

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5142 HTRA HB 47 (FILE 2) - HB 62 774

James O. Campbell, Chairman
February 17, 1987
Page 9

6. Creation of a business corporation to own the entire railroad:

6.1 Capitalized by a public stock offering..

6.2 Employee purchase with substantial financing through debt securities or state financing terms.

6.3 Management purchase with substantial financing through debt securities or state financing terms.

6.4 Purchase by Alaskans through permanent fund dividend "check-off".

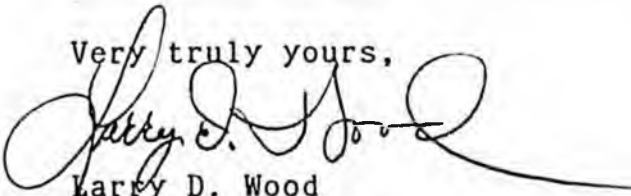
III.

CONCLUSION

The Board and management of ARRC should request direction from Juneau regarding ARCA's mandate to attempt an early sale of the railroad. Should State leaders renew their desire that the railroad be sold before 1990 and profits be turned over to the United States, ARRC can proceed to develop a disposal plan which includes alternatives for consideration. On the other hand, the State may wish to delay or repeal directions that offers be solicited while it considers what long-term railroad operations are in the public's best interest. Funding of the special governor's report seems to be a crucial first step to meaningful discussion of the principal issue involved: private or continued public ownership of the Alaska Railroad? If transfer of the line and its assets to the private sector is truly desired, the timing and general direction of disposal plans should also be considered.

Finally, ARRC may simply proceed to execute ARCA's direction that offers to sell the railroad be put together and implemented. A preliminary first step appears to be to retain consultants well-versed in railroad sales processes. Sound, practical advice seems vital before choices are made amongst a host of sales and transfer alternatives.

Very truly yours,



Larry D. Wood
General Counsel

cc: Members of the Board of Directors
F. G. Turpin, President and Chief Executive Officer

3576L

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

D I V I S I O N O F G A M E

BILL SHEFFIELD, GOVERNOR

333 RASPBERRY ROAD
ANCHORAGE, ALASKA 99502

344-0541

March 7, 1985

Mr. Frank G. Turpin
President & Chief Executive Officer
Alaska Railroad Corporation
Pouch 7-2111
Anchorage, AK 99510-7069

Dear Mr. Turpin:

The recent high rate of moose/train collisions prompted us to investigate the problem and to recommend possible solutions. We appreciate your cooperation in this matter and your concern for the animals has been apparent.

The following discussion and recommendations would result in fewer moose mortalities on the railroad. Some of these actions have already been taken by the railroad and some may not be feasible. Obviously, our expertise is not in running a railroad! The recommendations are based on a graduate student's study of moose on the railroad in the late 1950s, our area biologist's (Jack Didrickson) past experience with this chronic problem, and two recent trips by Jack between Wasilla and Fairbanks in a lead engine's cab. Mr. Didrickson has been the area game biologist at Palmer for nearly 20 years, and his area of responsibility includes the Willow to Talkeetna track which has been the area of greatest moose mortality for many years.

IMMEDIATE ACTIONS

1. Accurate reporting of milepost locations on moose/train encounters should be required daily.

We have had difficulty acquiring accurate information in the past concerning specific collision sites and annual total moose mortality on the railroad. We request that you develop a system to provide us with daily records of moose collisions by milepost location. This will provide a firm basis on which to implement other recommended actions, and it will help us in

management of the moose population. In some winters, such as this one, mortality is significant and accurate mortality reporting will assist in setting annual hunting regulations and evaluating overall population mortality. Expedient reporting by milepost will also aid in the efficient salvage of moose meat. We would appreciate receiving any records you may have regarding moose/train collisions in previous years. It would also be helpful to us if you could supply a "track chart" from Wasilla to Chase. Finally, we should exchange information about moose concentrations this winter and in subsequent winters.

2. Train speed should be reduced in problem areas.

Your orders to reduce train speed to 20 to 30 mph from Willow to Talkeetna were well placed and have already resulted in fewer collisions. Without the benefit of precise locations of collisions, we recommend an expansion of the slow order to include the area between Wasilla and Chase. As information is compiled for the rest of this winter and in subsequent winters, slow orders can undoubtedly be modified to allow increased train speeds between moose concentration areas. There will be some winters (and portions of others) when slow orders are not necessary. As you know, the slower a train is going the more time a moose has to get out of the way (if it is so inclined), and the more time the engineer has to further slow the train. We realize that it may take a mile or more for a train to stop, depending on speed, train weight and track grade. It may not be feasible to stop when moose are encountered, but any extra slowing by the train should help. Moose will quickly disperse from the tracks when temperatures warm and snow settling and thawing occurs. Slow orders should remain in effect until snow depths decrease and moose disperse.

3. Maximum distance of snow removal should be continued in problem areas.

The removal of snow with a spreader or wing blade from up to 20' from the tracks was a positive action on your part. A narrow tunnel or sidewalls of snow leaves the animals no escape route. As specific chronic locations are identified, the wing blade can be used only in those areas. For the remainder of this winter, we recommend continued use of the wing blade where terrain permits between Willow and Talkeetna and expand this to include the area between Wasilla and Chase. New snow should be removed as soon as possible because moose increase their movements from place to place immediately after a snow.

4. Adjust timing of train runs.

During winters of heavy snow when moose are concentrated near the right-of-way, we believe that running trains during daylight hours would substantially reduce collisions. Moose and other wildlife are more easily approached and less wary during the night and increase their activity during early morning and late evening hours. Based on limited observations, it appears that one train closely following another by an hour or less difference would be desirable. Moose are oftentimes scared from the tracks by a train and they may not move back on the tracks until a second train has passed. This behavior was observed the night that Mr. Didrickson was on a train immediately behind another one. Future observations by railroad personnel and our biologists would test the validity of this recommendation.

5. Adjust engine headlight.

An upward adjustment of at least one of the two or four headlights on each engine would allow the crew to see moose at a greater distance. The train could thus be slowed more, giving an animal increased time to clear the tracks. We endorse the engineers' "tactics" of turning off the lights once a moose is seen, and then flashing the lights and using the whistle. Constant bright lights at night disorient and "mesmerize" wildlife, so the animals should not be fixed with a steady beam.

6. Continue experiment with ultrasonic scare device.

The initial test of the effectiveness of an ultrasonic scare device was inconclusive. The devices were attached to the lead engine on one run to Fairbanks and moose behavior was observed. One moose was killed on that run. The devices were removed on the return run, but moose behavior was similar and no moose were killed. We put the devices back on engine #3008 and have asked your personnel to keep track of moose collisions by #3008 versus other lead engines. Even if ultrasonic sound can reach animals over the train noise, placement of such devices on the engine is a problem. The devices are easily plugged with snow, rain or other matter, and the manufacturer says they are not wind-activated until speeds reach 30 mph. In this regard, we were pleased to hear of your efforts to develop an electronically activated ultrasonic scare device. Hopefully, it will prove effective in conjunction with other preventative measures.

March 7, 1981

LONG-TERM SOLUTIONS

Moose/train collisions are a chronic problem which become acute in winters of deep snow accumulation such as this year. The moose population using the Wasik to Talkeetna right-of-way has been increasing since the severe winters of the early 1970s and this increase undoubtedly has contributed to the present high collision rate. There are, however, actions which can be taken to reduce moose mortality in future years; complete elimination of the problem is not, unfortunately, a realistic goal. In addition to the proposed actions discussed above, the following recommendations may assist in developing long-term solutions to this problem.

1. Replace walkways on bridges.

We understand that metal walkways between rails on bridges were removed sometime ago when electronic sensors on the underside of trains were installed. The metal walkways caused the sensors to be inoperative. If waterproof plywood were placed between rails, the animals would once again have a safe travel lane across bridges. This becomes especially important when a moose is running ahead of a train at night and the animal tries to cross a bridge. Furthermore, without this modification, an animal that drops between the ties and is hit by a train is reportedly more apt to damage the traction motors located on the underside of the engines.

2. Create "artificial" rights-of-way.

Moose frequent the railroad right-of-way for two main reasons: the area is comparatively snow free and it provides a good source of food. Large numbers of moose are driven from the high country by deep snow and they encounter the railroad during their migration to lowlands. Some moose continue westward and winter near the Parks Highway and along the Susitna River. Other moose come from west of the Susitna River and also winter in the river bottom and east to the railroad. In total, moose in the river-highway-railroad corridor from Willow to Talkeetna probably now number at least 3,000.

The growth of moose food or browse (small trees and brush) has been stimulated in the right-of-way from, as we understand, two main factors: tree-clearing by dozers, particularly near crossings to enhance visibility; and the termination of brush control by spraying for environmental reasons.

March 7, 1985

After a system of accurate moose/train collision reporting has been established and the more serious problem sections of track identified, mechanical means of brush control in the right-of-way should be implemented. Depending on terrain, permafrost conditions, and land ownership, dozers or other suitable machinery could create and maintain an "artificial" right-of-way some distance from the track during winters of deep snow accumulation. This would provide areas of lesser snow depth for the animals and would stimulate regrowth of browse.

