

Leg. Finance - Finance Comte Files (1971-72) 8879
HB 505 cont. 88

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southeast Operations	2
FUNCTION		

MARINE ENGINEERS BENEFICIAL ASSOCIATION (MEBA) Increased Welfare Contribution

By union contract all employers agree to make contributions to the Engineers Welfare and Pension Plans at rates established by the board of trustees for the trust fund. After submission of the FY 72 budget it was brought to the division's attention that our contribution rate had been substantially below the proper rate since June 16, 1969. By the Union's own admission the administrator of the fund had not properly notified the employers and created considerable confusion throughout the industry. A supplemental appropriation was obtained from the last legislature to bring our account up to date but the supplemental did not include funds to project through Fiscal 72. That is the purpose of this supplemental.

Budgeted contribution rate is \$1.90 per man day times 225 days or \$427.50 per year.

Actual rate of contribution is \$10.84 per man day times 182 man days or \$1,973.00 per year per man.

VESSELS	NO. OF MEN	BUDGETED	ACTUAL	SHORT
MALASPINA CLASS	. 24	\$10,260	\$47,352	\$37,092
WICKERSHAM	<u>10</u>	<u>4,275</u>	<u>19,730</u>	<u>15,455</u>
TOTAL	34	\$14,535	\$67,082	\$52,547

STATE OF ALASKA
Dept. of Administration

DETAIL OF EXPENDITURES -
300, CONTRACTUAL SERVICES

SUPPLEMENTAL REQUEST
For the Fiscal Year ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		8
ACTIVITY	Southeast Operation		2
FUNCTION			

CODE (1)	CONTRACTUAL SERVICES CLASSIFICATION (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
310	COMMUNICATIONS						
320	PRINTING AND ADVERTISING						
330	RENTS AND UTILITIES			40,100	40,100		
340	REPAIRS, SERVICES AND ALTERATIONS			76,500	76,500		
350	TRANSPORTATION OF THINGS						
360	EQUIPMENT RENTAL						
370	INSURANCE AND BONDING			67,500	67,500		
380	PROFESSIONAL FEES AND SERVICES						
390	OTHER CONTRACTUAL SERVICES						
TOTAL				184,100	184,100		

EXPENDITURE REQUEST -
COST ANALYSIS

	PROGRAM MAINTENANCE LEVEL	PROGRAM INCREASE	TOTAL
310			
320			
330	40,100		40,100
340	76,500		76,500
350			
360			
370	67,500		67,500
380			
390			
TOTAL			184,100

EXPENDITURE REQUEST -
NARRATIVE ANALYSIS

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	S. E. Operations	2
FUNCTION		

330 Rents and Utilities

Prince Rupert Agency Contract. This contract is for the joint staffing of the Prince Rupert terminal by the State of Alaska and the B. C. Ferries. Contract has provision for annual reevaluation of sharing cost dependent upon number of ferry landings and services provided. All Prince Rupert personnel are on B. C. Ferries pay roll and State reimburses B. C. Ferries for our proportionate share. Complete audit of B. C. Ferries cost upon last annual renewal shows Alaska's share to now be \$5,500 per month. Fiscal 72 budget provides for only \$3,600 per month. Increase is for \$1,900 per month times 12 months.

\$22,800

Skagway fueling facility maintenance and operating contract.

At the beginning of the ferry system the State entered into a 15 year contract with Standard Oil Company for the construction and operation of a fueling facility at Skagway. Except for cost of fuel the contract is in 5 year increments as to the State's purchase option and cost of maintenance and operation. Initial 5 year increments expired in 1970 and Standard Oil Company advised they had originally underestimated the cost of maintenance and operation and the State had benefited considerably during this period. However on renewal they wished cost adjusted to reflect actual cost. In any given year if the State's payments exceed actual cost a refund will be made to the State. Operating cost for the current contract year are projected at \$45,300. Budget for this period was \$28,000 leaving a deficit at \$17,300.

17,300

Total 330, Rents and Utilities

\$40,100

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

		COOL
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	S. E. Operation	2
FUNCTION		

340 Repairs, Services and Alterations.

Liferaft maintenance and annual inspection have been budgeted as \$8 per man capacity times total capacity of 2,835 passengers for a total of \$22,700. Current cost including new required annual replacement items is now \$12 per man capacity for a total of \$34,000 providing a short fall for the current fiscal year of \$11,300

Repairs to Vessels

The "340" account is the primary budget item for vessel repairs. All shipyard work and other contract labor is included in this category. Cuts imposed on this section last year reduced it from our requested amount of \$614,800 to \$519,300. Excluding the amounts allocated for administration (terminals), dock repairs and life raft maintenance and inspection which total \$223,700 a balance is left for pure ship repairs of \$295,600.

As of this writing (10-11-71) only one vessel, the WICKERSHAM, has completed its annual overhaul. The total "340" charges for the WICKERSHAM were \$133,410 leaving only \$162,190 for the three MALASPINA class vessels.

The total "340" budget request for repairs before any cuts were applied to the budget for each MALASPINA class vessel was \$75,800. This is considered a realistic figure in light of current shipyard prices and the fact the ships will have less than their usual yard time this year due to the need of having them back in service prior to the MALASPINA going into the yard for lengthening. At \$75,800 per vessel a total of \$227,400 will be required for the three vessels. Current projections show only \$162,190 available leaving a short fall of \$65,210. 65,210

Total 340, Repairs, Services and Alterations \$76,500

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST
For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	S. E. Operation	2
FUNCTION		

370 Insurance and Bonding.

Hull and P & I insurance on the S. E. vessels was budgeted at the current rate of 1.82%. New bias effective 7-1-71 increased this rate to 2.05%.

Current rate 2.05% of \$29,330,000 valuation	601,300
Budgeted rate 1.82% of \$29,300,000 valuation	<u>533,800</u>
Amount underbudgeted	67,500

Total 370 Insurance

67,500

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southeast Operations	2
FUNCTION		

460 Equipment Parts and Supplies

Vessel Fuel Oil

The State's contract for vessel fuel through the Skagway Standard Oil facility allows price increases only when and to the extent of Tank truck price changes at the Richmond, California plant with prices adjusted on July 1 of each year. Effective July 1, 1971, a major price change for heavy fuel became effective. The cost per barrel increased from \$3.85 to \$5.30. Diesel fuel increased 7/10 of a cent per gallon.

Comparison of budgeted to actual cost are as follows:

FUEL	AMOUNT	BUDGET	ACTUAL	SHORT
P. S. 200	45,504 bbl.	\$242,300	\$263,100	\$ 20,800
P. S. 300	129,828 bbl.	499,800	688,088	188,288
Diesel(CHILKAT)	1,671 bbl.	<u>9,500</u>	<u>10,694</u>	<u>1,194</u>
TOTAL		\$751,600	961,882	\$210,282

TOTAL ADDITIONAL REQUIRED

\$210,300

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

EXPENDITURES BY OBJECT
 at
 SOURCE OF FUNDS

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		8
ACTIVITY	S.E. Stewards		5
FUNCTION			

CODE (1)	EXPENDITURES BY OBJECT (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
100	PERSONAL SERVICES			120,800	120,800		
200	TRAVEL			0	0		
300	CONTRACTUAL SERVICES			0	0		
400	COMMODITIES			0	0		
500	EQUIPMENT			0	0		
600	LANDS AND STRUCTURES			0	0		
700	GRANTS, CLAIMS AND SHARED REVENUE			0	0		
800	MISCELLANEOUS						
900	INTER-AGENCY CHARGES						
	TOTAL EXPENSES (Col. 3)						
	AMOUNT LAPSED (Col. 3)						
	TOTAL			120,800	120,800		
CODE	SOURCE OF FUNDS						
	FEDERAL RECEIPTS (See 02-15)						
	PROGRAM RECEIPTS (See 02-15)						
	INTER-AGENCY RECEIPTS (See 02-15)						
	SPECIAL FUND						
	SPECIAL FUND RESERVE ACCOUNT						
	UNRESTRICTED GENERAL FUND			120,800	120,800		
	TOTAL			120,800	120,800		

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

DETAIL OF EXPENDITURES -
 100, PERSONAL SERVICES - CURRENT

SUPPLEMENTAL REQUEST

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For the Fiscal Year Ending June 30, 1972

AGENCY OPERATING PROGRAM	Public Works	13
	Marine Transportation	8
ACTIVITY	Southeast Stewards	5
FUNCTION		

CLASSIFICATION TITLE (1)	PCN (2)	PAY RGE. (3)	MO. SAL. (4)	70-71 Authorized			1971-1972 ESTIMATED												
				NO. POS. (6)	NO. MO. (7)	ANNUAL AMOUNT (8)	DEPT. REQUEST			INCREASE (DECREASE) (12)	GOV. ALLOWANCE			LEGIS. ALLOWANCE					
							NO. POS. (9)	NO. MO. (10)	ANNUAL AMOUNT (11)		NO. POS. (13)	NO. MO. (14)	ANNUAL AMOUNT (15)	NO. POS. (16)	NO. MO. (17)	ANNUAL AMOUNT (18)			
1 FOR MALASPINA CLASS AND WICKERSHAM																			
2																			
3 Increased Overtime										69,048	69,048								
4																			
5 Penalty Pay, etc.										51,785	51,785								
6																			
7																			
8																			
9 Rounding										(33)	(33)								
10																			
11																			
12																			
13																			
14																			
15																			
16																			
17																			
18																			
19																			
20																			
21																			
22																			
23																			
24																			
25																			
26																			
SUMMARY																			
						1969-1970 ANNUAL AMOUNT (5)													
PERMANENT - Full-Time Positions																			
PERMANENT - Part-Time Positions																			
TEMPORARY - (Full-Time Equivalent)																			
NUMBER OF MAN MONTHS																			
TOTAL ANNUAL AMOUNT										120,800	120,800								

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southeast Stewards	5
FUNCTION		

For narrative justification of increased overtime and penalty pay please refer to statements following request for same items for Southeast operations.

COMPUTATIONS

INCREASED OVERTIME

Gross wages for MALASPINA Class and WICKERSHAM	\$1,726,181
Overtime computed at 10% gross wages	\$172,618
Less overtime budgeted	<u>103,570</u>
AMOUNT REQUIRED THIS SUPPLEMENTAL	\$ 69,048

PENALTY PAY, ETC.

3% of gross pay equals \$51,785

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

EXPENDITURES BY OBJECT
and
SOURCE OF FUNDS
SUPPLEMENTAL REQUEST
For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		8
ACTIVITY	Southwest Operations		3
FUNCTION			

CODE (1)	EXPENDITURES BY OBJECT (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
100	PERSONAL SERVICES			63,500	63,500		
200	TRAVEL			-0-	-0-		
300	CONTRACTUAL SERVICES			46,500	46,500		
400	COMMODITIES			18,100	18,100		
500	EQUIPMENT						
600	LANDS AND STRUCTURES						
700	GRANTS, CLAIMS AND SHARED REVENUE						
800	MISCELLANEOUS						
900	INTERAGENCY CHARGES						
	TOTAL EXPENSES (Col. 3)						
	AMOUNT LAPSED (Col. 3)						
	TOTAL			128,100	128,100		
CODE	SOURCE OF FUNDS						
	FEDERAL RECEIPTS (Sec 02-15)						
	PROGRAM RECEIPTS (Sec 02-15)						
	INTERAGENCY RECEIPTS (Sec 02-15)						
	SPECIAL FUND						
	SPECIAL FUND RESERVE ACCOUNT			128,100	128,100		
	UNRESTRICTED GENERAL FUND						
	TOTAL			128,100	128,100		

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southwest Operations	3
FUNCTION		

For narrative justification of increased overtime, penalty pay and M.E.B.A. welfare contributions please refer to statements following request for same items for S. E. operations.

