17	No
Research Analyst II	16	?
Accountant II	16	Yes
Accountant II	16	Yes
Accounting Tech III	16	Yes
Personnel Specialist I	16	Yes
Storekeeper III	54	Yes
Procurement Specialist I	14	Yes
Personnel Assistant II—	14	Yes
Procurement Specialist I	14	Yes
Stockhandler WG VII	57	Yes
Stockhandler WG VII	57	Yes
Accounting Tech I	12	Yes
Accounting Tech I	12	Yes
Personnel Assistant I	12	Yes
Personnel Assistant I	12	Yes
Accounting Tech I	12	Yes
Personnel Assistant I	12	Yes
Personnel Assistant I	12	Yes
Procurement Specialist I	12	Yes
Personnel Assistant I	12	Yes
Personnel Assistant I	12	Yes
Accounting Clerk II	10	Yes
Administrative Clerk III	10	Yes
Accounting Clerk II	10	Yes
Supply Technician I	10	Yes
Accounting Clerk I	09	Yes
Administrative Clerk II	08	Yes
Administrative Clerk II	08	Yes
Administrative Clerk II	08	Yes
Administrative Clerk I	07	Yes
Administrative Clerk I	07	Yes

Communications Cost Analysis for AMHS Move to Ketchikan

Exhibit B

Network and Mainframe Computer Costs	Quantity	Price each	JUNEAU		KETCHIKAN		
			Monthly Charges Paid by DOT HQ	Monthly Charges paid by AMHS	Installation charges	New Monthly Charges	Monthly Charges paid by AMHS
Juneau Headquarters Office (3mille)							
WAN Charges							
Cisco 2501 Router w/software, cables	1				\$ 3,500.00		
KPU 3500 DSU/CSU	1				\$ 1,042.50		
Port Charge	1				\$ 1,979.00		
Port Address/Monthly	1		\$ 299.31			\$ 299.31	
Internet User Access Address	1				\$ 100.00		
Digital 56kbs circuit installation	1				\$ 276.00		
Circuit Monthly charges	1					\$ 96.00	
TN3270 Sessions	54			\$ 1,323.00			\$ 3,814.56
SNA Gateway							
Data Line Installation	1				\$ 60.00		
Data Line Charges (Prorated 1st year One-time Charges)	12	\$ 88.00			\$ 1,056.00		
SNA Sessions	14			\$ 343.00			\$ 988.96
SNA Printer Connections on DOT HQ Controller	3			\$ 73.50			\$ 211.92
Juneau Central Office (Glaciolr Ave.)							
SNA Controller							
Data Line Installation for 2 drops	1				\$ 120.00		
Data Line Charges for 2 drops (Prorated 1st year One-time Charges)	12	\$ 176.00			\$ 2,112.00		
SNA Sessions	81			\$ 1,984.50			\$ 5,721.84
Wiring for new building							
SNA Drops	94	\$ 150.00			\$ 14,100.00		
Network Connections	85	\$ 225.00			\$ 19,125.00		
Backbone Wiring	5	\$ 225.00			\$ 1,125.00		
Divorce From DOT 3Mile Building							
CCMAIL Post Office	1				\$ 2,000.00		
CCMAIL Router	1				\$ 3,500.00		
Total WAN and TN3270 Charges			\$ 299.31	\$ 3,724.00	\$ 50,095.50	\$ 395.31	\$ 10,737.28
Total Annual Charges							
			\$ 3,591.72	\$ 44,688.00	one-time	\$ 4,743.72	\$ 128,847.36
Net now costs							
					\$ 50,095.50	\$ 1,152.00	\$ 84,159.36

NOTES & ASSUMPTIONS:

- 1 Move takes place July 1, 1997
 - 2 All AMHS Headquarters 3 Mile and JCO personnel in one building in Ketchikan. If multiple building are required then costs will increase dramatically.
 - 3 Move occurs before RMS3 purchase of equipment and WAN Connection to Ketchikan. Must move SNA Connections because JCO office computers can not currently support Advanced Software.
 - 4 Ketchikan currently can only support a 56K line on the WAN and 14.4 on SNA which will greatly reduce the speed of connections.
 - 5 All DOA DIS Data Center Charges are based upon FY97 rates.
- TN3270 and SNA Lu Charges
- | | |
|---------|----------|
| HUB | \$ 24.50 |
| NON-HUB | \$ 70.64 |
- 6 Spreadsheet based on data supplied by AMHS; annual net calculations by Information Insights