Another habitat-oriented recommendation is to create large areas of browse at least $\frac{1}{4}$ mile from the tracks. Excellent quality and abundant food sources would attract moose away from the tracks. Large scale habitat enhancement can be accomplished by "chaining" with dozers, fire, or mechanical "tree crusher," depending upon site specific conditions. The department has used all three techniques in Alaska and we own three 40-ton tree crushers for such work on the Kenai Peninsula. We would be pleased to explore the possibilities of large scale habitat enhancement with the railroad, should you feel this is a feasible alternative. We have advanced the possibility and desirability of moose habitat enhancement within the Susitna River Valley north to Talkeetna, but other priorities and funding limitations probably preclude such work in the immediate future.

Your cooperation and sensitivity to the moose/train collision problem are appreciated and the positive actions to date have resulted in reduced moose mortality. Thank you for the opportunity to allow our biologist to make first-hand observations from a locomotive. Should deep snows continue, we would again like to observe from your locomotives. We will continue working with you to reduce the severity of the problem and I am sure that after an accurate collision reporting system is implemented we can make more definitive recommendations.

Sincerely,



W. Lewis Pamplin, Jr.
Director

cc: Don Collinsworth, Commissioner
Bob Hinman, Deputy Director
Regional Supervisors

ALASKA RAILROAD CORPORATION



Pouch 7-2111 • Anchorage, Alaska 99510-7069

March 21, 1985

Mr. W. Lewis Pamplin, Jr.
Director
Division of Game
Department of Fish and Game
State of Alaska
333 Raspberry Road
Anchorage, AK 99502

Dear Mr. Pamplin:

This is in response to your letter of March 7, 1985, pertaining to recommendations and possible solutions to reducing moose/train incidents.

Mr. Jack Didrickson recently met with some of our staff and is aware of our most current efforts to implement the suggestions proposed by Fish and Game.

In adhering to the format of your letter, the following is the current status of the items in the order presented in your letter.

IMMEDIATE ACTIONS

1. Daily reporting of moose/train encounters.

The Chief Train Dispatcher is maintaining mileposts locations on moose/train encounters daily. Our security department verifies the accuracy of the information before distribution to Fish and Game.

2. Reducing train speed in problem areas.

The reduced train speeds may have been partly responsible for reducing collisions; however, it was observed that incidents of moose maiming increased dramatically. Even at reduced train speeds, trains could not stop in time to avoid collisions when the moose displayed their inconsistent behavior patterns that included not getting off the tracks for approaching trains. Some moose weakened by hunger remained bedded down between the rails and either refused or were too weak to remove themselves from the track.

Mr. Didrickson informed us of the maiming problem and inquired about the feasibility of further reducing train speed or resuming normal speeds to prevent maiming. To reduce speeds further would have put the trains in the speed range where harmonics develop within the train that increase the probability of derailments, due to the "rock and roll" of the cars. The alternative was to resume speeds to normal safe track speeds.

Mr. W. Lewis Pamplin, Dept. of Fish & Game
March 21, 1985
Page 2.

3. Maximum distance of snow removal.

The snow fleet will continue to operate as needed and the wing blade will be used to the maximum, as permitted by the terrain.

Additionally, a private individual was given permission to clear the snow by grading a path on the Railroad right-of-way. The areas this was done include Mileposts 210 and 211. Cuts were also made 90 degrees to the cleared area to encourage moose exists. Results of these efforts have not been ascertained.

4. Adjust timing of train runs.

The volume of traffic that the Alaska Railroad is presently committed to prohibits running trains only in daylight hours. Commitment to our customers demands reliable and timely service. To reduce operations to daylight hours would have a serious economic impact on commerce within the State of Alaska.

5. Adjust engine headlights.

The focusing of locomotive headlights is regulated by the Federal Railroad Administration. The headlights on our locomotives are adjusted consistent with these regulations.

At Mr. Didrickson's suggestion, we have installed "ditch" lights on one locomotive to illuminate the right-of-way on either side of the tracks. The rationale was that by turning the headlight off when approaching a moose, these ditch lights would illuminate to the side of the tracks, thus encouraging the moose to migrate off the track. The results of this trial application have proven to be ineffective. There were five moose collisions on the first trip using this procedure.

6. Ultrasonic devices.

It is our hope that future developments in this field may offer feasibility towards application of ultrasonic techniques in deterring moose from the Railroad. We have been advised that technological development in this field will be an extended process.

Mr. W. Lewis Pamplin, Dept. of Fish & Game
March 21, 1985
Page 3.

LONG TERM SOLUTIONS

1. Replace walkways on bridges.

The metal was removed from between the rails on bridges, because it provided an uninterrupted smooth surface, which "fooled" the radar sensing units on our most sophisticated locomotives. In doing so, the locomotive control responded as if it has experienced a control failure, which in turn resulted in erratic pulling power and caused train handling problems. Plywood covering would recreate the smooth surface and the problems associated with it.

We are researching what can be applied to a bridge covering that would allow the radar frequency to respond as required, while allowing moose to cross the bridges without risking injury by falling between the rails.

2. Create artificial rights-of-way.

Our engineering department is in the process of formulating the Alaska Railroad Corporation Vegetation Control Program for the upcoming season. It is anticipated that mechanical brush cutting will be a significant part of this program. The probability of the Railroad participating in habitat enhancement programs outside our own right-of-way would be very low, because available resources will have to be committed to in-house priorities. Large scale programs of moose habitat enhancement areas developed by your Department in the future may prove beneficial.

We will continue to work closely with your Department concerning future recommendations as they develop. Hopefully through our joint efforts, solutions can be found to reduce moose mortality on the Railroad in future winters of deep snow accumulation.

Sincerely,



F. G. Turpin
President and Chief Executive Officer

D I V I S I O N O F G A M E

344-0541

November 13, 1985

Mr. Frank Turpin, President
Alaska Railroad Corporation
Pouch 7-2111
Anchorage, AK 99510-7069

Dear Mr. Turpin:

We in the Department of Fish and Game (ADF&G) thank you and your staff for meeting with us on October 15, 1985 and thoroughly discussing the moose/train collision problem. I believe that both our organizations sincerely want to cooperate in a mutual effort to explore, test, and implement those things which will reduce moose mortality during winter along your right-of-way. Actions should obviously be practical and of real benefit. I am particularly please that you have made available to us your daily train records so that we can extract specific information which will provide an objective basis for our future recommendations and response on your part.

As a summary of possible solutions, in this letter I will summarize those things which we've suggested to you and/or have been suggested to us that may reduce mortality. Then I will ask that a few specific things be done this winter. The broad spectrum of possible solutions is:

Trains or Their Scheduling

- reduce speed to 20-30 mph in moose concentration areas (you responded that prolonged slow speed generates undesirable track harmonics)
- daylight operation (you responded that efficient freight moving requires night hauling so people receive freight during the day)
- time spacing between trains (we recommend minimum spacing)
- number of trains during winter (we recommend the fewer the better)
- modifications to engines

- sound scare devices (you are working with the U. of A., EE Dept.)
 - headlight adjustment (we recommended upward adjustment so that animals can be seen sooner)
 - angled light to illuminate the animal's escape path (the first night used, a moose hit the light)
- track car precede each train to scare moose off tracks

Modifications in or Near the Right-of-Way

- keep the right-of-way browse free (we have supported use of an environmentally safe herbicide)
- remove snow a maximum distance from tracks with spreader plow in problem areas (you mostly plow with engine blades)
- fill in open spaces between rails on trestles (apparently your sensors that electronically control power to drive wheels don't work when those spaces are covered)
- use of scents/odors or recorded wolf howls to discourage moose from using the area
- fixed lighting in problem areas
- maintain snow free areas adjacent to the tracks
- creation of browse/wintering areas some distance from tracks
- moose-proof fencing in problem areas (used in Sweden)

Other and Miscellaneous

- special hunt in problem areas to convert train mortality to hunter mortality (a short term "solution" that could create liability problems for you, and time/manpower problems for us if hunters had to be accompanied -- you and we were going to further explore this possibility)
- public perception (in future contacts with the press, we will put railroad moose kills in numerical and biological context with other mortality sources such as hunter harvest and road kills).
- use of "stun guns" by people on engines to scare moose off tracks when a strike is imminent (would necessitate a very slow train).
- humane dispatch of crippled animals (we've recommended train crews carry rifles, but this is apparently illegal, and sometimes impractical for trains to stop; engineers notify dispatcher of strikes and he notifies Fish and Wildlife Protection).

-- disposition and utilization of dead moose (we would appreciate knowing of your efforts in this regard beyond notification of FWP).

Winter 1985-86

Based on our observations last winter, engine-only plowing in deep snow creates a tunnel which holds moose on the tracks. In our view scare devices, slower trains and other actions probably would have some, but minimum effect in deep tunneled snow. Even when a wing plow was used, where the grade was steep and the plow didn't follow the downward grade contour moose would sometimes leave the tracks ahead of a train, flounder in deep snow and return to the tracks to be hit.

We request that this winter the railroad wing plow a section of track in an experimental way to quantify the effectiveness of wing plowing. Part of the plowed area could be quickly done and part more carefully done to follow grade contours. Another technique which we would like to see experimentally tried is the removal of snow in diagonal lanes away from the track, the theory being that moose running ahead of a train would leave the track at snow-free areas. This experiment could be done in areas with or without wing plowing and if successful, would offer an alternative technique to reduce kills. Based on the compilation of moose kill and snow depth information from last winter which Jack Didrickson analyzed and distributed at our meeting, we'd suggest not wing plowing and/or angular "lane plowing" until the snow reached and settled to a depth of 25" or more in the Willow-Talkeetna area.