Computations.

Increased overtime

Gross wages for M/V TUSTUMENA and M/V BARTLETT \$639,654

Overtime computed at 10% of gross wages	\$63,965
Less overtime budgeted at 6% of gross wages	38,379
Amount required this supplemental	<u>25,586</u>

Penalty Pay, etc.

3% of gross wages of \$639,654 equals \$19,190

M.E.B.A. Contribution.

M/V TUSTUMENA

Budgeted \$479 per man year actual contribution is \$7.63 per man day times 360 days per year equals \$2,603 per man year.

4 men at \$2,603 equals	\$10,412
Less budget of 4 @\$479	(1,916)
Amount short	<u>8,496</u>

M/V BARTLETT

Budgeted \$479 per man Actual contribution rate is \$10.84 per man day times 360 man days equals \$3,902 per man per year.

3 men @\$3,902 equals	\$11,706
Less budget of # @\$479	(1,437)
Amount short	<u>\$10,269</u>

Total short both vessels \$18,765

STATE OF ALASKA
Dept. of Administration

DETAIL OF EXPENDITURES —
300, CONTRACTUAL SERVICES

		CODE
AGENCY OPERATING PROGRAM	Public Works	13
	Marine Transportation	8
ACTIVITY	S. W. Operation	3
FUNCTION		

SUPPLEMENTAL REQUEST
For the Fiscal Year ending June 30, 1972

CODE (1)	CONTRACTUAL SERVICES CLASSIFICATION (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
310	COMMUNICATIONS						
320	PRINTING AND ADVERTISING						
330	RENTS AND UTILITIES						
340	REPAIRS, SERVICES AND ALTERATIONS			25,000	25,000		
350	TRANSPORTATION OF THINGS						
360	EQUIPMENT RENTAL						
370	INSURANCE AND BONDING			21,500	21,500		
380	PROFESSIONAL FEES AND SERVICES						
390	OTHER CONTRACTUAL SERVICES						
	TOTAL			46,500	46,500		

EXPENDITURE REQUEST —
COST ANALYSIS

PROGRAM MAIN-
TENANCE LEVEL

PROGRAM
INCREASE

TOTAL

310			
320			
330			
340	25,000		25,000
350			
360			
370	21,500		21,500
380			
390			

46,500

46,500

EXPENDITURE REQUEST —
NARRATIVE ANALYSIS

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southwest Operation	3
FUNCTION		

340 Repairs, Services and Alterations.

Kodiak Line Handling cost.

Renegotiation of the agent contract with the City of Kodiak included a provision that the State would bear the cost of Longshoremen for the line handling in the event the Longshoremen Union made demands upon the city for this work. Such demands were made and the Longshoremen replaced city crews for line handling. This change was based upon a contract a former City Manager of Kodiak signed with the Longshoremen giving them all the work on the water front. It was not legally possible to exempt the State ferry from this contract.

TOTAL ANNUAL COST

\$25,000

TOTAL 340

\$25,000

370 Insurance and Bonding.

Increased rate on Hull and P. & I Insurance from 1.82% to 2.05%

Total valuation \$8,950,000 @2.05% \$183,500

Total valuation 8,950,000 @1.82% 162,000

Amount Under Budgeted \$ 21,500

TOTAL 370

\$21,500

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southwest Operations	3
FUNCTION		

460 Equipment Parts and Supplies

Price increase on P. S. 200 diesel fuel from \$.1335 per gallon to \$.1415 per gallon at Homer for fueling the TUSTUMENA and from \$.1415 to \$.1585 per gallon at Cordova for fueling the BARTLETT.

<u>VESSEL</u>	<u>CONSUMPTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>DIFFERENCE</u>
TUSTUMENA	843,396 gallons	\$86,800	\$126,900	(40,100)
BARTLETT	<u>420,434 gallons</u>	<u>88,800</u>	<u>66,800</u>	<u>22,000</u>
TOTALS	1,263,830 gallons	\$175,600	\$193,700	(\$18,100)

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

EXPENDITURES BY OBJECT
 and
 SOURCE OF FUNDS
 SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		8
ACTIVITY	S. W. Steward		6
FUNCTION			

CODE (1)	EXPENDITURES BY OBJECT (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
100	PERSONAL SERVICES			12,000	12,000		
200	TRAVEL			0	0		
300	CONTRACTUAL SERVICES			0	0		
400	COMMODITIES			0	0		
500	EQUIPMENT			0	0		
600	LANDS AND STRUCTURES			0	0		
700	SHARES, CLAIMS AND SHARED REVENUE			0	0		
800	MISCELLANEOUS						
900	INTER-AGENCY CHARGES						
	TOTAL EXPENSES (Col. 2)						
	AMOUNT LAPSED (Col. 3)						
	TOTAL			12,000	12,000		
CODE	SOURCE OF FUNDS						
	FEDERAL RECEIPTS (Sec 02.15)						
	PROGRAM RECEIPTS (Sec 02.15)						
	INTER-AGENCY RECEIPTS (Sec 02.15)						
	SPECIAL FUND						
	SPECIAL FUND RESERVE ACCOUNT						
	UNRESTRICTED GENERAL FUND			12,000	12,000		
	TOTAL			12,000	12,000		

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

DETAIL OF EXPENDITURES -
 100, PERSONAL SERVICES - CURRENT

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY OPERATING PROGRAM	Public Works	13
ACTIVITY	Marine Transportation	8
FUNCTION	S. W. Stewards	6

CLASSIFICATION TITLE (1)	PCN (2)	PAY RGE. (3)	MO. SAL. (4)	70-71 Authorized			1971-1972 ESTIMATED												
				NO. POS. (6)	NO. MO. (7)	ANNUAL AMOUNT (8)	DEPT. REQUEST			INCREASE (DECREASE) (12)	GOV. ALLOWANCE			LEGIS. ALLOWANCE					
							NO. POS. (9)	NO. MO. (10)	ANNUAL AMOUNT (11)		NO. POS. (13)	NO. MO. (14)	ANNUAL AMOUNT (15)	NO. POS. (16)	NO. MO. (17)	ANNUAL AMOUNT (18)			
1 For M/V TJSTUMENA and M/V BARTLETT																			
2																			
3 Increased overtime										6,927	6,927								
4																			
5 Penalty pay etc.										5,061	5,061								
6																			
7																			
8 Rounding										12	12								
9																			
10																			
11																			
12																			
13																			
14																			
15																			
16																			
17																			
18																			
19																			
20																			
21																			
22																			
23																			
24																			
25																			
26																			
SUMMARY																			
						1969-1970 ANNUAL AMOUNT (5)													
PERMANENT - Full-Time Positions																			
PERMANENT - Part-Time Positions																			
TEMPORARY - (Full-Time Equivalent)																			
NUMBER OF MAN MONTHS																			
TOTAL ANNUAL AMOUNT										12,000	12,000								

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST
For the Fiscal Year Ending June 30, 1972

		COB
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	S. W. Stewards	6
FUNCTION		

For narrative justification of increased overtime and penalty pay please refer to statements following request for same items for S. E. Operations.

Computations

Increased Overtime

Gross wages for M/V TUSTUMENA and M/V BARTLETT	168,696
Overtime computed at 10% of gross wages	16,869
Less overtime budgeted at 6% of gross wages	9,942
Amount required this supplemental	<u>6,927</u>

Penalty pay etc.

3% of gross wages of \$168,696 equals	5,061
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Introduced: 1/14/72
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 505

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Public Works; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$900,000 is appropriated from the general
11 fund to the Department of Public Works, Division of Marine Transportation
12 for estimated unfunded operating costs for the fiscal year ending June 30,
13 1972.

14 * Sec. 2. This Act takes effect on the day after its passage and
15 approval or on the day it becomes law without approval.

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RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James D. Smith
Signature of Camera Operator

4/4/89
Date

Committee Report

S E N A T E

Ref: 5/8/72

5-10-72

Date

Mr. President:

The Committee on Finance has had RD 505
(Dept of Public Works (Marine transp) supplemental approp)
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that
CS for _____ do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

Lee Kay William J. Gutz

James W. ...

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:

John Bullman
CHAIRMAN

72-85

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Narrative Analysis	
FUNCTION		

Division of Marine Transportation
Supplemental Budget Request for FY 72
Narrative Analysis

The budget for the Division of Marine Transportation is one of the largest in the state government. It involves the management of over 500 people, seven major ships, 12 state owned or operated terminals plus several contract terminals as well as a host of other duties and responsibilities. As such it is nearly impossible to accurately forecast operating expenditures on a line item basis.

An accurate method of forecasting operating cost is to compare prior years expenditures and operations to the current years program. The operation and responsibility of the division remains constant during the fiscal years 71 and 72.

After deducting one time insurance recoveries encountered during fiscal year 71, totaling \$479,100 the accounting records reflect an actual operating expense of \$13,773,243. The Division's General fund appropriation for FY 72 was \$13,395,400 or \$377,843 less than actual expenditures in FY 71. There has been no reduction in the program to account for the reduced funds.

Projecting our actual expenses for FY 71 to probable expenses for FY 72 by adding the known increases and additional expenditures that will be encountered in FY 72 the following picture emerges:

Operating expenditure for FY71	\$13,773,243
Classified employees wage increase	55,225
Vessel crew wages increase 6%	471,068
Prince Rupert Agency contract increase	22,700
Increased cost of Maintenance Contract with Standard Oil Co. for fuel facility at Skagway	17,300
Increased cost of life raft maintenance.	11,300
Draw and Inspect 10 tail shafts	66,000
Increased contribution to M.E.B.A. welfare	82,140
Kodiak line handling cost	25,000
Increased cost of vessel fuel oil	235,206
Increased hull and P and I insurance premium	84,697
Increased cost shore power CHILKAT	1,200
Increased cost Sitka Agent contract	2,200
	<hr/>

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST
For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Narrative Analysis	
FUNCTION		

Total FY 71 expenditures plus known increases for FY 72	\$14,847,279
Less FY 72 appropriation	<u>(13,395,400)</u>
FY 72 Deficit	\$ 1,451,879

During fiscal year 72 the M/V MALASPINA will be out of service for five months for lengthening. During this period the equivalent of nearly two full crews will be laid off and certain other savings will accrue. Our projection indicates a net savings of \$509,670 for the five month period. This will reduce our operating deficit to \$942,209 for FY 72.

The following pages request a supplemental appropriation for FY 72 totaling \$923,800. It is the opinion of this division that any lesser amount will not enable the division to continue full service throughout the entire fiscal year. However, a lesser amount would reduce the time it would be necessary to withdraw a ship from service and curtail service. If no supplemental is authorized it will be necessary to withdraw at least one vessel from service for approximately seven months or two vessels for approximately five months each.