**Alaska Marine Highway System
Ketchikan Administrative Office Move Study
Employee Survey Results**

Information Insights was contracted by AMHS to analyze the impacts on AMHS of a proposed move of AMHS administrative offices from Juneau to Ketchikan. This survey will allow us to more accurately estimate the financial and human costs and benefits of such a move. Your answers will be held in strict confidence by Information Insights; only aggregated results will be reported to AMHS in our final report.

For purposes of this survey, please assume a move has been approved, new administrative facilities acquired in Ketchikan, appropriations have been made for all costs, including employee/family relocation costs in accordance with appropriate collective bargaining agreements, and the office relocation will take place in spring 1998.

1. Would you accept the transfer of your position to Ketchikan?
10% Definitely 18% Probably 31% Not Sure
13% Definitely Not 28% Probably Not

If you checked Definitely, Probably, or Not Sure, go to question #2

If you checked Definitely Not or Probably not, would you (check all that apply):

94% Seek alternate employment with the State in Juneau

53% Seek alternate employment in Juneau

6% Retire

17% Seek alternate employment elsewhere in Alaska

12% Seek alternate employment outside Alaska

Go to question #3

2. How many school-age children live with you in your home?
0.3 Elementary 0.2 Middle School 0.2 High School [Averages reported]

How many children and dependents would move with you if you decide to move to Ketchikan? 1.8 [Averages reported]

3. What do you think would be the costs or benefits for AMHS, its customers, or the State of Alaska of moving your position from Juneau to Ketchikan?

[Text responses will be included in the final report]

4. Information about you: We will use the following information to develop estimates of cost of the move, economic impact on the communities of Juneau and Ketchikan, and employment impacts in Juneau and Ketchikan.

- a. What is the category of your current position?
54% Clerical/Technical 18% Professional 23% Managerial 5% Executive
- b. How long have you worked for AMHS?
15% Less than one year 31% 1 to 5 years 54% more than 5 years
- c. Are there comparable jobs to yours in Juneau outside AMHS?
48% Yes 13% Nearly 26% No 13% Not sure

d. Does your spouse work in Juneau?

18% Yes, for the State of Alaska 33% Yes, for another employer

15% No 33% No Spouse

If your answer to this question is yes, what is the category of his/her current position?

22% Clerical 67% Professional 0% Managerial 11% Executive

e. How long does it take for you to commute to and from work each year (round trip)?

22.9 minutes [Average reported]

f. If you own your home, what is its approximate value? \$207,600 [Average reported]

If you rent your home, what is your monthly rent? \$777 [Average reported]

g. What is your approximate household annual income?

0% Less than \$20,000 44% \$20,000 to \$40,000 21% \$40,000 to \$60,000

15% \$60,000 to \$80,000 8% \$80,000 to \$100,000 15% over \$100,000

5. What do you think would be the costs and benefits for AMHS, its customers, or the State of Alaska of moving AMHS administrative offices from Juneau to Ketchikan?

[Text responses will be included in the final report]

SB 130
ALASKA MARINE HIGHWAY AUTHORITY

COMMENTS BY

CAPTAIN GEORGE A. CAPACCI, GENERAL MANAGER
ALASKA MARINE HIGHWAY SYSTEM, ADOT&PF
APRIL 26, 2001

GOOD AFTERNOON, MR. CHAIRMAN AND MEMBERS OF THE TRANSPORTATION COMMITTEE. IT IS IMPORTANT THAT I BE HERE TODAY TO EXPRESS MY CONCERNS ABOUT THE PROPOSED MARINE HIGHWAY AUTHORITY CONTAINED IN SB130. THESE CONCERNS ARE ESSENTIALLY THE SAME AS COMMISSIONER PERKINS PRESENTED IN 1997, WITH SOME IMPORTANT UPDATES ABOUT THE MANAGEMENT AND DIRECTION OF ALASKA'S MARINE HIGHWAY.