Would the railroad also agree to a small experiment of covering a trestle or part of a trestle with plywood or if we can obtain it, military style landing mat? The trestles were formerly covered with metal sheeting and plywood or the porous mat may not affect your electronic sensors like metal did.

Our concept of a permit hunt is to implement it only when moose collisions became an acute problem and no other solution is at hand. It would in part convert one form of mortality to another, but it would also put large numbers of people in the immediate right-of-way area which would frighten animals to some distance from the tracks. We understand and appreciate your very real concerns for public safety and railroad liability, so we likely will not propose such a hunt to the Board of Game in 1986. Should we devise a permit hunt that meets our mutual requirements, opportunities to create such a hunt will occur in January and late May or early June.

We will soon be contacting Marcy Trump about extracting information from the daily train records. We would also again appreciate the opportunity to ride trains this winter and we will be contacting Marcy or Mr. Blackwell about this.

Frank Turpie

4

November 13, 1985

Thank you again for your past cooperation and we are anxious to help design an experiment for this winter.

Sincerely,

Dan Timms
Acting Region II Supervisor

cc: Lew Pamplin, Director - Game Division
Jack Didrickson, Area Game Biologist

ALASKA RAILROAD CORPORATION



P.O. Box 7-2111 • Anchorage, Alaska 99510-7069

December 20, 1985

Mr. Dan Timm
Acting Regional Supervisor
Department of Fish and Game
State of Alaska
333 Raspberry Road
Anchorage, AK 99518-1599

CC to:
Jack D.
Ron
Karl
Greg G.
Lew
Ted
Bob
Jim
Anchorage Staff

Dear Mr. Timm:

As mentioned on your December 17 letter, newspapers have a tendency not to report the total story and oftentimes leave the reader wondering just what the complete facts of the issue may be.

For the upcoming winter season, we plan to experiment with a sound device that we expect to arrive shortly. These devices apparently have been successful on motor vehicles, and hopefully they will work on our trains this winter.

The plowing along the railroad right-of-way will be accomplished by additional wing plowing by our spreaders when they are removing snow. The wing on a spreader has an effective extension of about 20 feet per side so where optimum terrain allows, there will be a trough of approximately 40 feet for the moose to traverse. We are not sure if the increased winging will be successful; because as you know, the snow area from the slope of the subgrade, where the wing plows, will be softer than the track structure itself.

Thank you for the opportunity to provide you with the complete facts; and I appreciate your interest and share your concerns.

Sincerely,

F. G. Turpin
President and Chief Executive Officer

Table 1. Numbers of moose killed by collisions with trains in the Alaska Railroad right-of-way between Seward and Fairbanks during winter (October through April) and summer (May through September) periods, 1963-86.

Year ^a	Period		Total
	Summer	Winter	
1963-64	-	45	45
1964-65	7	37	44
1965-66	4	34	38
1966-67	5	49	54
1967-68	2	30	32
1968-69	2	9	11
1969-70	2	7	9
1970-71	3	149	152
1971-72	2	87	89
1972-73	5	23	28
1973-74	2	16	18
1974-75	1	69	70
1975-76	7	30	37
1976-77	4	23	27
1977-78	9	14	23
1978-79	2	162	164
1979-80	1	52	53
1980-81	4	16	20
1981-82	9	37	46
1982-83	18	130	148
1983-84	8	57	65
1984-85	7	375	382
1985-86	20	15	35

^aData obtained from Alaska Railroad (Department of Transportation) dispatch files. Many moose hit and killed by trains are not reported (Rausch 1956).

Table . Numbers of moose reported killed by collisions with vehicles on highway right-of-ways in Game Management Subunits 14 A and B, 1970-1986.

Year ^a	Game Management Subunit ^b	
	14A	14B
1970-71	99	10
1971-72	109	7
1972-73	36	3
1973-74	33	6
1974-75	40	5
1975-76	34	6
1976-77	80	7
1977-78	79	5
1978-79	108	41
1979-80	29	15
1980-81	13	10
1981-82	72	15
1982-83	182	22
1983-84	94	39
1984-85	51	77
1985-86	24	5

^a Calendar dates for years are from 1 July to 30 June.

^b Numbers of moose listed as killed are numbers actually reported to the Alaska Department of Public Safety. Many moose hit by vehicles and killed may not be reported and others may be hit and injured and die later away from the roadway undetected.

Midweek

Frontiersman

14 JAN 1987

Moose

(Continued from Front Page)
completely enthusiastic about the program.

Dave Walker, Mile 87 Parks Highway, said he believes the program needs to be organized better.

"They have no coordination at all," he said.

Walker said he had to travel about 35 miles to the other side of Trapper Creek to get his moose charity this year while Trapper Creek residents have had to travel to his area to get their moose.

Five moose have been killed at his "front door" in the last

two weeks, but now he's no longer eligible, Walker said.

Walker runs a Salvation Army food bank from his video store, Video 87, and shares his moose charities with other families. He said he has participated in the program for a number of years, but has not

Moose on the move are highway hazard

By ERIC TROYER
Frontiersman staff

Heavy snows have driven moose out of the hills and onto Valley highways where motorists are having to skid and swerve to avoid collisions.

But the drivers don't always succeed; large numbers of moose are being killed in collisions here lately, with about 50 kills reported on the Parks Highway north of Big Lake. Five more have been killed on the Glenn Highway, seven in the Wasilla area and three in the Palmer area, Alaska State Troopers said.

Moose typically become a road hazard in the winter when heavy snows make cleared roadways more attractive to travel in.

When a moose gets caught high and dry on a road staring down two thousand pounds of hurtling steel, its chances of survival are slim. Vehicles don't usually fare much better.

The tamed Alaska Railroad "Moose Gooser" also takes a number of moose lives over the course of a winter when deep snow makes a plowed rail line an attractive trail.

But when these denizens of the north lose their lives on Alaska's transportation lines someone often benefits.

The troopers have a program that allows selected people to salvage the meat from moose killed on the roads and railroads. Attempting such a

salvage without permission from the troopers is illegal.

Anyone can apply to be eligible for a "moose charity," but there are usually only about 40 moose charities a year for about 1,000 applications.

Need is not a prerequisite to apply, but it is used to determine who goes first on the list.

When a moose charity is reported police dispatchers call the next person on the list for the area. That person may then butcher the moose.

Linda Gange on the Parks Highway said the program has worked well for her and her husband, who is disabled.

"I think it's great!" she said. In each of the past three years the Ganges have gotten a moose from the program. Their neighbors help them to butcher and haul the meat, she said.

"We're in a good area," Gange said, adding "I guess it's not a good area for the poor old moose."

The applications are divided into four areas: Palmer, Wasilla, the Parks Highway and the Glenn Highway. The Parks Highway usually has the highest number of moose charities in a winter.

Lloyd Haessler, Mile 63.5 Parks Highway, said he has been participating in the program for 30 years and that the moose meat really helps out during the winter.

However, not everyone is (Please see Moose Backpage)

THE ALASKA RAILROAD LEASEHOLDERS ASSOCIATION
P. O. BOX 4-2479
ANCHORAGE, ALASKA 99509

MAR 12 1987

March 10, 1987

House Transportation Committee
Honorable Bette Cato, Chair
P. O. Box V
Juneau, Alaska 99811

Re: House Bill 47

Dear Representative Cato,

The letterhead name of the group fairly describes the organization from which this letter comes. Our association was organized in 1967 in response to the bureaucratic predations of the Alaska Railroad under federal ownership. Membership is limited to current lessees of the Alaska Railroad and is mostly composed of small, local businesses. Our members directly create well over a thousand local jobs.

I and representatives of our association have been working closely with the staff of the railroad for more than a year to help develop a new leasing policy. The results of this effort have just been approved by the Directors of the railroad and steps are being taken to put it into practice.

Our association believes the new policy to be responsible, flexible, and fair to both lessee and railroad and therefore to ALL Alaskans. It contains both a workable public hearing and appeal process.

As long term tenants, some of whom have been cast in reinforced concrete for 30 or more years on railroad leases, we are vitally concerned with any change in the practices or procedures of the railroad which would affect our abilities to improve, sublease, transfer leases, or finance our operations on these leases. We are all locked into long term commitments so our very livelihoods are at stake along with those of our employees.

The past few years clearly show how imperative it is for business to be able to react quickly and flexibly to changing business conditions. This agility must include the Alaska Railroad which is also a business and which is woven deeply into the economic fabric of most of Alaska.

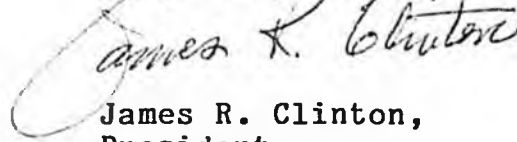
THE ALASKA RAILROAD LEASEHOLDERS ASSOCIATION

Representative Cato
Page 2
March 10, 1987

What happens to the Alaska Railroad has its effect on every Alaskan.