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

EXPENDITURES BY OBJECT
 and
 SOURCE OF FUNDS
 SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		8
ACTIVITY	Summary		
FUNCTION			

CODE (1)	EXPENDITURES BY OBJECT (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
100	PERSONAL SERVICES			464,800	464,800		
200	TRAVEL			230,600	230,600		
300	CONTRACTUAL SERVICES			228,400	228,400		
400	COMMODITIES						
500	EQUIPMENT						
600	LANDS AND STRUCTURES						
71X	GRANTS, CLAIMS AND SHARED REVENUE						
800	MISCELLANEOUS						
900	INTER-AGENCY CHARGES						
	TOTAL EXPENSES (Col. 3)						
	AMOUNT LAPSED (Col. 3)						
	TOTAL			923,800	923,800		
CODE	SOURCE OF FUNDS						
	FEDERAL RECEIPTS (See 02.15)						
	PROGRAM RECEIPTS (See 02.15)						
	INTER-AGENCY RECEIPTS (See 02.15)						
	SPECIAL FUND						
	SPECIAL FUND RESERVE ACCOUNT						
	UNRESTRICTED GENERAL FUND			923,800	923,800		
	TOTAL			923,800	923,800		

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

EXPENDITURES BY OBJECT
 and
 SOURCE OF FUNDS

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		8
ACTIVITY	S. E. Operation		2
FUNCTION			

CODE (1)	EXPENDITURES BY OBJECT (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
100	PERSONAL SERVICES			268,500	268,500		
200	TRAVEL			0	0		
300	CONTRACTUAL SERVICES			184,100	184,100		
400	COMMODITIES			210,300	210,300		
500	EQUIPMENT			0	0		
600	LANDS AND STRUCTURES			0	0		
700	GRANTS, CLAIMS AND SHARED REVENUE						
800	MISCELLANEOUS						
900	INTER-AGENCY CHARGES						
	TOTAL EXPENSES (Col. 3)						
	AMOUNT LAPSED (Col. 3)						
	TOTAL			662,900	662,900		
CODE	SOURCE OF FUNDS						
	FEDERAL RECEIPTS (Sec. 02-15)						
	PROGRAM RECEIPTS (Sec. 02-15)						
	INTER-AGENCY RECEIPTS (Sec. 02-15)						
	SPECIAL FUND						
	SPECIAL FUND RESERVE ACCOUNT						
	UNRESTRICTED GENERAL FUND			662,900	662,900		
	TOTAL			662,900	662,900		

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southeast Operations	2
FUNCTION		

PERSONAL SERVICES

NARRATIVE JUSTIFICATION

Increased Overtime

Overtime for vessel crew members is required by contract and operational necessities for a wide variety of reasons. For Fiscal 72 and prior years overtime was budgeted at 6% of gross crew wages before benefits. An actual survey of a representative crew for an eight month period revealed overtime was running 11.1% of gross wages. Instructions have been issued for more diligent use of overtime where discretion permits and overtime has now leveled off at approximately 10% of gross pay. This supplemental is to provide the difference between the budgeted 6% and actual 10%.

Gross wages for MALASPINA Class vessels, WICKERSHAM and CHILKAT	\$3,044,571
Overtime computed at 10% of gross wages	\$304,830
Less Overtime budgeted at 6%	<u>179,830</u>
Amount required this supplement	\$124,627

Penalty Pay

Union contracts require that penalty pay, generally equivalent to overtime pay, be paid for dirty or hazardous work such as bilge cleaning, garbage handling, blocking vans and a variety of other work which is considered outside the scope of normal watch standing. To date this has amounted to 1.1% of gross pay. Also included in this category is travel time which by contract each employee traveling on orders receives eight hours straight time pay. Travel time amounts to .6% of Gross wages. When a vessel arrives at crew change port more than one hour behind published schedules all crew men receive late arrival pay at either straight time or overtime rates depending if they are on watch or not. Late arrival pay equals 1% of Gross wages. By contract all crewmen are guaranteed a minimum monthly wage. Should the crewman's scheduled work month be less hours than the minimum guarantee computed on an hourly rate basis additional hours must be added to equal the monthly guarantee. This amounts to .7% of gross wages.

The total of these various factors equals 3.4% of Gross wages. For budgeting purposes this has been rounded to 3%.

3% of Gross Wages of \$3,044,571 equals \$91,337

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southeast Operations	2
FUNCTION		

MARINE ENGINEERS BENEFICIAL ASSOCIATION (MEBA) Increased Welfare Contribution

By union contract all employers agree to make contributions to the Engineers Welfare and Pension Plans at rates established by the board of trustees for the trust fund. After submission of the FY 72 budget it was brought to the division's attention that our contribution rate had been substantially below the proper rate since June 16, 1969. By the Union's own admission the administrator of the fund had not properly notified the employers and created considerable confusion throughout the industry. A supplemental appropriation was obtained from the last legislature to bring our account up to date but the supplemental did not include funds to project through Fiscal 72. That is the purpose of this supplemental.

Budgeted contribution rate is \$1.90 per man day times 225 days or \$427.50 per year.

Actual rate of contribution is \$10.84 per man day times 182 man days or \$1,973.00 per year per man.

VESSELS	NO. OF MEN	BUDGETED	ACTUAL	SHORT
MALASPINA CLASS	24	\$10,275	\$47,352	\$37,092
WICKERSHAM	<u>10</u>	<u>4,275</u>	<u>19,730</u>	<u>15,455</u>
TOTAL	34	\$14,535	\$67,082	\$52,547

STATE OF ALASKA
Dept. of Administration

DETAIL OF EXPENDITURES --
300, CONTRACTUAL SERVICES

SUPPLEMENTAL REQUEST
For the Fiscal Year ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		8
ACTIVITY	Southeast Operation		2
FUNCTION			

CODE (1)	CONTRACTUAL SERVICES CLASSIFICATION (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
310	COMMUNICATIONS						
320	PRINTING AND ADVERTISING						
330	RENTS AND UTILITIES			40,100	40,100		
340	REPAIRS, SERVICES AND ALTERATIONS			76,500	76,500		
350	TRANSPORTATION OF THINGS						
360	EQUIPMENT RENTAL						
370	INSURANCE AND BONDING			67,500	67,500		
380	PROFESSIONAL FEES AND SERVICES						
390	OTHER CONTRACTUAL SERVICES						
TOTAL				184,100	184,100		

EXPENDITURE REQUEST --
COST ANALYSIS

	PROGRAM MAINTENANCE LEVEL	PROGRAM INCREASE	TOTAL
310			
320			
330	40,100		40,100
340	76,500		76,500
350			
360			
370	67,500		67,500
380			
390			

184,100

184,100

EXPENDITURE REQUEST --
NARRATIVE ANALYSIS

STATE OF ALASKA
 Dep. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	S. E. Operations	2
FUNCTION		

330 Rents and Utilities

Prince Rupert Agency Contract. This contract is for the joint staffing of the Prince Rupert terminal by the State of Alaska and the B. C. Ferries. Contract has provision for annual reevaluation of sharing cost dependent upon number of ferry landings and services provided. All Prince Rupert personnel are on B. C. Ferries pay roll and State reimburses B. C. Ferries for our proportionate share. Complete audit of B. C. Ferries cost upon last annual renewal shows Alaska's share to now be \$5,500 per month. Fiscal 72 budget provides for only \$3,600 per month. Increase is for \$1,900 per month times 12 months.

\$22,800

Skagway fueling facility maintenance and operating contract.

At the beginning of the ferry system the State entered into a 15 year contract with Standard Oil Company for the construction and operation of a fueling facility at Skagway. Except for cost of fuel the contract is in 5 year increments as to the State's purchase option and cost of maintenance and operation. Initial 5 year increments expired in 1970 and Standard Oil Company advised they had originally underestimated the cost of maintenance and operation and the State had benefited considerably during this period. However on renewal they wished cost adjusted to reflect actual cost. In any given year if the State's payments exceed actual cost a refund will be made to the State. Operating cost for the current contract year are projected at \$45,300. Budget for this period was \$28,000 leaving a deficit at \$17,300.

17,300

Total 330, Rents and Utilities

\$40,100

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	S. E. Operation	2
FUNCTION		

340 Repairs, Services and Alterations.

Liferaft maintenance and annual inspection have been budgeted as \$8 per man capacity times total capacity of 2,835 passengers for a total of \$22,700. Current cost including new required annual replacement items is now \$12 per man capacity for a total of \$34,000 providing a short fall for the current fiscal year of

\$11,300

Repairs to Vessels

The "340" account is the primary budget item for vessel repairs. All shipyard work and other contract labor is included in this category. Cuts imposed on this section last year reduced it from our requested amount of \$614,800 to \$519,300. Excluding the amounts allocated for administration (terminals), dock repairs and life raft maintenance and inspection which total \$223,700 a balance is left for pure ship repairs of \$295,600.

As of this writing (10-11-71) only one vessel, the WICKERSHAM, has completed its annual overhaul. The total "340" charges for the WICKERSHAM were \$133,410 leaving only \$162,190 for the three MALASPINA class vessels.

The total "340" budget request for repairs before any cuts were applied to the budget for each MALASPINA class vessel was \$75,800. This is considered a realistic figure in light of current shipyard prices and the fact the ships will have less than their usual yard time this year due to the need of having them back in service prior to the MALASPINA going into the yard for lengthening. At \$75,800 per vessel a total of \$227,400 will be required for the three vessels. Current projections show only \$162,190 available leaving a short fall of \$65,210.

65,210

Total 340, Repairs, Services and Alterations

\$76,500

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST
For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	S. E. Operation	2
FUNCTION		

370 Insurance and Bonding.

Hull and P & I insurance on the S. E. vessels was budgeted at the current rate of 1.82%. New bids effective 7-1-71 increased this rate to 2.05%.

Current rate 2.05% of \$29,330,000 valuation	601,300
Budgeted rate 1.82% of \$29,300,000 valuation	<u>533,800</u>
Amount underbudgeted	67,500

Total 370 Insurance

67,500

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

DETAIL OF EXPENDITURES -
 400, COMMODITIES

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		8
ACTIVITY	Southeast Operations		2
FUNCTION			

CODE (1)	COMMODITY CLASSIFICATION (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
410	CLOTHING						
430	FOOD FOR HUMAN CONSUMPTION						
440	FUEL (OTHER THAN FOR MOTOR VEHICLES)						
450	MAINTENANCE & CONSTRUCTION MATERIALS						
460	MOTOR VEH. PARTS, SUPPLIES & ACCESSORIES			210,300	210,300		
470	PROFESSIONAL & SCIENTIFIC SUPPLIES						
480	STATIONARY AND OFFICE SUPPLIES						
490	OTHER SUPPLIES, MATERIALS AND PARTS						
	TOTAL			210,300	210,300		

EXPENDITURE REQUEST -
 COST ANALYSIS

	PROGRAM MAIN- TENANCE LEVEL	PROGRAM INCREASE	TOTAL
410			
430			
440			
450			
460	210,300		210,300
470			
480			
490			
	<u>210,300</u>		<u>210,300</u>

EXPENDITURE REQUEST -
 NARRATIVE ANALYSIS

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM
 SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southeast Operations	2
FUNCTION		

460 Equipment Parts and Supplies

Vessel Fuel Oil

The State's contract for vessel fuel through the Skagway Standard Oil facility allows price increases only when and to the extent of Tank truck price changes at the Richmond, California plant with prices adjusted on July 1 of each year. Effective July 1, 1971, a major price change for heavy fuel became effective. The cost per barrel increased from \$3.85 to \$5.30. Diesel fuel increased 7/10 of a cent per gallon.