LET ME BEGIN WITH A REVIEW OF WHY THE MARINE HIGHWAY AUTHORITY IS NOT IN THE BEST INTERESTS OF OUR CUSTOMERS, THE CITIZENS OF ALASKA, AND THE MARINE HIGHWAY EMPLOYEES....

I. THE AUTHORITY CREATES MORE PROBLEMS THAN IT SOLVES.

A. SB 130 DIMINISHES PUBLIC ACCOUNTABILITY.

UNDER THE PRESENT SYSTEM, THE MARINE HIGHWAY SYSTEM MANAGEMENT IS ACCOUNTABLE TO THE PUBLIC. CONCERNS AND REQUESTS ARE RESPONDED TO, QUICKLY AND COMPLETELY. THEY HAVE TO BE. ELECTED OFFICIALS ARE RESPONSIBLE FOR THE MANAGEMENT OF THE MARINE HIGHWAY, AND ELECTED OFFICIALS HAVE TO BE RESPONSIVE TO THE PUBLIC THEY SERVE. SOMETIMES THAT IS TIME-CONSUMING AND CUMBERSOME, BUT IT IS THE MOST RESPONSIBLE WAY TO HANDLE THE PEOPLE'S BUSINESS. THE ESTABLISHMENT OF AN AUTHORITY WILL DIMINISH THE PUBLIC

ACCOUNTABILITY OF MARINE HIGHWAY MANAGEMENT BY INSERTING AN APPOINTED BOARD BETWEEN MANAGEMENT AND THE PEOPLE. MARINE HIGHWAY MANAGEMENT WILL NO LONGER WORK DIRECTLY FOR THE ELECTED GOVERNOR OR FOR ANY OTHER ELECTED REPRESENTATIVES. THE BOARD, AND NOT THE GOVERNOR NOR THE LEGISLATURE, WILL MAKE MANAGEMENT DECISIONS. ONCE APPOINTED, BOARD MEMBERS WILL NOT BE ACCOUNTABLE TO THE PUBLIC. A BOARD MEMBER MAY BE REMOVED ONLY FOR CAUSE. THE ACCOUNTABILITY OF MARINE HIGHWAY MANAGEMENT TO THE COMMUNITIES THEY SERVE WILL BE SUBSTANTIALLY REDUCED. WE BELIEVE THIS IS NOT DESIRABLE.

B. SB 130 DIMINISHES PUBLIC INFLUENCE ON DECISION MAKING.

ALASKAN'S NOW KNOW WHO IS IN CHARGE OF THE MARINE HIGHWAY SYSTEM. WHEN THINGS ARE RUNNING WELL, THEY KNOW WHO TO COMPLIMENT. WHEN THINGS AREN'T GOING SO WELL, THEY KNOW WHO TO CONTACT. BELIEVE ME. THIS BILL CHANGES ALL OF THAT. WHEN ACCOUNTABILITY OF ELECTED OFFICIALS CHANGES, PUBLIC ACCESS TO THE DECISION MAKING PROCESS ALSO CHANGES. ALTHOUGH A PERSON OR COMMUNITY MAY STILL ASK THE BOARD OF DIRECTORS OF THE SYSTEM FOR A SCHEDULE CHANGE OR SPECIAL RUN, THERE MAY BE LITTLE OR NO PRESSURE TO RESPOND. THE CEO IS INSULATED FROM THE EFFECT OF PUBLIC PRESSURE.

CURRENT COMMUNITY INPUT TO THE FLEET'S SCHEDULE IS AN ONGOING EFFORT. ANNUALLY WE SOLICIT THIS INPUT AND ADJUST OUR SCHEDULE AS POSSIBLE. WE BELIEVE ALASKANS APPRECIATE DIRECT ACCESS TO THE PUBLIC SYSTEMS THAT MOST AFFECT THEIR LIVES, AND THIS BILL WILL HAVE A SUBSTANTIAL NEGATIVE IMPACT ON THAT ACCESS.