We have been reviewing H. B. 47. This bill appears to us to add a layer of regulation with its inevitable attendant bureaucracy to the administration of railroad land. In the light of the new leasing policy our association does not believe this additional regulation to be necessary or desirable. We urge you to eliminate the provisions of H. B. 47 which would require further additional time and effort in the administration of railroad lands beyond what is presently required.

Very truly yours,

A handwritten signature in cursive script that reads "James R. Clinton". The signature is written in dark ink and is positioned above the typed name and title.

James R. Clinton,
President

Government Hill Community Council
812 Delaney Street
Anchorage, Alaska 99501

APR 10 1987

April 2, 1987

Representative Betty Cato
P.O. Box V
Juneau, Alaska 99811

Re: Committee Substitute to House Bill 47:
An act relating to the Alaska Railroad Corporation

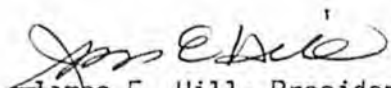
Dear Representative Ellis,

The Government Hill Community Council has been actively following the progress of House Bill 47, especially in regards to land use of the Government Hill Greenbelt. At our March 16th meeting, the Government Hill Community Council passed a resolution endorsing the House bill to the extent that it affects land use management and leasing of railroad properties. The resolution passed unanimously.

We are aware that House Bill 47 has not yet been scheduled for hearing. We request that you schedule this bill for hearing at your earliest convenience.

Very truly yours,

GOVERNMENT HILL COMMUNITY COUNCIL


James E. Hill, President

JH/ah

APR 15 1987



Anchorage • Star of the North
Chamber of Commerce

April 13, 1987

Representative Bette Cato
Alaska State Legislature
P.O. Box V (MS3100)
Juneau, AK 99811

Dear Representative Cato:

The Anchorage Chamber of Commerce has been and is a strong supporter of the Alaska Railroad. We are appreciative of earlier legislation passed to provide railroad management with the opportunity to operate in the most business like environment. We are concerned with recent legislative efforts this session to direct unnecessary oversight and layers of bureaucracy at the railroad.

Our Chamber applauds your efforts to study these individual bills. We hope your efforts, and efforts of others in the House and Senate, will prevent unnecessary management interference. The Anchorage Chamber believes, "...if it isn't broken, don't fix it".

Sincerely,

A handwritten signature in cursive script, appearing to read "Wayne K. Beckwith". The signature is written in dark ink and is positioned above the typed name.

Wayne K. Beckwith
Executive Vice President

WKB/sp



• AUTOMOTIVE

• INDUSTRIAL

MAIN OFFICE
5491 MINNESOTA DR.
ANCHORAGE, ALASKA 99518
TELEPHONE (907) 562-2047

BRANCHES IN
FAIRBANKS • KENAI • KODIAK • ANCHORAGE
PALMER • SOLDOTNA • WASILLA • VALDEZ
EAGLE RIVER • HOMER • SITKA

MAR 20 1987,

March 5, 1987

Pouch V
Juneau, AK 99811

Gentlemen:

This letter is to support the passage of House Bill #47, particularly the section that required the Alaska Railroad to open its financial records to the public.

Much more needs to be done to prevent the State from being in direct competition with private enterprise, but this bill is a step in the right direction.

The financial disclosure should be in sufficient detail to allow the reader to determine how the railroad's losses are financed, what kind of taxes are paid and to what extent the State subsidizes its operations.

The State's ownership of the railroad has been a severe economic hardship on the trucking industry, and to businesses supported by the truckers such as parts, fuel and tire dealers.

We urge you to give this bill your support.

Sincerely,

A handwritten signature in cursive script that reads 'Birdie Matz'.

Birdie Matz,
Store Manager,
B&C Auto Supply-Eagle River.

Bli/nm



MAR 15 1987

March 1, 1987

POUCH V
Juneau, AK 99811

This letter is to support House Bill #47, in particular the section requiring the Alaska Railroad to open its' financial records to the public.

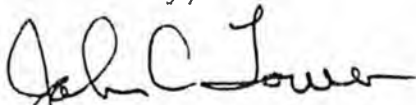
We believe the financial disclosure should be in sufficient detail to allow the reader the option to determine how the railroad's losses are financed, what kind of taxes are paid and to what extent the State subsidizes its operation.

The State's ownership of the railroad has been a severe economic hardship on the trucking industry and to the businesses that industry supports, such as, parts and supplies, fuel and tire dealers.

Much more needs to be done to prevent the State from being in direct competition with private enterprise but this Bill is a step in the right direction.

We urge you to give this Bill your support.

Sincerely,



John C. Tower, President
E & T TRUCKING & LEASING, INC.

JCT/sjt

SERVICE LEASING, INC.
P. O. Box 223
Eagle River, Alaska 99577

FEB 27 1987

February 23, 1987

Betty Cato
Committee Chairman
Pouch V
Juneau, Alaska 99811

This letter is to support the passage of House Bill #47, particularly the section that requires the Alaska Railroad to open its financial records to the public.

Much more needs to be done to prevent the State from being in direct competition with private enterprise, but this bill is a step in the right direction.

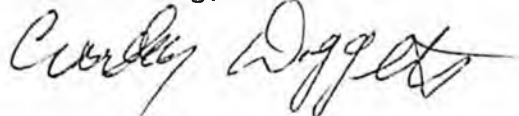
The financial disclosure should be in sufficient detail to allow the reader to determine how the railroad's losses are financed, what kind of taxes are paid, and to what extent the State subsidizes its operation.

The State's ownership of the railroad has been a severe economic hardship on the trucking industry, and to businesses supported by the truckers such as parts, fuel, and tire dealers.

We urge you to give this bill your support.

Sincerely,

Curly Doggett
President,
Service Leasing, Inc.



MAR 05 1987

February 25, 1987

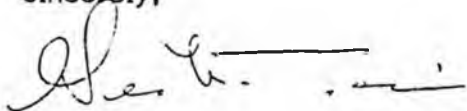
Representative Kay Brown
P.O. Box V
Room #515
Juneau, AK 99811

Dear Representative Brown:

As a commercial tenant occupying railroad land on Government Hill I am concerned to read of House Bill #47. This proposed legislation is a step backwards to a system more antiquated than the Federal Land Mismanagement program that we just got rid of.

Since the State took over the railroad my dealing with Real Estate Representatives has been very fair and reasonable. New railroad policies and lease contracts now have a long overdue "private sector" flavor. For the first time these new contracts actually offer a tenant something to sell in the open market. I feel your bill would hamper management decisions of the railroad to the severe detriment of current tenants, future tenants and the business community at large.

Sincerely,



UNITED STATES POSTAL SERVICE
JUNEAU, AK 99801

POSTMARKED
113
ANCHORAGE, AK

POSTMARKED 6 MAR/ANCH.

MAR 10 1987

February 27, 1987

The Honorable Kay Brown
House of Representatives
P.O. Box V
Juneau, AK 99811

Dear Representative Brown:

We have recently become aware of House Bill 47 and its proposed changes to the Alaska Railroad Corporation Act. It is our belief that legislation of this nature may have an adverse and detrimental effect on our position as lessees of railroad land and, ultimately, upon our respective business operations.

As long-time tenants occupying railroad land, we were initially concerned about yet another public bureaucracy administering rail industrial lands. However, since transfer to the State, we believe the management of the Alaska Railroad Corporation (including its Board of Directors) has developed and implemented land use policies in a fair and commercially reasonable manner. The recent development of ARRC's long-term lease policy is an example of a fair and workable public hearing process, with the corporation exhibiting sensitivity to concerns expressed by the affected public.

In sum, House Bill 47 appears to add another layer of procedures and considerations which seem excessive and burdensome in a commercial decision-making process. We see no reason to change the ARRC's current approach to land management and urge that the bill's provisions on this subject be rejected.

Sincerely,

Don Stoneburn

KEYSTONE SERVICES, INC.

W. S. Jensen

Denali Transportation Corp. INC

Ken Berg

CHRIS BERG, INC.

Vernon W. Hichel

Vern Hichel Construction Co.

Jack & Richardson

Craig Taylor Equip Co.

The Honorable Kay Brown
February 27, 1987
Page 2

Lenore M. Clinton

M. F. Kessler

Angus S. Churchill

Lesse

Enterprise Co.

the E. J. Bartells Co.



Mary E. Schenker
701 Dogwood Street
Anchorage, AK. 99501
(907) 272-9851

April 4, 1987

APR 6 1987

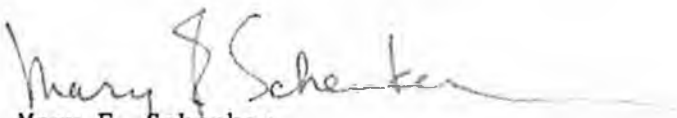
Representative Betty Cato
Alaska State Legislature
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Cato:

Thursday evening Jim Hill, President of Government Hill Community Council, relayed a message from Peg Mantele, aid to Representative Kay Brown. I was asked to forward a copy of a letter to the editor I wrote to The Anchorage Times to Representative Brown and also a copy to you. A copy is enclosed. Unfortunately the Times edited my letter and made some errors in so doing. I had addressed my remarks to Mr. Kuechle, the writer of an earlier letter to the editor. As this is not acceptable policy, the Times changed my letter to third person. In the process they completely garbled the second to the last paragraph. It originally read as follows: "If you have parklands in your neighborhood, Mr. Kuechle, more power to you. But don't be overconfident. You may think the municipality owns them. Maybe they do. Then again you could wake up some morning to see a row of townhouses rising on your former greenbelt! This almost happened to Government Hill last fall. It was averted through Community Council appeal. The large Government Hill contingent was granted a 90-day moratorium by the railroad's board of directors. This has been extended to permit negotiations with the municipality." Also the 27° panorama should read "270°."