Comparison of budgeted to actual cost are as follows:

FUEL	AMOUNT	BUDGET	ACTUAL	SHORT
P. S. 200	45,504 bbl.	\$242,300	\$263,100	\$ 20,800
P. S. 300	129,828 bbl.	499,800	688,088	188,288
Diesel(CHILKAT)	1,671 bbl.	<u>9,500</u>	<u>10,694</u>	<u>1,194</u>
TOTAL		\$751,600	961,882	\$210,282

TOTAL ADDITIONAL REQUIRED

\$210,300

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

EXPENDITURES BY OBJECT
 and
 SOURCE OF FUNDS

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		8
ACTIVITY	S.E. Stewards		5
FUNCTION			

CODE (1)	EXPENDITURES BY OBJECT (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
100	PERSONAL SERVICES			120,800	120,800		
200	TRAVEL			0	0		
300	CONTRACTUAL SERVICES			0	0		
400	COMMODITIES			0	0		
500	EQUIPMENT			0	0		
600	LANDS AND STRUCTURES			0	0		
700	GRANTS, CLAIMS AND SHARED REVENUE			0	0		
800	MISCELLANEOUS						
900	INTER-AGENCY CHARGES						
	TOTAL EXPENSES (Col. 3)						
	AMOUNT LAPSED (Col. 3)						
	TOTAL			120,800	120,800		
CODE	SOURCE OF FUNDS						
	FEDERAL RECEIPTS (See 02-15)						
	PROGRAM RECEIPTS (See 02-15)						
	INTER-AGENCY RECEIPTS (See 02-15)						
	SPECIAL FUND						
	SPECIAL FUND RESERVE ACCOUNT						
	UNRESTRICTED GENERAL FUND			120,800	120,800		
	TOTAL			120,800	120,800		

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

DETAIL OF EXPENDITURES -
 100, PERSONAL SERVICES - CURRENT

SUPPLEMENTAL REQUEST

a
 For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southeast Stewards	5
FUNCTION		

CLASSIFICATION TITLE (1)	PCN (2)	PAY RGE. (3)	MO. SAL. (4)	70-71 Authorized			1971-1972 ESTIMATED											
				NO. POS. (6)	NO. MO. (7)	ANNUAL AMOUNT (8)	DEPT. REQUEST			INCREASE (DECREASE) (12)	GC. ALLOWANCE			LEGIS. ALLOWANCE				
							NO. POS. (9)	NO. MO. (10)	ANNUAL AMOUNT (11)		NO. POS. (13)	NO. MO. (14)	ANNUAL AMOUNT (15)	NO. POS. (16)	NO. MO. (17)	ANNUAL AMOUNT (18)		
1 FOR MALASPINA CLASS AND WICKERSHAM																		
2																		
3 Increased Overtime										69,048	69,048							
4																		
5 Penalty Pay, etc.										51,785	51,785							
6																		
7																		
8																		
9 Rounding										(33)	(33)							
10																		
11																		
12																		
13																		
14																		
15																		
16																		
17																		
18																		
19																		
20																		
21																		
22																		
23																		
24																		
25																		
26																		
SUMMARY																		
						1969-1970 ANNUAL AMOUNT (5)												
PERMANENT - Full-Time Positions																		
PERMANENT - Part-Time Positions																		
TEMPORARY - (Full-Time Equivalent)																		
NUMBER OF MAN MONTHS																		
TOTAL ANNUAL AMOUNT										120,800	120,800							

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

	CODE
AGENCY Public Works	13
OPERATING PROGRAM Marine Transportation	8
ACTIVITY Southeast Stewards	5
FUNCTION	

For narrative justification of increased overtime and penalty pay please refer to statements following request for same items for Southeast operations.

COMPUTATIONS

INCREASED OVERTIME

Gross wages for MALASPINA Class and WICKERSHAM	\$1,726,181
Overtime computed at 10% gross wages	\$172,618
Less overtime budgeted	<u>103,570</u>
AMOUNT REQUIRED THIS SUPPLEMENTAL	\$ 69,048

PENALTY PAY, ETC.

3% of gross pay equals \$51,785

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

EXPENDITURES BY OBJECT
 and
 SOURCE OF FUNDS
 SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		8
ACTIVITY	Southwest Operations		3
FUNCTION			

CODE (1)	EXPENDITURES BY OBJECT (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
100	PERSONAL SERVICES			63,500	63,500		
200	TRAVEL			-0-	-0-		
300	CONTRACTUAL SERVICES			46,500	46,500		
400	COMMODITIES			18,100	18,100		
500	EQUIPMENT						
600	LANDS AND STRUCTURES						
700	GRANTS, CLAIMS AND SHARED REVENUE						
800	MISCELLANEOUS						
900	INTER-AGENCY CHARGES						
	TOTAL EXPENSES (Col. 3)						
	AMOUNT LAPSED (Col. 3)						
	TOTAL			128,100	128,100		
CODE	SOURCE OF FUNDS						
	FEDERAL RECEIPTS (Sec 02-15)						
	PROGRAM RECEIPTS (Sec 02-15)						
	INTER-AGENCY RECEIPTS (Sec 02-15)						
	SPECIAL FUND						
	SPECIAL FUND RESERVE ACCOUNT			128,100	128,100		
	UNRESTRICTED GENERAL FUND						
	TOTAL			128,100	128,100		

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

DETAIL OF EXPENDITURES -
 100, PERSONAL SERVICES - CURRENT

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY OPERATING PROGRAM
 ACTIVITY FUNCTION

Public Works 13
 Marine Transport. 8
 S. W. Operations 3

CODE
13
8
3

CLASSIFICATION TITLE (1)	PCN (2)	PAY RGE. (3)	MO. SAL. (4)	70-71 Authorized			1971-1972 ESTIMATED												
				NO. POS. (6)	NO. MO. (7)	ANNUAL AMOUNT (8)	DEPT. REQUEST			INCREASE (DECREASE) (12)	GOV. ALLOWANCE			LEGIS. ALLOWANCE					
							NO. POS. (9)	NO. MO. (10)	ANNUAL AMOUNT (11)		NO. POS. (13)	NO. MO. (14)	ANNUAL AMOUNT (15)	NO. POS. (16)	NO. MO. (17)	ANNUAL AMOUNT (18)			
1																			
2 For M/V TUSTUMENA and M/V BARTLETT																			
3																			
4 Increased overtime										25,586	25,586								
5																			
6 Penalty Pay, etc.										19,190	19,190								
7																			
8 M.E.B.A. welfare										18,765	18,765								
9																			
10																			
11 Rounding										(41)	(41)								
12																			
13																			
14																			
15																			
16																			
17																			
18																			
19																			
20																			
21																			
22																			
23																			
24																			
25																			
26																			
SUMMARY																			
				1969-1970 ANNUAL AMOUNT (3)															
PERMANENT - Full-Time Positions																			
PERMANENT - Part-Time Positions																			
TEMPORARY - (Full-Time Equivalent)																			
NUMBER OF MAN MONTHS																			
TOTAL ANNUAL AMOUNT										63,500	63,500								

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southwest Operations	3
FUNCTION		

For narrative justification of increased overtime, penalty pay and M.E.B.A. welfare contributions please refer to statements following request for same items for S. E. operations.

Computations.

Increased overtime

Gross wages for M/V TUSTUMENA and M/V BARTLETT \$639,654

Overtime computed at 10% of gross wages	\$63,965
Less overtime budgeted at 6% of gross wages	38,379
Amount required this supplemental	<u>25,586</u>

Penalty Pay, etc.

3% of gross wages of \$639,654 equals \$19,190

M.E.B.A. Contribution.

M/V TUSTUMENA

Budgeted \$479 per man year actual contribution is \$7.63 per man day times 350 days per year equals \$2,603 per man year.

4 men at \$2,603 equals	\$10,412
Less budget of 4 @ \$479	(1,916)
Amount short	<u>8,496</u>

M/V BARTLETT

Budgeted \$479 per man Actual contribution rate is \$10.84 per man day times 360 man days equals \$3,902 per man per year.

3 men @ \$3,902 equals	\$11,706
Less budget of # @ \$479	(1,437)
Amount short	<u>\$10,269</u>

Total short both vessels \$18,765

STATE OF ALASKA
Dept. of Administration

DETAIL OF EXPENDITURES -
300, CONTRACTUAL SERVICES

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	S. W. Operation	3
FUNCTION		

SUPPLEMENTAL REQUEST
For the Fiscal Year ending June 30, 1972

CODE (1)	CONTRACTUAL SERVICES CLASSIFICATION (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
310	COMMUNICATIONS						
320	PRINTING AND ADVERTISING						
330	RENTS AND UTILITIES						
340	REPAIRS, SERVICES AND ALTERATIONS			25,000	25,000		
350	TRANSPORTATION OF THINGS						
360	EQUIPMENT RENTAL						
370	INSURANCE AND BONDING			21,500	21,500		
380	PROFESSIONAL FEES AND SERVICES						
390	OTHER CONTRACTUAL SERVICES						
	TOTAL			46,500	46,500		

EXPENDITURE REQUEST -
COST ANALYSIS

	PROGRAM MAINTENANCE LEVEL	PROGRAM INCREASE	TOTAL
310			
320			
330			
340	25,000		25,000
350			
360			
370	21,500		21,500
380			
390			
	<u>46,500</u>	<u> </u>	<u>46,500</u>

EXPENDITURE REQUEST -
NARRATIVE ANALYSIS

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southwest Operation	3
FUNCTION		

340 Repairs, Services and Alterations.

Kodiak Line Handling cost.

Renegotiation of the agent contract with the City of Kodiak included a provision that the State would bear the cost of Longshoremen for the line handling in the event the Longshoremen Union made demands upon the city for this work. Such demands were made and the Longshoremen replaced city crews for line handling. This change was based upon a contract a former City Manager of Kodiak signed with the Longshoremen giving them all the work on the water front. It was not legally possible to exempt the State ferry from this contract.

TOTAL ANNUAL COST \$25,000

TOTAL 340 \$25,000

370 Insurance and Bonding.

Increased rate on Hull and P. & I Insurance from 1.82% to 2.05%

Total valuation \$8,950,000 @2.05% \$183,500

Total valuation 8,950,000 @1.82% 162,000

Amount Under Budgeted \$ 21,500

TOTAL 370 \$21,500

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST

For the Fiscal Year Ending June 30, 1972

		CODE
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	Southwest Operations	3
FUNCTION		

460 Equipment Parts and Supplies

Price increase on P. S. 200 diesel fuel from \$.1335 per gallon to \$.1415 per gallon at Homer for fueling the TUSTUMENA and from \$.1415 to \$.1585 per gallon at Cordova for fueling the BARTLETT.