I. THE ALASKA MARINE HIGHWAY SYSTEM IS NOT BROKEN.

A. MARKETING AND PRICING STUDY.

THERE IS A LOT THAT IS RIGHT ABOUT THE MARINE HIGHWAY SYSTEM. THE SHIPS HAVE AN ENVIABLE SAFETY RECORD, GENERALLY RUN ON TIME, AND PROVIDE SAFE, ECONOMICAL, COMFORTABLE AND RELIABLE TRANSPORTATION SERVICE TO THE TRAVELING PUBLIC. THE RECENTLY COMPLETED (SEPTEMBER 2000) MARKETING AND PRICING STUDY FOUND THAT 93% OUR CUSTOMERS RATE THEIR AMHS EXPERIENCE AS VERY GOOD OR GOOD!!! THE STUDY ALSO CONCLUDED THAT OF THE TOP TEN ALASKA LOCATIONS VISITED BY SUMMER 1999 VISITORS, FIVE LOCATIONS (ANCHORAGE, MATSU/DENALI, FAIRBANKS, VALDEZ, AND KENAI PENINSULA) ARE NOT EVEN IN SOUTHEAST ALASKA, AND ANCHORAGE WAS THE SECOND MOST VISITED LOCATION. THE ENTIRE STATE'S ECONOMY BENEFITS FROM THESE AMHS PASSENGERS.

OF COURSE SOME PROBLEMS OCCUR. THEY ARE INEVITABLE IN AN OPERATION THAT IS AS VULNERABLE TO AS MANY VARIABLES AS IS THE MARINE HIGHWAY SYSTEM. IT IS A SYSTEM THAT HAS A LARGE AND VARIED CONSTITUENCY, AND EVERYBODY HAS AN OPINION AS TO WHAT SHOULD BE DONE AND HOW IT SHOULD BE OPERATED. BUT OVERALL, THE SYSTEM IS DOING WHAT IT WAS DESIGNED TO DO IN THE 1960S- TRANSPORTING PEOPLE AND VEHICLES THROUGHOUT COASTAL ALASKA IN THE CONTEXT OF AN INTERMODAL TRANSPORTATION NETWORK. IT IS A CREDIT TO THE HARD WORKING CREWMEMBERS AND DEDICATED STAFF THAT WE OPERATE AS WELL AS WE DO.

B. SB 130 ADDS ANOTHER ADMINISTRATIVE LAYER.

THE BILL SETS UP A LAYER OF ADMINISTRATION OVER WHICH NEITHER THE GOVERNOR NOR THE LEGISLATURE WILL HAVE CONTROL. WE BELIEVE THAT IS BAD PUBLIC POLICY. BUT EVEN WORSE, IT DOESN'T FIX

ANYTHING. THERE IS NOTHING IN THE BILL THAT ENCOURAGES STABILITY OR FINANCIAL SUPPORT BY THE LEGISLATURE. THERE IS NOTHING IN THE BILL THAT ADDRESSES THE INCREASING CAPITAL NEEDS OF AN AGING FLEET.

THERE ARE MAJOR CHALLENGES AT MARINE HIGHWAYS THAT WE ARE ADDRESSING WITH STRONG LEADERSHIP AND ACTION. ONE OF THE BIGGEST PROBLEMS THAT YOU CAN HELP RELIEVE IS THE TIME AND ENERGY THAT NOW IS BEING SPENT CONTROLLING THE DAMAGE CAUSED BY ANXIETY OVER THE FUTURE. THAT IS A PROBLEM THAT YOU CAN MATERIALLY AFFECT, BY TELLING THE WHOLE STORY OF THIS VERY SUCCESSFUL STATE ADVENTURE, BY DEMONSTRATING YOUR SUPPORT FOR ITS FUTURE AND HELPING US FIX THE PROBLEMS. THE SYSTEM IS NEARLY 40 YEARS OLD, THE SHIPS ARE AGING, THE SYSTEM IS RUNNING THE SAME TYPE OF OPERATION TODAY IT DID 38 YEARS AGO – WITH MORE SERVICE. IN 1976, SITKA WAS PROVIDED WITH 268 TRIPS AND IN 1999 THE NUMBER WAS 325. TODAY WE ARE RESPONDING TO THE CHALLENGES OF SHRINKING FUNDING AND INCREASING REGULATORY DEMANDS.