I rewrote substantially the same message but in different form to the Anchorage Daily News on March 17. Michael Carey, one of their editors, informs me it will appear in the News within the next few days. I am enclosing a copy of my rough draft of that letter for your information.

Yours truly,


Mary E. Schenker
enclosures (2)

701 Dogwood Street
Anchorage, Alaska 99501

APR 6 1987

March 17, 1987

Letters from the People
Anchorage Daily News
P.O. Box 14-9001
Anchorage, Alaska 99514-9001

Attention: Mr. Michael Carey

In a letter to the News George Kuechle implied that only a "few" Government Hill property owners out for personal gain will benefit by curbing the Alaska Railroad's leasing powers as proposed by H.B. 47. The truth is that all Alaskans stand to profit by requiring our railroad to operate in the public interest and hold public hearings before leases are canceled.

At present the railroad may on 30 days' notice terminate any lease! Brown's Point, Harvard, and Alderwood Parks as well as our greenbelt are jeopardized. A planned town-house development on some of these lands was averted last fall through Community Council appeal to the railroad's board of directors. H.B. 47's requirements are intended to protect all neighborhoods from experiencing similar crises.

If present leasing powers go unchecked and if the railroad and the municipality fail to negotiate to protect parklands, we profit-hungry property owners won't be the only ones who lose. Here are some others:

1. Municipal taxpayers who will lose their considerable investment in park developments
2. Anchorage curlers and square dancers who lease park buildings
3. Tourists and newspaper photographers who will lose access to one of the city's most spectacular views
4. All residents who presently enjoy the parks

Few if any Hill people bear the railroad ill will. Many of us are ex-employees. We are neighbors of long standing and I for one love the sound of train whistles in the night. We should not be expected, however, to forfeit our parks to improve the railroad's balance sheet.

Yours truly,

Mary E. Schenker

Protecting the greenbelts

Dear Editor:

I am one of those "few" contemptible Government Hill property owners referred to in Mr. Kuehle's letter to The Times. He first decried Rep. Brown's HB 47 that would curb the railroad's authority to cancel leases on 30 day's notice without a hearing, and require it to operate in the public interest. "The Alaska Railroad belongs to all Alaskans," he stated, "not just a few property owners on Government Hill who would like to see greenbelts next to their homes for personal gain." Well, I confess. If our parks and greenbelt are retained and designated as public lands, I'll make tremendous profits. Here are some:

1. I'll continue to live across from Alderwood Park, a modest open space adjoining the greenbelt where children frolic, neighbors walk their dogs, and families picnic.

2. I'll continue to traverse the greenbelt's rim or hike its trails marveling at the beauty of the Chugach Range and the reflections in downtown's shimmering towers. When I arrive at Brown's Point, I'll again enjoy a 27-degree panorama so spectacular that in summer busloads of tourists stand in awe.

3. I'll continue to play tennis on Harvard Park's courts as kids shoot baskets nearby. In winter I'll watch youngsters sled while curlers curl and square dancers twirl in their adjacent clubs.

If Mr. Kuehle's park lands in his neighborhood, more power to him. But don't be overconfident. He may think the municipality owns them. Maybe they do. Then again he could wake up some morning to see a row of townhouses rising on his former greenbelt! This almost happened to Government Hill last fall. It was averted through Community Council appeal. The large Government Hill contingent was

granted a 90-day moratorium by the railroad's board of directors. This has been extended to permit negotiations with the municipality.

H.B. 47 was introduced not to hamper the railroad but to temper its exceptional powers. The least any neighborhood should expect is a right to cry out when its assets are imperiled. Public hearings are a must!

Mary E. Schenker
701 Dogwood St.

granted
board
permit
road
least
cry
ings

Sorry, paper
slipped

SUBJECT: FINAL STATS 02/18/87
FROM: LIOCHTM
FOLDER:

SENT 02/18/87 22:06

SECURITY LEVEL: 2 RETENTION PERIOD: PERM

.....2.....3.....4.....5.....6.....7.....8.. 001/01
*** FINAL TELECONFERENCE STATISTICS *** 001/02

DATE: FEBRUARY 18TH, 1987 001/03
SITE: ANCHORAGE, ALASKA 001/04
SPONSOR: HOUSE LABOR AND COMMERCE COMMITTEE 001/05
SUBJECT: HB 47 ALASKA RAILROAD CORP. 001/06
LOCAL MODERATOR: HARRY TRACY MANDREGAN 001/07

001/08
001/09
001/10

TESTIFIED: 001/11
NAME\REPRESENTING ADDRESS PHONE # 001/12
1. STAN SMITH 4414 EAST 6TH ANCH., AK. 99508 338-1971 001/13
1.(A) INTERNATIONAL MOOSE FOUNDATION 001/14
2. TIM BUEZINSKI 9599 BESYTON DRIVE #468 349-1682 001/15
3. JOE GOODRICH 7509 OLD HARBOR RD. 99504 333-5656 001/16

MORE...
DELIM \
INBOX

SUBJECT: FINAL STATS 02/18/87
FROM: LIOCHTM
FOLDER:

SENT 02/18/87 22:06

SECURITY LEVEL: 2 RETENTION PERIOD: PERM

.....2.....3.....4.....5.....6.....7.....8.. *****

3. JOE GOODRICH 7509 OLD HARBOR RD. 99504 333-5656 001/18
4. STUART C. HALL BOX 300 ANCHORAGE 99510 279-9759 001/19
5. MARK SPOHN 5321 TUDOR TOP CIRCLE 99507 562-5496 001/20

OBSERVED: 001/21
001/22
001/23

NAME\REPRESENTING ADDRESS PHONE # 001/24
1. BUD GREENE 1045 EAST KLATT RD. 344-5247 001/25
2. JOE RULE 5906 SOUTH TAHITI LOOP 563-7002 001/26
3. BEN RULE 1727 BARTLETT ANCHORAGE 563-7002 001/27
4. DENNIS JONES BOX 41650 ANCHORAGE 001/28
5. STEPHEN V. JANIK 1650 THUJA 99507 349-4854 001/29
6. H. PRENT GAZAWAY 1521 WEST 14TH ANC 99501 277-2073 001/30
7. EARLE BEESLEY 5400 COPE STREET ANCHORAGE 563-4421 001/31
8. VIVIAN HAMILTON BOX 107500 265-2675 001/32
9. LARRY HOULE 001/33

MORE...
DELIM \
INBOX

SUBJECT: FINAL STATS 02/18/87
FROM: LIOCHTM
FOLDER:

SENT 02/18/87 22:06

SECURITY LEVEL: 2 RETENTION PERIOD: PERM

.....2.....3.....4.....5.....6.....7.....8.. *****

001/34
001/35
001/36

TESTIFIED: 5 START TIME: 4:43 PM 001/37
OBSERVED: 9 END TIME: 6:05 PM 001/38
TOTAL: 14 001/39
001/40
001/41
001/42

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Transportation

DATE: WEDNESDAY, 2/18/87

The Labor & Commerce Committee has considered HB 47

"An Act relating to the Alaska Railroad Corporation."

RECOMMENDS:

- replace with CSHB 47 (L+C) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

[Signature]

Small amount of AMERICAN HERITAGE - BRIDGES & MARSH PROTECTION

[Signature]

[Signature]

SIGNING OTHER OPINIONS:

[Signature] no-rec

[Signature] (no-rec)

[Signature]
Chairman's signature

HB

62

STATE OF ALASKA
THE LEGISLATURE

FOUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/2/87

Alaska State Legislature



House of Representatives

JANUARY 23, 1987
Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

Rep. Bette Cato, Chairman

INSIDE YOUR FOLDERS ARE:

-
- HB 62 An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority
 - An analysis of HB 62
 - Review of FY'88 Governor's Budget for the Alaska Marine Highway System

OVERVIEW OF HOUSE BILL 62

The purpose of the Act is to establish an authority for the operation, management, planning and construction of facilities for the Marine Highway System with a legal existence independent of and separate from the state government.

The authority consists of a seven member board appointed by the Governor. The Authority is a public corporation of the state and is an instrumentality of the state D.O.T. BUT has a legal existence independent of and separate from the state.

The directors serve at the pleasure of the Governor for four year terms. The directors receive no compensation but are entitled to travel and per diem expenses authorized by law for state boards and commissions.

The Authority shall employ an executive director who is responsible for selecting and employing additional staff as necessary.

The Authority may adopt and enforce by-laws and regulations for the conduct of its business and for the use of its services and facilities.

It is assumed the Authority would utilize the State Accounting System where possible.