<u>VESSEL</u>	<u>CONSUMPTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>DIFFERENCE</u>
TUSTUMENA	843,396 gallons	\$86,800	\$126,900	(40,100)
BARTLETT	<u>420,434 gallons</u>	<u>88,800</u>	<u>66,800</u>	<u>22,000</u>
TOTALS	1,263,830 gallons	\$175,600	\$193,700	(\$18,100)

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

EXPENDITURES BY OBJECT
 and
 SOURCE OF FUNDS

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY	Public Works	CODE	13
OPERATING PROGRAM	Marine Transportation		3
ACTIVITY	S. W. Steward		0
FUNCTION			

CODE (1)	EXPENDITURES BY OBJECT (2)	1969-1970 Actual (3)	1970-1971 Authorized (4)	1971-1972 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
100	PERSONAL SERVICES			12,000	12,000		
200	TRAVEL			0	0		
300	CONTRACTUAL SERVICES			0	0		
400	COMMODITIES			0	0		
500	EQUIPMENT			0	0		
600	LANDS AND STRUCTURES			0	0		
700	GRANTS, CLAIMS AND SHARED REVENUE			0	0		
800	MISCELLANEOUS						
900	INTER-AGENCY CHARGES						
	TOTAL EXPENSES (Col. 3)						
	AMOUNT LAPSED (Col. 3)						
	TOTAL			12,000	12,000		
CODE	SOURCE OF FUNDS						
	FEDERAL RECEIPTS (See 02-15)						
	PROGRAM RECEIPTS (See 02-15)						
	INTER-AGENCY RECEIPTS (See 02-15)						
	SPECIAL FUND						
	SPECIAL FUND RESERVE ACCOUNT						
	UNRESTRICTED GENERAL FUND			12,000	12,000		
	TOTAL			12,000	12,000		

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

DETAIL OF EXPENDITURES -
 100, PERSONAL SERVICES - CURRENT

SUPPLEMENTAL REQUEST
 For the Fiscal Year Ending June 30, 1972

AGENCY OPERATING PROGRAM	Public Works	13
	Marine Transporta	8
ACTIVITY FUNCTION	S. W. Stewards	6

CLASSIFICATION TITLE (1)	PCN (2)	PAY RGE. (3)	MO. SAL. (4)	70-71 Authorized			1971-1972 ESTIMATED											
				NO. POS. (6)	NO. MO. (7)	ANNUAL AMOUNT (8)	DEPT. REQUEST			INCREASE (DECREASE) (12)	GOV. ALLOWANCE			LEGIS. ALLOWANCE				
							NO. POS. (9)	NO. MO. (10)	ANNUAL AMOUNT (11)		NO. POS. (13)	NO. MO. (14)	ANNUAL AMOUNT (15)	NO. POS. (16)	NO. MO. (17)	ANNUAL AMOUNT (18)		
1 For M/V TUSTUMENA and M/V BARTLETT																		
2																		
3 Increased overtime										6,927	6,927							
4																		
5 Penalty pay etc.										5,061	5,061							
6																		
7																		
8 Rounding										12	12							
9																		
10																		
11																		
12																		
13																		
14																		
15																		
16																		
17																		
18																		
19																		
20																		
21																		
22																		
23																		
24																		
25																		
26																		
SUMMARY																		
				1969-1970 ANNUAL AMOUNT (5)														
PERMANENT - Full-Time Positions																		
PERMANENT - Part-Time Positions																		
TEMPORARY - (Full-Time Equivalent)																		
NUMBER OF MAN MONTHS																		
TOTAL ANNUAL AMOUNT										12,000	12,000							

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL REQUEST
For the Fiscal Year Ending June 30, 1972

		CO2
AGENCY	Public Works	13
OPERATING PROGRAM	Marine Transportation	8
ACTIVITY	S. W. Stewards	6
FUNCTION		

For narrative justification of increased overtime and penalty pay please refer to statements following request for same items for S. E. Operations.

Computations

Increased Overtime

Gross wages for M/V TUSTUMENA and M/V BARTLETT	168,696
Overtime computed at 10% of gross wages	16,869
Less overtime budgeted at 6% of gross wages	9,942
Amount required this supplemental	<u>6,927</u>

Penalty pay etc.

3% of gross wages of \$168,696 equals	5,061
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STATE OF ALASKA

WILLIAM A. EGAR, GOVERNOR

DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE COMMISSIONER / POUCH 2 — JUNEAU 99801

February 9, 1972

Re: House Bill 505

The Honorable George Hohman
Chairman, House Finance Committee
Alaska State Legislature
State Capitol Building
Pouch V
Juneau, Alaska 99801

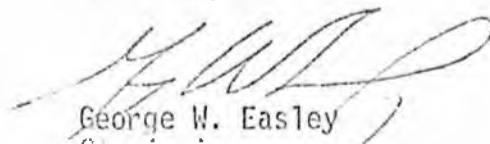
Dear Mr. Chairman:

The enclosed documents described in the memorandum from the Public Works Planner to the Division of Marine Transportation Director are forwarded in response to your memorandum of February 2, 1972 and verbal request at the meeting described.

The exhibits 1 through 7 will hopefully be in excess of the material required in items 1, 2 & 3 of your memorandum. Item 4, the TAMS report, is in preliminary form at this writing and under review by the Department for correction and comments. The final version should be available approximately March 1, 1972 and will also be furnished you upon its receipt.

I trust this material reaches your hands in ample time before tomorrow's hearings on the matter.

Sincerely,



George M. Easley
Commissioner

Enclosure

MEMORANDUM

State of Alaska

TO: Captain H. J. Lockert *2-8-72 JOL*
 Director
 Division of Marine Transportation

DATE : February 7, 1972

FROM: Doug Burton *DB*
 Public Works Planner
 Division of Marine Transportation

SUBJECT: Marine Transportation
 Operating Expense - Debt Service
 Traffic and Revenue

The data which accompanies this memo was collected in response to the request of Mr. George Hohman, Chairman of the House Finance Committee.

The following comments will assist the user to identify and interpret the information.

The first page, Exhibit 1, is a graphic presentation of the revenue expense comparisons. These comparisons have been projected to 1976. Occurrences which have affected revenue and expenses are noted. Depreciation and debt service are not included in this exhibit.

Page two, Exhibit 2, is the base data from which the graph was developed. The breakdown in expenses between Southeastern and Southwestern systems are estimates since many of our expenses are systemwide; such as administrative costs. Such expenses have been assigned proportionally to each system.

Pages 3 and 4, Exhibit 3, is a brief narrative of events affecting revenue and expense over the last eight years.

Pages 5 and 6, Exhibit 4, an accounting of the debt service for the Marine Highway since its beginning. To date, there have been three issues authorized. The 1960-61 issue of \$18,000,000, the 1966 issue of \$15,500,000 and the most recent 1970 issue of \$21,000,000.

The information has been divided into principal, interest and total. The amount paid through 1970 has been sub-totaled as well as the most current year. For example, through 1970, \$8,801,560 had been paid for principal and interest on the system's first issue in 1960-61. Last year \$954,561 was paid on this issue, for a total to date of \$9,756,121.

The last two issues have been composite issues, and it is necessary to estimate the Marine Highway's portion of the principal and interest based upon the ratio between the original authorizations.

In any event, the total debt service to date has been roughly \$13.1 million, with \$2.2 million of this being paid the last year.

The next two pages, Exhibit 5, have been taken from the Phase 1, traffic and usage study and present the traffic data on the system since 1963. I have added the most current traffic (1971) to this.

Captain H. J. Lockert

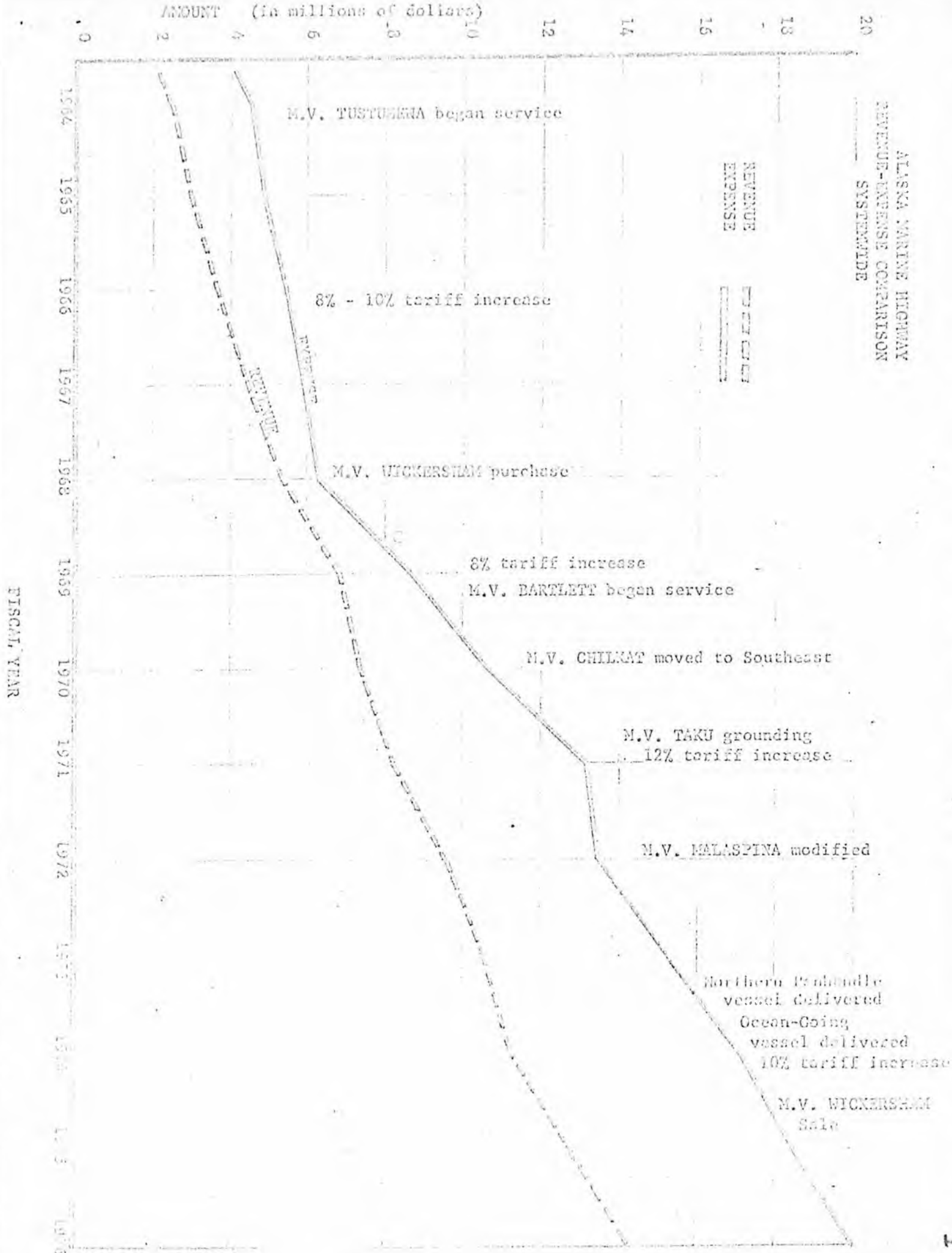
-2-

February 7, 1972

The six graphs which follow have been labeled Exhibit 6, and illustrate 1970-71 comparisons of traffic and revenue for those two years.

The final three pages, Exhibit 7, present the number of embarking and disembarking passengers and vehicles, by port, for 1971.

Enclosures



ALASKA MARINE HIGHWAY

REVENUE-EXPENSE COMPARISON 1/

FISCAL YEAR	COMMENTS	SOUTHEAST SEGMENT		SOUTHWEST SEGMENT		TOTAL SYSTEM		
		Revenue (Thousands)	Expense (Thousands)	Revenue (Thousands)	Expense (Thousands)	Revenue (Thousands)	Expense (Thousands)	Subsidy (Thousands)
1964	S.E.-MALASPINA, TAKU, MATANUSKA S.W.-CHILKAT AND NENANA FERRY	2,350	3,950	50	300	2,400	4,250	1,850
1965	TUSTUMENA delivered July	2,700	4,000	250	900	2,950	4,900	1,950
1966		3,400	4,400	350	1,150	3,750	5,550	1,800
1967		4,150	4,750	350	1,200	4,500	5,950	1,450
1968	Seattle route began-December WICKERSHAM purchase-April	4,900	5,000	400	1,300	5,300	6,300	1,000
1969	Tariff increase-8%-April	6,450	7,400	400	1,250	6,850	8,650	1,800
1970	BARTLETT began in July CHILKAT moved to S.E. in spring	6,900	8,250	550	2,300	7,450	10,550	3,100
1971	TAKU grounding-July Tariff increase-12%-April	7,450	10,800	700	2,500	8,150	13,300	5,150
1972 ^e	1 MAL. class vessel modified	8,700	10,850	900	2,550	9,600	13,400	3,800
1973 ^e	1 Panhandle Vessel Complete	9,500	12,300	1,000	2,900	10,500	15,200	4,700
1974 ^e	Ocean-going vessel RATE INC 10%	10,300	14,100	1,100	3,200	11,400	17,300	5,900

1/ As per Annual Financial Reports. Expenses include operating and administrative costs. Not included are expenses associated with depreciation or debt service.