C. AMHS MARITIME EXPERIENCE.

ALTHOUGH NOT EXPRESSLY STATED IN THE PROPOSED LEGISLATION, AN IMPLICIT PURPOSE FOR AN AUTHORITY IS APPARENTLY TO INSULATE THE MARINE HIGHWAY SYSTEM FROM INEXPERIENCED MANAGERS APPOINTED THROUGH THE POLITICAL PATRONAGE PROCESS. THE 1989 “ACRES REPORT” RECOMMENDED THAT ADDITIONAL EXPERIENCED MARINERS SHOULD BE HIRED AS MANAGERS TO BETTER UNDERSTAND THE OPERATION OF MARITIME VESSELS. AMHS HAS DONE THIS AND MORE. FROM THE DIRECTOR, SOUTHEAST REGION OF DOT&PF THROUGH THE GENERAL MANGER OF AMHS, THE VESSEL OPERATIONS MANAGER, THE MARINE ENGINEERING MANAGER, THE PORT

CAPTAIN, ASST. PORT CAPTAIN, ISM/STCW COORDINATOR, THE THREE PORT ENGINEERS, THE EIGHT VESSEL CONSTRUCTION MANAGERS AND THE STATE'S ONLY NAVAL ARCHITECT, AND SAFETY OFFICER, AMHS IS STAFFED WITH MARINE PROFESSIONALS WITH OVER FIVE HUNDRED (500) YEARS OF VESSEL OPERATION AND MAINTENANCE EXPERIENCE. THIS STAFF EXISTS TO SUPPORT THE AMHS VESSELS AND CONDUCTS DAILY BUSINESS TO THIS END.

D. SATP & PWS TRANSPORTATION PLAN POINT TOWARD THE FUTURE.

THE SOUTHEAST ALASKA TRANSPORTATION PLAN (SATP) WAS A COMPREHENSIVE PLAN THAT WAS DEVELOPED THROUGH EXTENSIVE PUBLIC PARTICIPATION. THE BASIC TENANT OF THE SATP IS A SERIES OF SHUTTLE VESSELS CONNECTING SOUTHEAST COMMUNITIES COUPLED WITH A VERSION OF THE EXISTING MAINLINE VESSELS TO IMPROVE THE OVERALL TRANSPORTATION SYSTEM FOR OUR CUSTOMERS. THE SAME HOLDS TRUE FOR THE PRINCE WILLIAM SOUND TRANSPORTATION PLAN.

A VESSEL CAPABLE OF 30 PLUS KNOTS IS NEEDED TO SOLVE THE ELEMENTAL TIME/DISTANCE EQUATION TO PROVIDE DAILY SERVICE IN SOUTHEAST ALASKA AND PWS. THE RESIDENTS OF PRINCE WILLIAM SOUND COMMUNITIES STRONGLY SUPPORT OUR TRANSPORTATION PLANNING INITIATIVES. THE SATP AND PWS TP ARE NOT PERFECT, BUT THEY ARE GOOD PLANS AND THE BEST OUR PUBLIC PROCESS CAN PRODUCE FOR ESSENTIAL TRANSPORTATION IMPROVEMENT. THESE PLANS HAVE WIDE PUBLIC SUPPORT AND ENDORSEMENT. WE NEED YOUR SUPPORT.

I BELIEVE A FIRM FOUNDATION IS BEING LAID FOR FUTURE STATEWIDE TRANSPORTATION SERVICES INCLUDING THE ESSENTIAL ALASKA MARINE HIGHWAY SYSTEM. VESSELS ARE BEING UPGRADED TO COMPLY WITH EVER

INCREASING INTERNATIONAL AND FEDERAL SAFETY REGULATIONS. OUR CREWS ARE UNDERGOING STANDARIZED TRAINING MANDATED BY INTERNATIONAL REGULATIONS TO BE THE MOST PROFESSIONAL MARINERS POSSIBLE.