The following assumptions are made:

1. The Alaska Marine Highway Authority's time and attendance, personnel and accounting systems would interface the existing State systems and be compatible.
2. There would be an annual appropriation for full operating costs of the authority each year that would be made up of expected revenue, i.e. program receipts and a general fund subsidy to cover the remainder.
3. The authority would continue to use:
 - a. State owned office buildings
 - b. The State Mail System
 - c. The state equipment fleet
 - d. The statewide purchasing contracts
 - e. Share communications lines
 - f. Insurance, bonding, etc. as now supplied
 - g. Legal service from the Attorney General's office
4. The Directors of the Authority would meet an average of three days per month or thirty six days per year.
5. Administrative support would be provided to the Board of Directors from their existing staff

REVIEW OF FY88 GOVERNOR'S BUDGET

FOR

ALASKA MARINE HIGHWAY SYSTEM

<u>ITEM</u>	<u>COMPARISON INCREASE OR DECREASE OVER FY 87</u>	
<u>MARINE ADMINISTRATION</u>		
Administration	+105.0	4.7%
<u>MARINE FACILITIES ENGINEERING</u>		
Management	+51.6	3.8%
CIP	+51.6	2.9%
<u>MARINE MARKETING AND SERVICES</u>		
Marketing Management	+908.0	66.0%
Southeast Shore facilities	-353.3	-13.0%
Southwest Shore facilities	-210.2	-31.0%
<u>BUDGET COMPONENT</u>		
Management	+153.3	14.6%
Southeast Vessel oper/overhaul	-7695.9	-17.4%
Southwest vessel overhaul	-1274.0	-13.7%
Retirement Incentive	1143.3	100.0%

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. Transportation

January 23, 1987
1:30pm

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

OVERVIEW OF HOUSE BILL 62

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3. The authority would continue to use:
 - a. State owned office buildings
 - b. The State Mail System
 - c. The state equipment fleet
 - d. The statewide purchasing contracts
 - e. Share communications lines
 - f. Insurance, bonding, etc. as now supplied
 - g. Legal service from the Attorney General's office
4. The Directors of the Authority would meet an average of three days per month or thirty six days per year.
5. Administrative support would be provided to the Board of Directors from their existing staff

THE ALASKA MARINE HIGHWAY SYSTEM

It is generally acknowledged that changes are required in the Alaska Marine Highway System.

In order to make these changes we need to identify what the areas of concern are:

ARE THEY:

1. Revenue shortfalls - Are revenues generated adequate?
Does AMHS continue to hold it's share of the market?
Are management decisions dramatically affecting the revenue picture?
What can be done to increase revenues OR decrease expenses?
2. Services?
 - a. Proposed cuts in services
 - b. lack of adequate services to accommodate in-state transportation needs
3. Scheduling - Is the scheduling of ferries convenient and adequate to meet the needs of the residents of the communities it serves?
4. Marketing - Is the Marine Highway being marketed properly?
5. Personnel - Is the department top heavy/bottom heavy?
When cuts to AMHS budget are made, are these cuts absorbed in personnel and in services?
6. Management - Are management decisions for AMHS made after extensive consideration of the alternatives?
Is adequate time spent working toward improving AMHS?
Does management have representation from the various aspects of the industry to enable well researched decisions to be made?
What could help improve and expand the decision making process?
Should decisions for AMHS be made by DOT management?

SUMMER SCHEDULING - AMHS

Vessels servicing the North and Southbound runs

- Malaspina - Monday and Thursday services from Prince Rupert to Skagway via Ketchikan, Wrangell, Petersburg, Juneau, Haines
- Taku - Sunday and Tuesday services from Prince Rupert to Skagway via Ketchikan, Wrangell, Petersburg, Juneau, Haines
- Matanuska - Tuesday service Seattle to Skagway via Ketchikan, Wrangell, Petersburg, Juneau, Haines
- Columbia - Friday service from Seattle to Skagway via Ketchikan, Wrangell, Petersburg, Juneau, Haines

- Le Conte - Monday service leaves Petersburg to Skagway via Kake, Sitka, Angoon, Tenekee, Hoonah, Juneau, Haines

Thursday service Pelican to Haines via Hoonah and Juneau
- Aurora - Monday, Tuesday, Thursday, Saturday and Sunday services from Ketchikan to Hollis

Friday service from Hyder to Hollis via Ketchikan
- Tustumena - Provides continual service between Seward, Kodiak, Seldovia, Homer and Port Lions. Provides summer service between Valdez and Cordova
- Bartlett - Sails on a daily basis to provide services between the ports of Valdez, Whittier and Cordova in summer.

The new FY 88 budget for AMHS proposes the following cuts:

- a. Reduce Malaspina service by four months
- b. Reduce Taku service by six months
- c. Columbia lay up planned for 6 months
- d. Scheduled service lay up of all vessels

This will mean only the Matanuska will operate year round on this north and southbound run. As a result of these reductions in service and layups 164 crew members will be impacted

Service to Prince of Wales Island and Southeast communities

- a. Reduce the Aurora service by four months resulting in a single feeder vessel service in Southeast for eight months of the year versus the current four month period. The Le Conte would be the single feeder vessel. The Chilkat would increase service by four months to supplement service between Ketchikan and Prince of Wales Island.

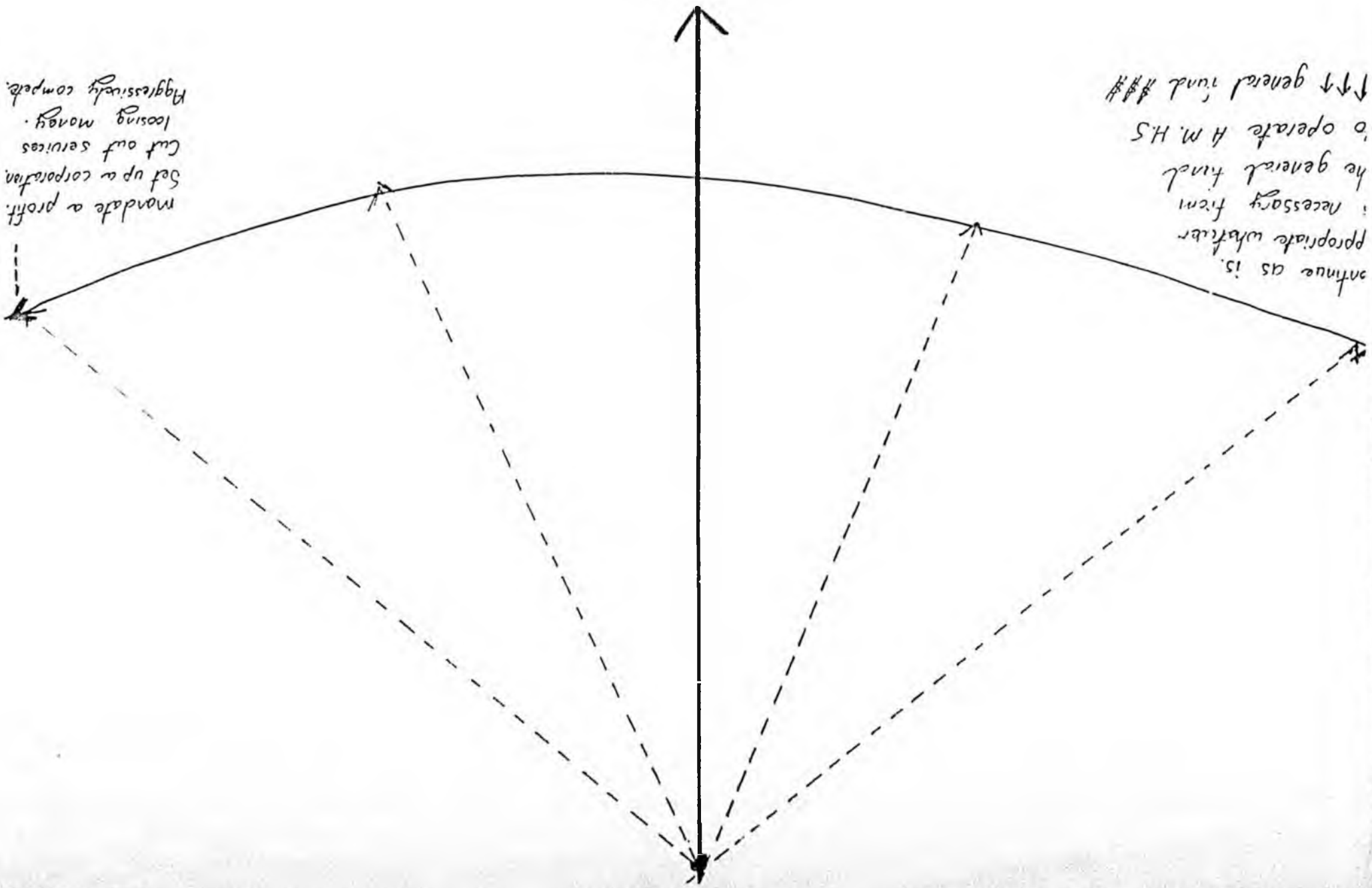
Service to Southwest system

- a. Reduce the Bartlett service by six months. The Tustumena will provide service for the entire Southwest system. Services between Cordova and Valdez in winter would not be available for 2 months because the Bartlett would be in lay up and the Tustumena would be in for servicing

HB #62
offers alternatives
and
a happy medium

mandate a profit.
Set up a corporation.
Cut out services.
Losing money.
Aggressively compete.

enhance as is.
appropriate whatever
necessary firm
he general fund
to operate A.M.H.S.
general fund \$\$\$



OVERVIEW OF ALASKA MARINE HIGHWAY SYSTEM

Under the direction and supervision of House Transportation Chairman, Representative Bette Cato, House Transportation Committee staff, Rhonda Cargill and Wendy Chamberlain attended the Alaska Marine Highway Advisory Board Meeting. A meeting was also held with Deputy Commissioner Joe Camp who provided a great deal of information to the Chairman. This is an overview of those meetings. Due to the Chairman's strong interest in the Marine Highway System this report also includes information on areas researched, and answers to questions asked by the Chairman.