Estimated

ALASKA MARINE HIGHWAY
REVENUE EXPENSE COMPARISON
A
NARRATIVE SYNOPSIS

- 1963 System beginning with delivery of three vessels plus existing CHILKAT.
- 1964 The three MALASPINA Class vessels were operating in Southeastern Alaska and the CHILKAT in Southwestern, between Cordova and Vaidez. The Kenana ferry was operating, crossing the Tanana River to Nenana.
- 1965 The M/V TUSTUMENA began operation during this fiscal year, the net effect being to increase the system subsidy.
- 1966 During the two year period 1966 and 1967, operations remained fairly
1967 static. Traffic was increasing quite rapidly and tariffs were increased approximately 8%. The effect was to reduce the annual subsidy by approximately \$500,000.
- 1968 The Marine Highway was extended to Seattle, traffic continued to increase and prices for food and beverages were increased. The WICKERSHAM did not begin service until June of 1968 and had very little effect upon either expenses or revenue for the 1968 fiscal year. The net effect was that the Marine Highway boasted the lowest subsidy in its history. The System also experienced extreme congestion during July and August, with a corresponding number of unhappy travelers.
- 1969 With the Jones Act penalizing the WICKERSHAM and the other three vessels of Southeastern Alaska at capacity during the summer the subsidy for Southeastern Alaska began to increase once again. The Southwestern subsidy has never decreased year to year. The result was a substantial increase in subsidy. The 8% tariff increase was put into effect in April, but had little effect in the 1969 Fiscal year. One bright spot was the Seattle routing, where revenue exceeded expenses. In an attempt to improve vessel utilization and decrease congestion a reservation system was begun during the spring of 1969.
- 1970 In spite of the 8% tariff increase the gap between revenue and expense continued to widen. The Southeastern System continued to be hampered by a lack of summer capacity, the Seattle vessel was also running at capacity much of the time and the Jones Act continued to have an adverse effect upon the WICKERSHAM. The M/V BARTLETT was delivered to Southwestern Alaska and took over for the CHILKAT on the Vaidez-Isittiar-Cordova route. Typical with nearly all vessels their first year, the BARTLETT added to the subsidy.
- 1971 This year was one of many unfortunate circumstances. Near the end of the year the M/V BARTLETT was out of service for three weeks.

The effect was a loss of revenue to the system of more than \$230,000 as well as increased operating costs for repair. The White Pass Railroad Strike also had an adverse effect on the Marine Highway, as did relatively cool, damp weather throughout Alaska and Canada during the late summer. The slowdown in the U. S. economy also had its effect upon the System as evidenced by the unusually high number of cancellations by large tour groups. In Southwestern Alaska the TUSTUMEM also had a slight mishap near Kodiak, although it was not serious and little revenue was lost. This combination of events is responsible for a subsidy in excess of \$5 million.

- 1972 The 12% tariff increase, along with normal traffic growth will trim the subsidy. One MALASPINA Class will be lengthened during the winter, but will have only a minor effect upon FY 1972 earnings.
- 1973 The newly lengthened MALASPINA will be in operation and provide additional revenue due to her increased capacity. This revenue has been estimated at slightly over 1/2 million dollars. There will be an increase in expenses also, however. The other vessels are virtually full during the summer season, therefore a slight increase in total subsidy is forecast.
- 1974 This will be the first year of operation for the new NORTHERN PAN-HANDLE VESSEL. This vessel will increase the subsidy during its first year of operation. The ocean-going vessel will be in service during the latter portion of this year, but will have little effect upon the subsidy due to the short time involved. A tariff increase is proposed, to be effective April 1974.

TOTAL ESTIMATED DEBT SERVICE
FERRIES

Period Ending 1-1-72

I SLA-1960, Chap - 170
SLA-1961, Chap - 50
State 6.0 Ferry & Roads
Total = 23M Ferry- 1st 18M

Est. D.S. Paid as of 1-1-71	ISSUED	INTEREST	PRINCIPAL	TOTAL
All of 7-1-61 A's	12,500,000	7,364,885	1,090,000	5,954,885
All of 7-1-62 D's	5,500,000	1,411,675	1,435,000	2,846,675
Sub (A)	18,000,000	5,776,560	3,025,000	8,801,560
Est. D.S. Paid 1-1-71 thru 1-1-72				
All of 7-1-61 A's		401,186	215,000	616,786
All of 7-1-62 D's		133,375	205,000	338,375
Sub		534,561	420,000	954,561
Sub. Chap 170, SLA 60	18,000,000	6,311,121	3,445,000	9,756,721

II SLA-66, Chap 134
Ferry & Facilities Construction

.9% X (5-1-67) 1st	150,000	23,416	10,575	33,991
52.3% (9-1-67) 2nd	5,490,000	855,535	156,900	1,012,435
24% (4-1-68) A's	3,750,000	48,212	234,000	282,212
24.7% (10-1-68) B's	2,600,000	263,253	160,550	423,803
21.9% (5-1-69) A's	1,865,000	160,074	49,275	209,349
10.5% (7-1-69) B's	1,100,000	63,847	34,000	147,847
4.7% (3-1-70) A's	545,000	15,122	-0-	15,122
Sub Est. D.S. as of 1-1-71(B)	15,500,000	1,429,459	695,300	2,124,759
.9% (5-1-67) 1st		6,234	3,015	9,249
52.3% (9-1-67) 2nd		263,644	52,300	315,944
24% (4-1-68) A's		180,570	126,000	306,570
24.7% (10-1-68) B's		124,402	36,450	210,852
21.9% (5-1-69) A's		103,103	54,750	157,853
10.5% (7-1-69) B's		58,857	86,625	145,492
4.7% (3-1-70) A's		29,010	43,475	72,485
		765,830	462,615	1,218,445
Sub Chap 134, SLA-66	15,500,000	2,195,289	1,147,915	3,343,204

III SLA 1970, Chap 223
1970 Ferry Construction, 21M

.82% (2-1-71) A's	175,000	-0-	-0-	-0-
4.6% (6-1-71) B's	875,000	-0-	-0-	-0-
Sub Est. D.S. to 1-1-71	1,050,000	-0-	-0-	-0-
.82% (2-1-71) A's		4,552	4,223	8,775
4.6% (6-1-71) B's		26,654	10,013	37,464
Sub Est. D.S. 1-1-71 thru 1-1-71	1,050,000	31,206	15,033	46,239

Total Est. Debt Service Cost to 1-1-72	34,550,000	8,537,616	4,607,948	13,145,564
Est. Total D.S. 1-1-71-1-1-72		<u>1,331,597</u>	<u>887,649</u>	<u>2,219,245</u>
Est. Total D.S. to 1-1-71	<u> </u>	<u>1,205,019</u>	<u>3,720,300</u>	<u>10,926,319</u>

Annual System Usage 1963-1970

Table 3 was prepared which summarizes usage of the marine highway system by passengers and vehicles for the years 1963 through 1970 for the southeast and southwest portions of the system. Annual passengers on the southeast system have grown from 83,975 persons in 1963 to 141,865 persons in 1970. This represents an average annual growth rate of 6.8 percent (compounded). The reduction in total passengers carried between 1967 and 1968 in southeast Alaska was due to the fact that service was extended to Seattle, thus lowering the number of trips made for the portion of the system north of Prince Rupert. Since the M/V Wickersham was delivered in 1968, the average annual growth rate in passengers for the southeast system has been 7.8 percent. Passage of vehicles on that portion of the system has grown from 16,289 to 36,096 during that eight year period. The growth in number of vehicles carried in southeast Alaska for the eight year period averaged an increase of 10.5 percent per year. This annual growth rate has lessened in recent years, averaging only 2.7 percent since 1968.

Usage of the Alaska Marine Highway System in the southwest area commenced service in July, 1963, when the M/V Chilkat began service between Cordova and Valdez. Regular service for the M/V Tustumena commenced in August, 1964. Due to damage caused by the 1964 earthquake to port facilities, usage and level of service during these early years was low. Starting in 1965, growth has been at a higher rate than that found in the southeast system. Between 1965 and 1970, passengers carried have increased from 8,209 to 25,875, an average annual compounded growth rate of 25.8 percent. Similarly the number of vehicles carried has grown from 3,184 in 1965 to 7,838 in 1970, an average rate of 19.8 percent per year.

Figure 3 shows the growth of passenger and vehicle traffic for each of the two portions of the system for the period 1963 to 1970; Figure 4 shows the 1970 volumes on each interport link of the system.

Seasonal Usage Variation

As may be noted in Table 3, the percentage of passenger traffic carried during the peak period (June through September inclusive) represents a very high proportion of the annual passenger volume. This has not changed significantly over the past eight years although there was a slight lessening of the peak between 1969 and 1970 indicating higher usage during the off-peak period. The percentage of passengers carried during the peak four months has ranged from 65 to 73 percent of the annual total volume for the entire system. As might be expected, this high volume represents significant tourist travel on the system during these four summer months as well as recreational travel by Alaska residents.