III. AN AUTHORITY WILL BE FURTHER ISOLATED FROM CAPITAL FUNDS.

THE MARINE HIGHWAY SYSTEM IS PRESENTLY MANAGED BY DOT/PF AS AN INTEGRAL PART OF ALASKA'S INTERMODAL TRANSPORTATION SYSTEM. THE MAJORITY OF THE ROUTES HAVE BEEN DESIGNATED BY CONGRESS AS PART OF THE NATIONAL HIGHWAY SYSTEM. AS AN OPERATING ARM OF THE DEPARTMENT, THE SYSTEM RECEIVES FEDERAL HIGHWAY AID FUNDS FROM THE DEPARTMENT. BY SEPARATING THE SYSTEM FROM DOT/PF, AS AN AUTHORITY, OPERATING INDEPENDENTLY FROM THE REST OF THE DEPARTMENT OF TRANSPORTATION, THE DEBATE FOR FUNDING THE MARINE HIGHWAY SYSTEM CAPITAL IMPROVEMENTS COULD CONCEIVABLY SHIFT MORE TOWARD THE LEGISLATURE FOR RESOLUTION. WE WILL FORCE THE MARINE HIGHWAY SYSTEM TO COMPETE MORE AGGRESSIVELY WITH, INDIVIDUAL COMMUNITIES THROUGHOUT THE STATE, OTHER DOT/PF REGIONS, AND OTHER AGENCIES FOR ITS SHARE OF FEDERAL HIGHWAY FUNDS, RATHER THAN SHARING THEM AS ONE COMPONENT OF ALASKA'S INTERMODAL TRANSPORTATION SYSTEM.

WHILE THE COMMISSIONER OF DOT/PF WOULD SERVE ON THE BOARD OF DIRECTORS OF THIS NEW AUTHORITY, IT IS UNREALISTIC TO THINK THAT AN ORGANIZATIONAL COMPONENT WHICH IS SEPARATE FROM THE REST OF THE AGENCY -- AND FOR WHICH THE COMMISSIONER NO LONGER HAS PRIMARY RESPONSIBILITY -- WILL RECEIVE THE SAME LEVEL OF CONSIDERATION FOR

FEDERAL HIGHWAY FUNDS AS IT RECEIVES AS A LINE AGENCY WITHIN THE DEPARTMENT.

IV. THE AUTHORITY PROVIDES NO MECHANISM TO REDUCE SUBSIDIES.

THE MARINE HIGHWAY SYSTEM PRESENTLY DERIVES ABOUT 55% OF ITS OPERATING FUNDS FROM REVENUES, WITH THE REMAINING 45% OF ITS OPERATING BUDGET APPROPRIATED FROM THE GENERAL FUND BY THE LEGISLATURE. THE MARINE HIGHWAY PROVIDES AN ESSENTIAL PUBLIC GOOD (TRANSPORTATION) THAT CAN NOT BE PROVIDED BY THE PRIVATE SECTOR. AS SUCH, PROVIDING A STATE OPERATING SUBSIDY IS AN APPROPRIATE ROLE FOR GOVERNMENT. THIS SUBSIDY IS ESSENTIAL FOR CONTINUING SERVICE YEAR ROUND AT A REASONABLE PRICE. NOTHING IN THIS PROPOSED LEGISLATION IS DIRECTED TOWARD CHANGING THAT FUNDING RELATIONSHIP. THE PROPOSED AUTHORITY IS NOT DESIGNED TO BE SELF-SUFFICIENT. IT WILL CONTINUE TO REQUIRE ANNUAL LEGISLATIVE APPROPRIATIONS FOR OPERATIONS AND CAPITAL IMPROVEMENTS. WHAT THEN IS THE JUSTIFICATION FOR ESTABLISHING IT AS A STATE CORPORATION? AN AUTHORITY WILL REQUIRE ADDITIONAL SUBSIDY TO FUND ITS INCREASED OVERHEAD COSTS.