On Friday August 12th, 1985 the Alaska Marine Highway Authority Advisory Board had its' first meeting with Alaska Marine Highway. Approximately 2 years ago the Governor appointed members to a Marine Highway Task Force. The Task force work ended after completion of the Task Force Report which included 139 recommendations.

The Southeast Conference Board of Directors, comprised of southeast district representatives, southeast legislators, and southeast community mayors wrote to the Governor and the Department of Transportation requesting the task force be continued as an active board and be expanded to include representation from each marine highway "user" community. This would insure ongoing communication between the State administration and the people of Alaska serviced by the ferry system.

Although the task force was disbanded, Commissioner Knapp felt that the Southeast Conference provided a mechanism for input and recommendations from many of the southeast communities, and hence the Southeast Conference appointed representatives from each of the communities to serve on the Alaska Marine Highway Advisory Board.

The Advisory Board plans to meet with Marine Highway on a quarterly basis. As this was the first meeting an overview of Marine Highway was given by Commissioner Knapp and Deputy Commissioner Camp.

As this overview of Marine Highway is being done in August, 1985 it may be necessary to update this report to reflect any unanticipated changes made by Marine Highway during the next few months. Information gathered from monitoring and oversight of AMHS by the Chairman and staff will also be updated.

ALASKA MARINE HIGHWAY REPORT

Personnel

Commissioner of DOT - Richard Knapp
Deputy Commissioner - Joe Camp

There are 105 persons with Marine Highway who work afloat.
155 persons work ashore

During the past summer there were 350 vessel employees required to fill 331 jobs per week on all vessels. Considering two crews that rotate and permanent jobs with 100 vessel persons to fill in. Despite this there were times when there were not enough personnel to dispatch to cover all positions on vessels. Sick leave and vacation leave taken by employees accounted for a large portion of the personnel shortage.

Most of the personnel for Marine Highway are under union agreement. New contracts were recently agreed upon, these contracts are in effect until 1988.

Over 90% of unlicensed personnel are Alaskan residents
Over 50% of the masters, mates and pilots are Alaskan residents
Under 50% of the engineers are Alaskan residents

64% of the Marine Highway's total operating budget is for personnel services costs and benefits for employees.

During the past several months various "letters to the editor" have appeared in local newspapers drawing attention to the high salaries earned by Marine Highway management. The figures presented by Deputy Commissioner Joe Camp and those outlined in the Alaska Marine Highway budget indicate the following:

11% of ashore Marine Highway personnel earn over \$40,000/year
32% of afloat Marine Highway personnel earn over \$40,000/year

Alaska Marine Highway has recently reached an acceptable agreement with the Marine Engineers Beneficial Association on the local hire of engineers, therefore the percentage of Alaska hire of engineers should increase.

Vessel Information

The Alaska Marine Highway currently has nine vessels in operation. These include:

- M/V Chilkat - the original ship of the Alaska Marine Highway. She was acquired in 1959 and services the Southeast Pannhandle.
- M/V Malaspina - built in 1963, renovated in 1972 she services Northbound and Southbound areas
- M/V Matanuska - built in 1963, renovated in 1973 she services Northbound and Southbound areas
- M/V Taku - built in 1963, renovated in 1981, services northbound and southbound ports.
- M/V Tustumena - built in 1964, renovated in 1969, services Seldovia, Homer, Port Lions and Kodiak.
- M/V Bartlett - launched in 1968 she services Cordova, Valdez and Whittier.
- M/V Columbia - She is the largest of Alaska's ferries and was launched in 1973.
- M/V LeConte - Launched in 1973 servicing the Northern Pannhandle.

Plans for the future for vessels

As the M/V Chilkat is the oldest vessel, the Marine Highway plans to retire the M/V Chilkat in the summer of 1986. She will stay in reserve for emergencies.

There is currently a masterplan being developed for the Alaska Marine Highway a draft of which should be available for the next legislative session. This plan will include a report on fast ferries.

Hopefully these fast ferries will provide a comfortable, cost effective and efficient alternative for various southeast communities.

The Marine Highway plans to request funds for the purchase of fast ferries in their FY 87 budget. (Federal and State)

Preliminary estimates show the cost of the fast ferry to be between 2-3 million dollars.

Further information on these ferries will be available when the masterplan is completed.

The Tustamena requires major passenger refurbishing. A recent survey showed a lot of life left in the hull of the Tustamena and therefore the Alaska Marine Highway plans to request refurbishing funds for the Tustamena in the FY 1988 budget. (Fed. & State)

Currently, each vessel is laid up for repairs annually. These routine repairs and maintenance can usually be completed in 30 days. Alaska Marine Highway has received a great deal of publicity over the recent laying up of the Colombia. It is anticipated that the Colombia will be in dead ship lay up in Seattle until at least March 1, 1986. The maintenance work on the Colombia is being done in Seattle, this in itself has created a great deal of controversy, particularly among Marine Highway employees.

The decision to place the Colombia in dead ship lay up was made because of revenue shortfalls. It costs approximately \$90,000 more per run to sail the Colombia as compared to the other vessels that complete the same run. The maintenance contract was awarded to a Seattle firm because it was considerably less expensive and because no facilities are currently available in Alaska to allow for ships to be laid up for a long period of time. It is anticipated that next year the Ketchikan facility will be completed and ship lay up will then be done in Ketchikan, however, at the present time the additional cost of laying a ship up in the state of Alaska makes this unfeasible.

The plan for bringing the Colombia out of lay up and the expenses and considerations for the lay up are explained fully in the budget section.

Marine Highway would also like to increase the number of ocean going vessels they have available. Currently only the Tustamena is able to take runs to the Aleutian chain or any other "ocean" areas.

Future plans for terminals and facilities

Alaska Marine Highway recently reached an agreement with Canada on the use of the Prince Rupert facility. In the near future a 5 year lease will be signed for the facility with options to renew every five years for the next 20 years.

In June this year Marine Highway began providing services to the community of Hyder. This community will be serviced once a week by the Marine Highway. There are no plans to move the terminal from Prince Rupert to Hyder at this time, however, monies will be requested in the FY 87 budget to build a facility in Hyder. If approved this terminal may be considered for use in conjunction with the Prince Rupert terminal for north and southbound services. As Federal funds can only be used for capital projects such as purchasing and refurbishing of vessels, rebuilding and repairing facilities etc. it is likely that the much of the funding required to build the facility in Hyder will be requested from the Federal Government.

The \$38 million Ketchikan vessel maintenance facility is underway and is scheduled for completion in December, 1986. The maintenance work is currently being done in Seattle, therefore this should be a definite asset to the community of Ketchikan and the State.

Funds have been allocated for construction of shore facilities at Kodiak, Homer, Seldovia and Whittier. Much of this funding is received from the Federal Government. For Example:

Kodiak	(Federal)	\$2,790,000
	(State)	210,000

This facility will be an important step towards increasing the quality and efficiency of the service provided by the M/V Tustumena and/or the Tustumena replacement vessel.

Homer	(Federal)	\$3,255,000
	(State)	245,000

This project is being coordinated with the City of Homer's revised Port Development/Small Boat Harbor project.

Seldovia Ferry Terminal	(Federal)	\$3,255,000
	(State)	245,000

Additional site reconnaissance and preliminary engineering is being done on this project to enable shuttle ferry service for Homer/Seldovia.

Whittier Ferry Terminal (Federal) \$2,180,000
(State) 140,000

Funds were allocated for this project in FY 86. Due to the poor condition of the current structure immediate reconstruction will be necessary.

Current Marine Highway Preliminary Engineering Projects.

Valdez Ferry Terminal - \$50,000

After the preliminary engineering is done funds for construction of this project will be requested in future years budgets

Seward Ferry Terminal - \$75,000

This facility is in very poor condition. Alaska Marine Highway made an emergency appropriation of \$150,000 in August, 1985 to assist with repair of pilings and bumpers at this terminal. After the preliminary engineering and location study is completed Alaska Marine Highway plans to request capital construction funds for this project.

Plans are in progress to build new immigration offices and ticketing offices in the Prince Rupert facility.

A new terminal in Metlakatla should be completed in May of 1986. Metlakatla will then be serviced by the Aurora via Prince of Wales Island, this will allow the Chilkat to retire.

Terminal work is now being done at both the Wrangell and Petersburg facilities

MARINE HIGHWAY FY 86 BUDGET

FY 86 Budget for Marine Highway

The next section reviewed is the budget. Under the direction of the Chairman, this section was monitored and reviewed continually. This information is being presented now because much of the decision making and questions asked regarding such matters as ferry scheduling, areas serviced, fares and overall operations are made based on their overall impact on the budget.