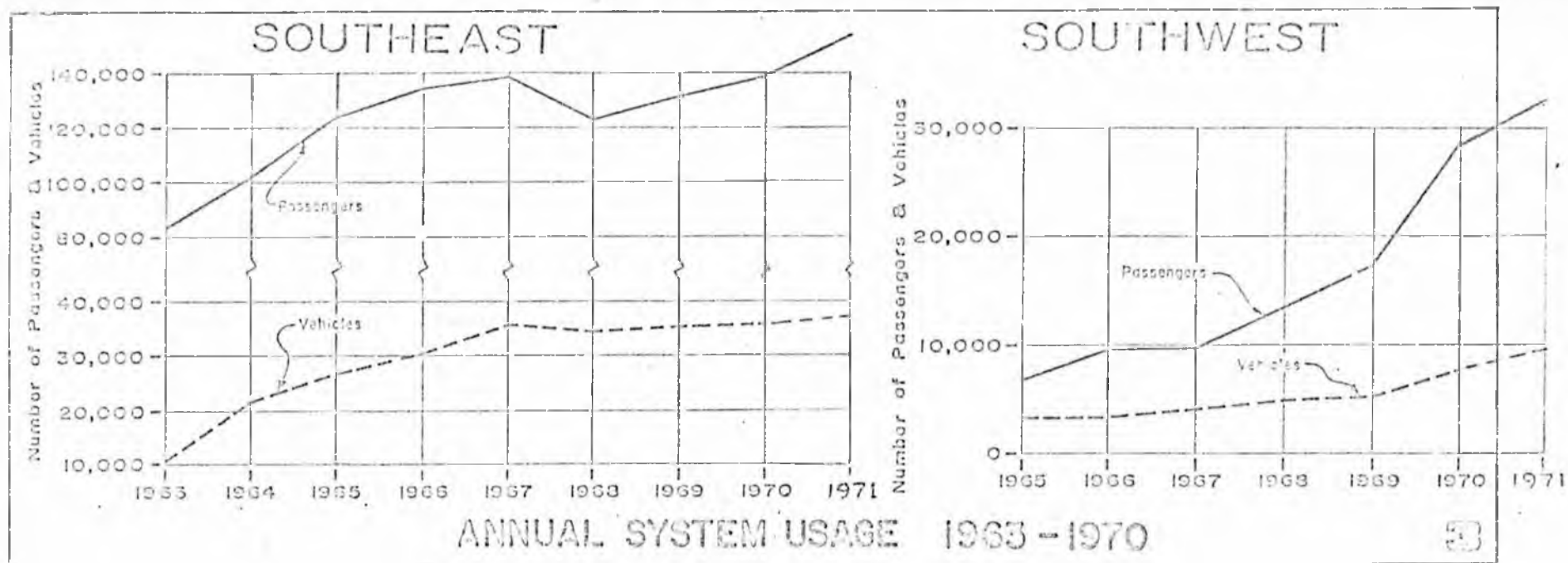


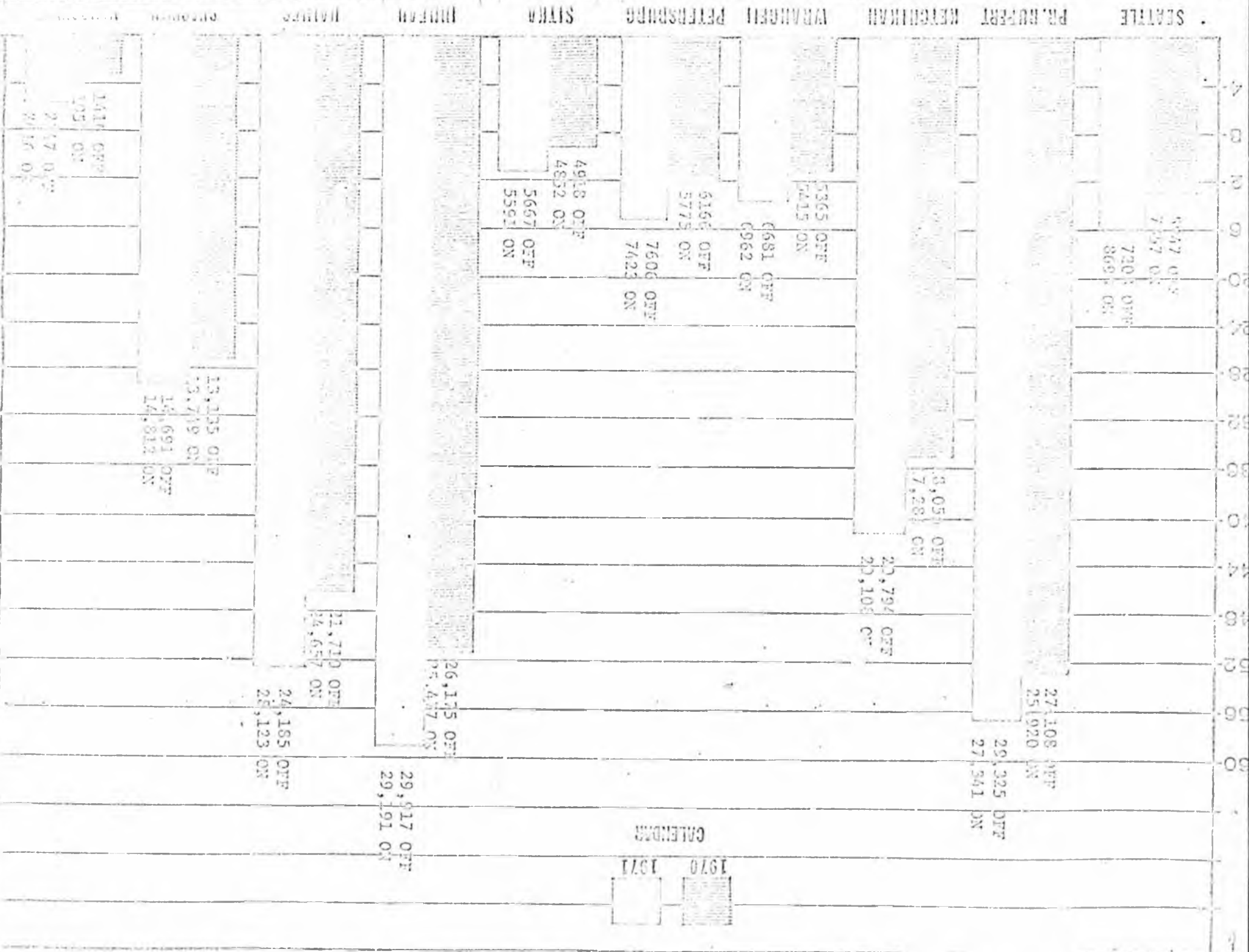
Table 3
ANNUAL SYSTEM USAGE 1963-1970
Alaska Marine Highway System Study

YEAR	SOUTHEAST			SOUTHWEST			TOTAL SYSTEM		
	Passengers	Vehicles	% During Peak Period (a)	Passengers	Vehicles	% During Peak Period	Passengers	Vehicles	% During Peak Period
1963	83,975	16,259	72.9%	n/a	n/a	-	83,975	16,259	72.9%
1964	101,488	21,378	66.5	1,630	547	73.4%	103,118	21,925	66.7
1965	123,722	26,819	66.9	8,209	3,184	46.0	131,931	30,003	65.6
1966	134,560	30,259	71.3	9,784	3,289	61.3	144,344	33,548	70.3
1967	138,063	33,566	69.2	9,997	4,176	61.7	148,060	37,742	68.7
1968	122,285	34,219	70.9	13,679	5,238	73.0	135,964	39,457	71.1
1969	131,298	35,003	70.5	17,371	5,017	82.7	148,669	40,020	71.9
1970	141,865	36,096	65.0	25,875	7,838	80.2	167,760	43,934	67.3
1971	154,369	37,346		31,809	9,330		186,178	46,676	

SOURCE: Monthly embarking-disembarking summaries (1963-68)
Monthly revenue summaries (1969-70)

(a) Peak period is June through September. Percentage shown is for passenger traffic.