V. ADMINISTRATIVE COSTS ARE LIKELY TO INCREASE.

THE MARINE HIGHWAY SYSTEM IS ALREADY AND UNFAIRLY CRITICIZED FOR THE LARGE SIZE OF ITS CENTRAL OFFICE STAFF. IN TRUTH, THE JUNEAU OFFICE STAFF HAS DIMINISHED IN RECENT YEARS DESPITE EXTENSIVE ADDITIONAL INTERNATIONAL AND NATIONAL SAFETY AND TRAINING REGULATIONS WHICH NEED IMPLEMENTATION, MONITORING AND OVERSIGHT.

IF THE MARINE HIGHWAY SYSTEM IS SPLIT FROM THE REST OF DOT/PF INTO A QUASI-INDEPENDENT AUTHORITY, IT WILL LOSE THE ADMINISTRATIVE SUPPORT PRESENTLY PROVIDED BY THE DEPARTMENT AND ADMINISTRATIVE COSTS FOR AMHS WILL CERTAINLY INCREASE. PERSONNEL AND ACCOUNTING SERVICES WHICH ARE NOW PROVIDED IN PART BY HEADQUARTERS WOULD FALL ENTIRELY ON THE AUTHORITY. SO WOULD ENGINEERING SERVICES NOW BEING PROVIDED BY SOUTHEAST REGION. THE SYSTEM WOULD BE FURTHER REMOVED FROM THE FEDERAL HIGHWAY ADMINISTRATION. THE RELATIONS WITH DOT&PF AND FHWA WOULD BE COMPLICATED SINCE CFR TITLE 23 FOR THE ADMINISTRATION OF FEDERAL HIGHWAY FUNDING PROGRAMS IS THE RESPONSIBILITY OF THE STATE HIGHWAY AGENCY DOT&PF.

SEPARATE ACCOUNTING AND DATA PROCESSING SYSTEMS WILL ALMOST CERTAINLY BE NECESSARY. THE AUTHORITY WILL NOT BE EXEMPT FROM THE EXECUTIVE BUDGET ACT, STATE PROCUREMENT CODE AND OTHER STATE MANDATED RULES AND REGULATIONS.

VI. SUMMARY

THE PROPOSED MARINE HIGHWAY AUTHORITY WOULD BE A MOVE IN THE WRONG DIRECTION AS FAR AS TRANSPORTATION IN ALASKA IS CONCERNED.

WE ALL RECOGNIZE THAT THE MARINE HIGHWAY SYSTEM CANNOT CONTINUE TO OPERATE AS IF IT WERE STILL THE 1960'S. TIMES HAVE CHANGED, AND THE NEEDS OF ALASKA'S COMMUNITIES AND THE TRAVELING PUBLIC HAVE CHANGED. THE TRANSPORTATION NETWORK ALONG ALASKA'S COASTLINE HAS CHANGED. THE CHANGES NEEDED IN THE MARINE HIGHWAY SYSTEM ARE EVOLUTIONARY AS THE SYSTEM ADAPTS TO MEET THE DEMANDS OF OUR VARIED CUSTOMERS, HOWEVER, SB 130 TAKES US IN THE WRONG DIRECTION. WITH THE HELP OF THE LEGISLATURE, WE WILL CONTINUE TO WORK TO ENSURE THAT THE MARINE HIGHWAY SYSTEM TRULY FUNCTIONS AS AN INTEGRAL ELEMENT IN A WELL-DESIGNED STATEWIDE TRANSPORTATION SYSTEM. I AM WORKING TO BRING ABOUT THIS EVOLUTIONARY CHANGE TO IMPROVE THE MARINE HIGHWAY SYSTEM, BUT THIS TRANSITION MUST BE WELL THOUGHT OUT AND HAVE THE SUPPORT OF THE PEOPLE OF ALASKA. THIS TAKES TIME AND THE WORST ACTION WE CAN TAKE NOW IS TO CREATE ANOTHER LEVEL OF UNNEEDED BUREAUCRAY AS THIS SENATE BILL 130 PROPOSES TO DO.