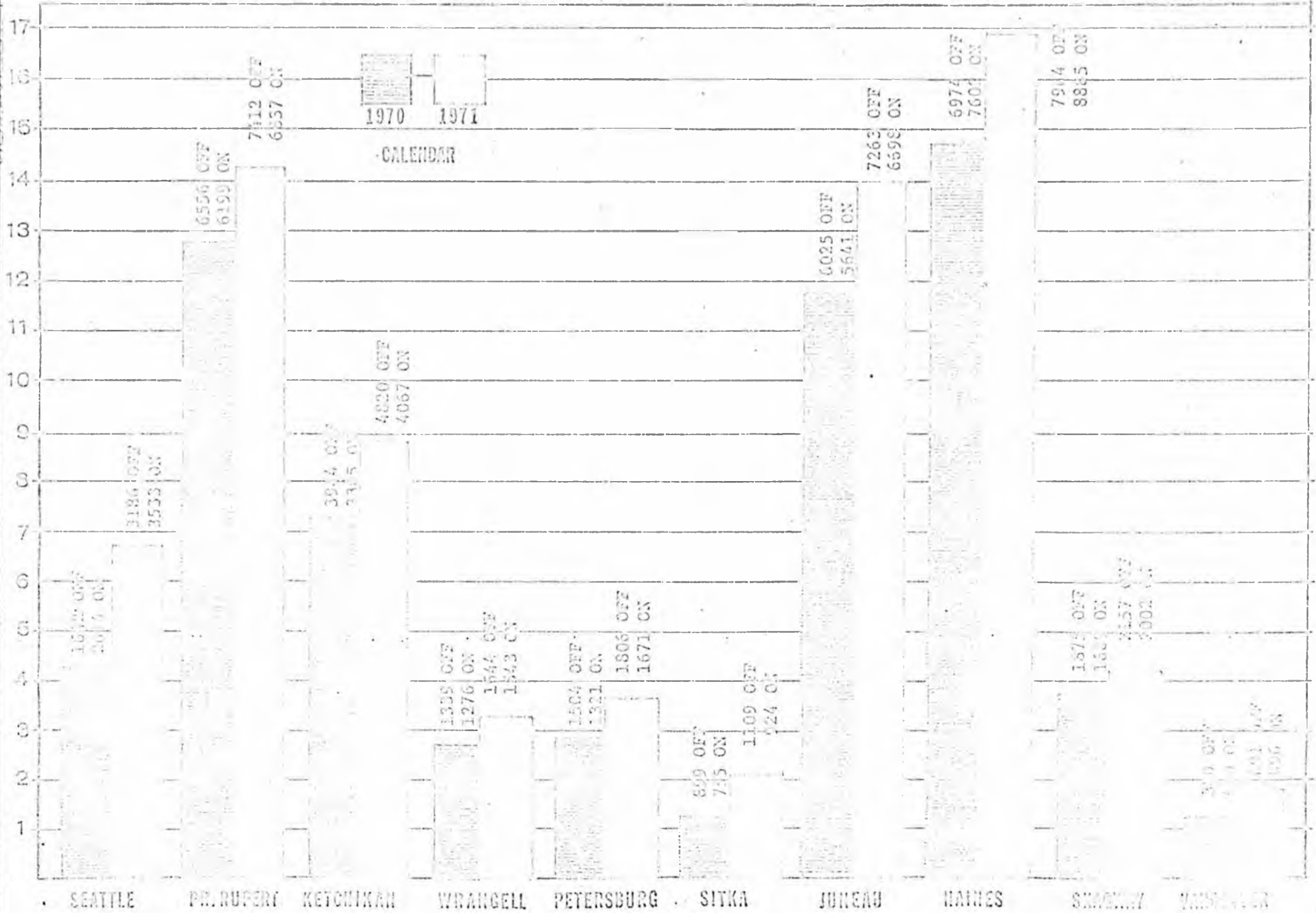
n/a = Not Available



ALASKA MARINE HIGHWAY SOUTHEAST SYSTEM vehicle units by ports

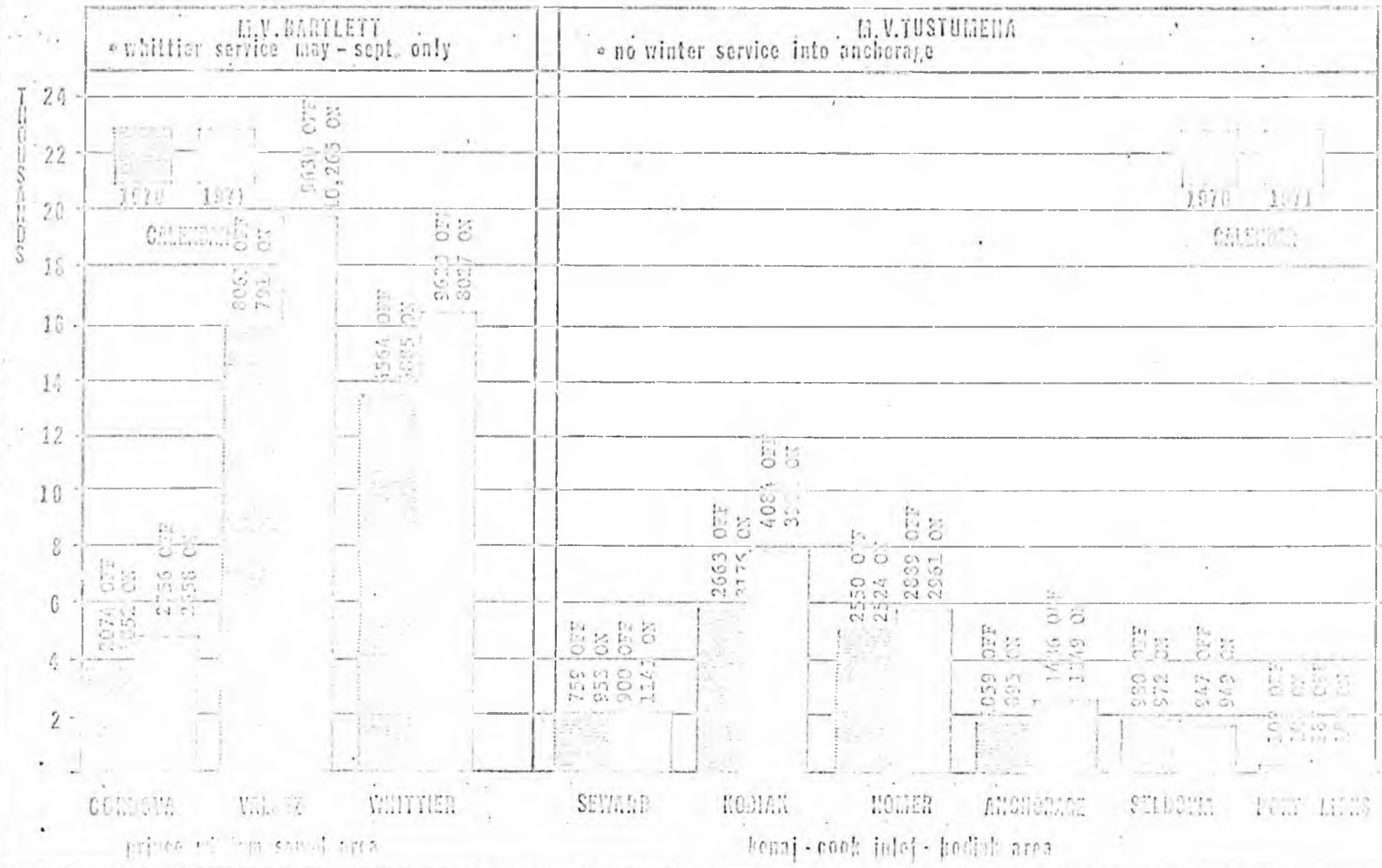
calendar 1970-1971 comparison

SEATTLE PR. RUPERT KETCHIKAN WRANGELL PETERSBURG SITKA JUNEAU HAINES SKAGWAY VANCOUVER



ALASKA MARINE HIGHWAY SOUTHWEST SYSTEM

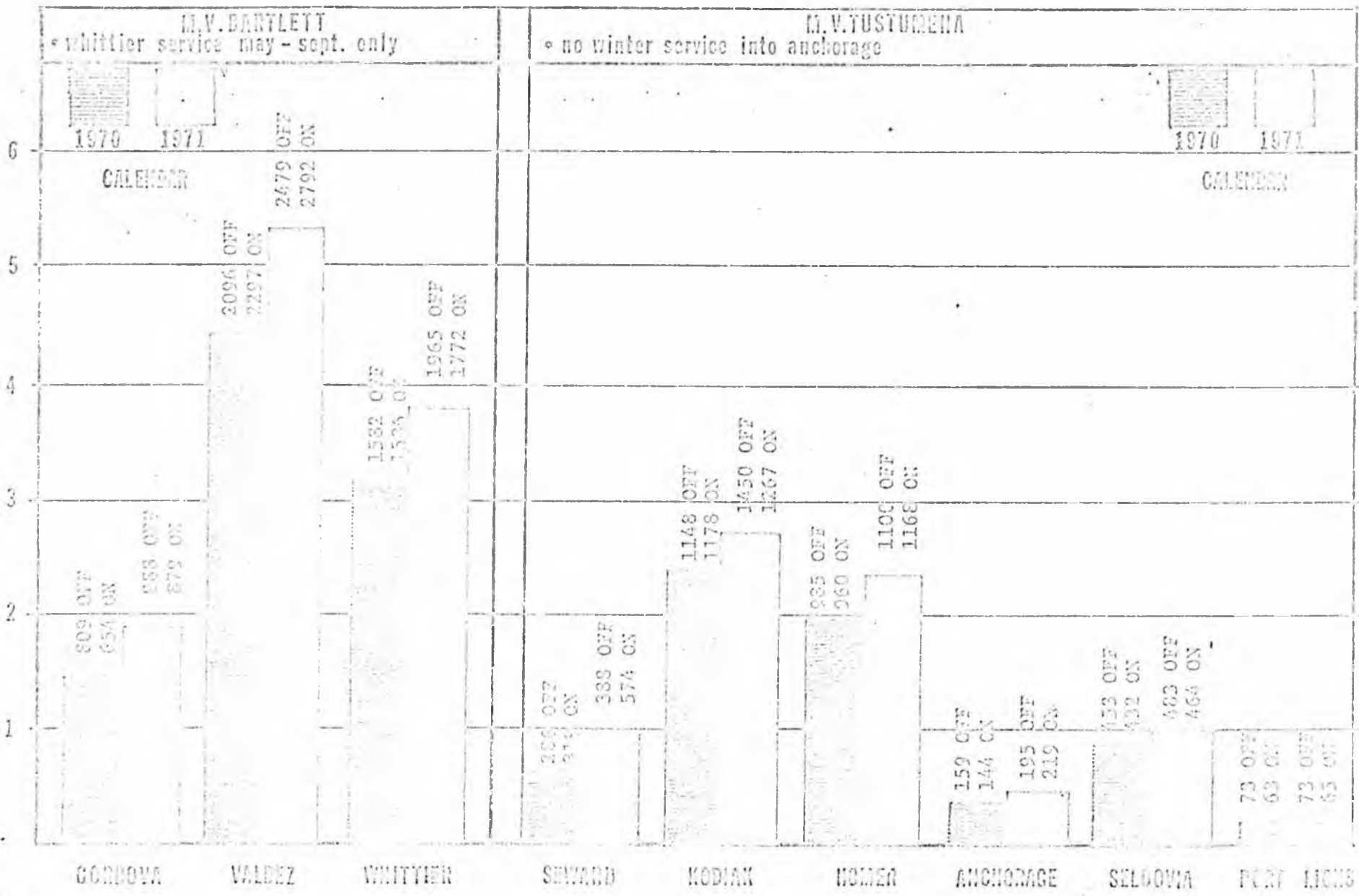
passenger units - comparison by ports
calendar years 1970-1971



prices of km saved area

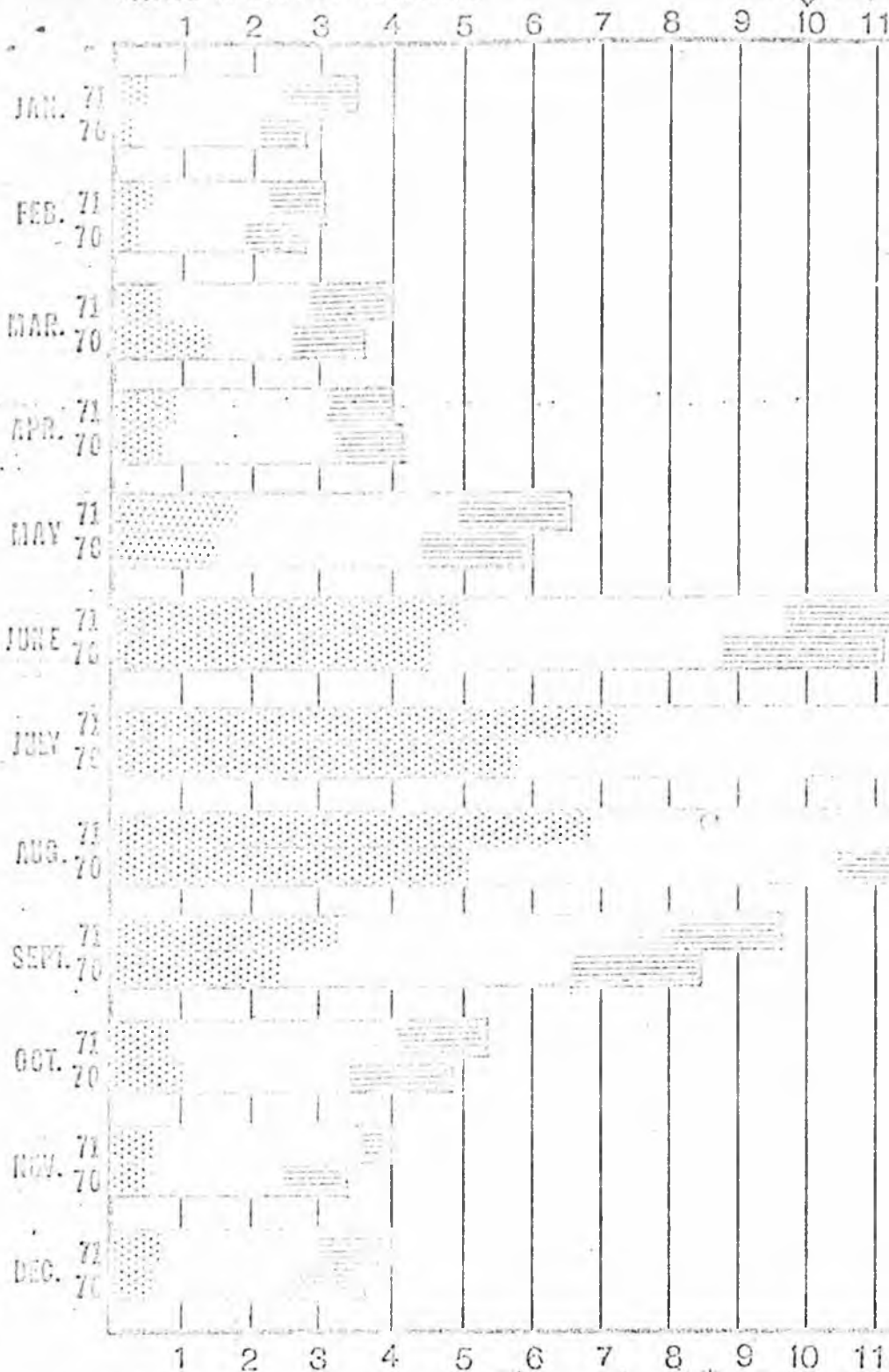
konaj - cook inlet - kodlak area

ALASKA MARINE HIGHWAY SOUTHWEST SYSTEM vehicle units - comparison by ports calendar years 1970 - 1971



dollars in hundred thousands

(one million)



dollars in hundred thousands

(one million)

dollars in hundred thousands

(two million)

12 13 14 15 16 17 18 19 20

ALASKA MARINE HIGHWAY

TOTAL REVENUE - all sources

CALENDAR 1970 - 1971 BY MONTHS

passenger revenue

vehicle revenue

berth, food, bar revenue

\$ 1,671,000

\$ 1,550,000

\$ 1,730,000

12 13 14 15 16 17 18 19 20

dollars in hundred thousands

(two million)