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: SB 130
 Bill Version: _____
 () Publish Date: _____
 Dept. Affected: DOT&PF
 BRU: Marine Highway System
 Component: Vessel Operations Management
 Component Number: 629
 (Thousands of Dollars)

Revision Date/Time (Note if correction): _____
 Title: "An Act establishing the Alaska Marine Highway Authority"
 Sponsor: Senator Taylor
 Requester: Senate Transportation
Expenditures/Revenues

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	188.5	359.0	359.0	359.0	359.0	359.0
Travel	20.0	33.7	33.7	33.7	33.7	33.7
Contractual	179.5	459.0	459.0	459.0	459.0	459.0
Supplies						
Equipment		300.0				
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	388.0	1,151.7	851.7	851.7	851.7	851.7

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF	388.0	1,151.7	851.7	851.7	851.7	851.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	388.0	1,151.7	851.7	851.7	851.7	851.7

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time	3	3	3	3	3	3
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 This bill establishes a corporate authority for the management and operation of the Alaska Marine Highway System (AMHS). It is assumed the bill would take effect January 1, 2002. A seven-member board of directors would direct the authority. Costs associated with this authority would be as follows:

Personal Services
 This bill requires the Authority to employ a chief executive officer (CEO) to manage the corporation. The estimated cost of this position with benefits would \$150,000 per year. This position would replace the current General Manager position, which costs \$100,000 per year with benefits. The net increase in cost would be \$50,000 per full year.

The AMHS does not have its own management structure in place to operate a corporation. Currently the administrative functions of finance, human resources, and information services are all managed through centralized Department of

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 Approved by: Joseph L. Perkins, Commissioner Date 4/5/01
 Agency: DOT&PF

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ANALYSIS: (continued)

Transportation personnel. It is assumed the board of directors and CEO of the Authority would want to employ their own managers in these areas with an organization similar to the Alaska Railroad Corporation. As stated in the bill, all officers and employees of the authority would be in the exempt service and salaries would be set competitive with other state corporations. At an average cost with benefits of \$85,000 per manager, this would be approximately \$255,000 per full year.

The bill also calls for a seven-person board of directors to be compensated \$300 per day for each day they work on Authority business. One of the board members, the Commissioner of the Department of Transportation and Public Facilities would not receive this pay. It is estimated the members would work 20 days the first half fiscal year (FY02) and 30 days in future years. The cost would therefore be $\$300 \times 20 \times 6$ members = \$36,000 the first half year and $\$300 \times 30 \times 6$ = \$54,000 in subsequent years.

The bill also calls a secretary and treasurer to be appointed by the board of directors. It is assumed here those positions would be selected from the already appointed directors, so there would be no additional cost. If the board decided to appoint non-directors to those positions, additional costs would be incurred.

Travel and Per Diem

The directors would receive standard travel and per diem expenses when the board meetings are held outside of their hometown. It is assumed for each board meeting five of seven directors would have to travel at an average airfare of \$300. The first half year (FY 02) there would be 5 meetings of 4-day duration with 10 meetings of 3 day duration in subsequent years. Per Diem would average \$125 per day.

Cost for travel would therefore be $\$300 \times 5$ meetings $\times 5$ directors = \$7,500 first half year, and $\$300 \times 10$ meetings $\times 5$ directors = \$15,000 in subsequent years.

Cost for per diem would be $\$125 \times 20$ meeting days $\times 5$ directors = \$12,500 first half year, and $\$125 \times 30$ meeting days $\times 5$ directors = \$18,750 in subsequent years.

Contractual Services

The AMHS currently does not pay rent for space it occupies in buildings leased by the Department of Administration. It is assumed that if AMHS would be restructured as a public corporation that the Department of Administration would charge the corporation for that space. The cost would be approximately 17,150 square feet \times \$1.74 per square foot per month. The total yearly cost would be \$359,000 per full year, or \$179,500 per half year.

Fiscal Note Analysis - SB 130 (CONTINUED)

Department of Transportation and Public Facilities
Alaska Marine Highway System

The AMHS currently uses the state's centralized accounting and payroll system. It is assumed the Authority would want to purchase and operate its own systems similar to other large state corporations. The estimated cost to maintain these new systems is \$100,000 per year.

Equipment

There would be a one-time cost to purchase the accounting, payroll and other business systems as indicated above. An estimate of \$300,000 for hardware and software is included. This purchase would be made in 2003 after the Authority had been in existence for six months.

Not included in these estimates are any additional costs for the use of consultants or advisors by the Authority.