In FY 86 the total budget for Alaska Marine Highway is \$68 million. This is a \$3 million or 4% increase over FY 85.

The total budget breaks down as follows:

\$32 million state funds
\$36 million project revenue

In FY 86 the Legislature changed slightly the way in which funds are appropriated for Alaska Marine Highway. Previously, all revenues from Marine Highway went into the general funds and an amount was appropriated from the Legislature for operation and maintenance of Alaska Marine Highway.

In FY 86 Alaska Marine Highway requested a \$68 million dollar budget. The Legislature approved this amount and appropriated \$32 million from the general fund. The remaining \$36 million is to come from revenue generated by Alaska Marine Highway. If they do not generate this amount, they will have to make cuts to balance their budget. This allowed Alaska Marine Highway to receive Legislative approval for the budget amount requested, and yet provides management with the challenge of making decisions that will directly affect their revenues and in turn their overall operating budget.

Although it is early in the fiscal year, information provided to the Chairman indicate that the \$36 million in projected revenues for the year may have been somewhat optimistic. The projected revenues were approximately a \$3 million increase over FY 85. It is realistic to expect that Marine Highway will increase revenues slightly over FY 85. Taking this into consideration Marine Highway anticipate that the "magic number" for "additional" revenues that they will need to generate to be approximately \$1.3 million.

With overall revenue figures available as of September, 1985 it has become apparent that Marine Highway management will have to make operating cuts if they are to balance their budget for FY86. To date preliminary estimates show that cuts up to \$1.3 million will have to be made by management. In an attempt to meet this shortfall, Marine Highway has implemented the following cost saving measures:

1. Lay up the M/V Colombia in Seattle until at least March 1, 1986. As stated earlier, each year the vessels go into lay up for approximately 30 days for routine maintenance. Because the Colombia is the most expensive vessel run on the Seattle run, and, the winter operating costs exceed the revenues generated management decided to lay her up. A contract for the maintenance and repairs to the Colombia was awarded to a Seattle based firm. When consideration was given in an attempt to lay up the Colombia in Ketchikan the additional cost made this unfeasible. The cost comparison done by Marine Highway was as follows:

Contract work in Seattle	\$143,000
Contract work in Ketchikan	\$528,000

Several factors account for the higher costs to lay up the vessel in Ketchikan.

- a. Cost to steam the ship would be very expensive, as the Ketchikan facility is not completed there is not adequate power available to steam the ship.
 - 600 amps is required
 - 130 amps power available from ship
- b. Cost for 122 days of crew salary for 10 crew members. This was estimated to amount to approximately \$297,000.
- c. Garbage collection would have to be arranged
- d. Sewer disposal (estimated to be \$12,000)
- e. Telephone

It is hoped that the Colombia will be brought out of lay up and crewed March 1st, however, Marine Highway management may find it necessary to leave the Colombia in lay up status until April. This decision will be made late December when the revenue picture becomes clearer.

2. Discussions between Representative Cato and Marine Highway management in early December provided no other definitive information on proposed cuts or changes in service to balance the budget. Areas management stated may need to be considered included assessing the toll free lines and evaluating the cost of maintaining this service. Marine Highway management state that the cost of providing these toll free lines is very expensive, particularly the intrastate lines. Therefore careful consideration may need to be given to the actual benefit verses the cost of this service in the upcoming months.

THE SHORTFALL IN REVENUE PROJECTIONS:

Alaska Marine Highway is concerned about the shortfall in revenue projection for FY 86. After many discussions, meetings and evaluation of information available, management feel the following areas contribute to this shortfall:

1. Airline fares

With the recent ultra super saver fare reduction by both Alaska and Western airlines many people are using air as a means of transportation because with the current price structure it is considerably faster and less expensive to fly. A decline in reservations is also being voiced by a number of local hotels who state that reservations are down as much as 30% under previous years. Inexpensive fares to Europe and other overseas countries are considered to be one reason for this as people are taking advantage of these low fares to travel overseas.

2. Cruiseship lines more competitive.

M/V Scardancer, owned by an overseas company loads in Vancouver and sails on a 3 day trip to Haines with a 4 day return trip. The Scardancer makes stops in Juneau, Misty Fjords and Tracy Arm. This vessel has the capacity to carry approximately 300 vehicles. The fares for this trip are lower than fares charged by Alaska Marine Highway.

Example:

Standard Automobile shipping cost	
Seattle to Haines on Alaska Marine Highway	\$500.00
Vancouver to Haines on M/V Scardancer	\$250.00

25 to 26 foot motor home	
Seattle to Haines on Alaska Marine Highway	\$1,000.00
Vancouver to Haines on M/V Scardancer	\$350.00

Cabins

Cabin prices on the M/V Scardancer vary depending on the luxury of the cabin, however, a person may travel on the Scardancer in an inside cabin, with his/her meals included for the same price as a standard cabin on Alaska Marine Highway excluding meals.

2. Passenger load down

Although reservations for this summer were as projected, the actual revenue generated as a result of this travel is down. Alaska Marine Highway management feel that while numbers are up, the actual distance that individual passengers travelled is down and hence revenues are down.

The Seattle run is the most profitable run.

From information available it appears that the number of persons travelling on this run is down AND, the number of large vehicles transported on this run is also down.

In summary, this summer the Alaska Marine Highway system transported a greater number of passengers and vehicles, however, passengers travelled shorter distances. Also, while there was an increase in the number of vehicles transported by Alaska Marine Highway, the number of oversized vehicles travelling was down considerably.

Both long distance travel and large vehicle transportation are two areas that are very profitable for Marine Highway.

Representative Cato was assured the problem of "no shows" would be overcome this year as new regulations (attached), requiring advance payment of tickets and penalties for cancellation went into effect October 1st, 1985. Previously, persons who made reservations could pick up and pay for their ticket on the day of sailing. This, although very convenient for the traveller made the problem of "no shows" very frustrating and expensive.

The threatened strike by the masters, mates and pilots also had an effect as people either cancelled their reservations or used alternative means of travel.

WHAT ARE THE SOLUTIONS?

Proposed solutions to these concerns are currently being discussed. As several of these solutions go hand in hand with proposed changes in ferry scheduling and services this section will be outlined next along with the proposed changes.

Ferry Scheduling

Along with being one of the most difficult tasks for Alaska Marine Highway, scheduling is also one of the areas that many of the complaints arise over.

In order for persons to be able to plan for their vacations, ferry schedules are printed months in advance.

The decisions on next summers schedule were made September 1st 1985. This schedule has already been sent to the printers.

Once schedules are printed the department is locked in as far as the number of vessels servicing an area, the number of runs being made per week and the pricing structure for fares, therefore long range decisions have to be made as accurately as possible well in advance.

Possible Solutions

In discussions with Representative Cato, Deputy Commissioner Joe Camp outlined the many alternatives that have been explored.

1. Aggressively compete with the cruise lines.
2. Increase services on the most heavily booked runs to try and increase revenues.
3. Increase services on the most profitable runs. The revenue and direct expenses graphs included in the appendices provides a clear breakdown on each runs revenue verses direct expenses.

4. Cut services
5. Evaluate all the runs and have fares structured to attempt to make each run, where possible, cover expenses. (See attached graph in appendices)
6. Look at alternatives - fast ferries - as a more cost effective method of travel to areas within the state.

It is the intent of DOT and Alaska Marine Highway to continue all areas currently serviced. Runs made within Alaska to the smaller rural communities are not profitable, and, in many cases these runs only return revenues to cover approximately 20-30% of the expenses. Both Commissioner Knapp and the Chairman feel that services must be continued to these areas, they are remote parts of Alaska that have very few alternatives available. One of the main reasons Alaska Marine Highway was put into service was to provide a means of transportation within Alaska.

Several of the above alternatives are being considered at this time.

1. Increase services.
The most heavily booked runs are the north and southbound runs from Seattle and Prince Rupert to Haines and Skagway. A great difference is apparent when the profitability of these two runs is compared:

Current service and revenues

Seattle to Skagway - 1 trip per week
1000 passengers (total) 165 vehicles
200 state rooms

Revenue for this run \$325,000.00

Prince Rupert to Skagway - 2 trips per week
1400 passengers 330 vehicles
400 state rooms

Revenue from this run \$213,000.00

The above breakdown shows that by carrying fewer people and fewer vehicles per week the Seattle run returns \$107,000 more than the Prince Rupert run.

Consideration has been given to raising the fares on the Prince Rupert run to make the same profit as the Seattle run, however this would mean a 50% increase in fares. Marine Highway has therefore increased the fares on the Seattle run 4% and increased fares on the Prince Rupert run 3%.

In an attempt to take advantage of the more profitable Seattle run, Marine Highway has decided to make an additional weekly run from Seattle during the summer instead of Prince Rupert. This change is reflected in the new ferry schedules.

The graphs that follow and also those included in the appendices given an actual breakdown of each run and show revenues generated verses expenses incurred.

Other areas discussed or review

The reservations section of the Marine Highway is an area that is very busy. While on tour of the facility with Mr. Camp the telephones were ringing constantly. This is another area that many people complain about, - not being able to reach the Marine Highway for reservations.

There are currently 9 lines available to Marine Highway:
These calls are answered in priority from Group 1 to 3.
Group 1 - 2 toll free lines for use within Alaska
Group 2 - 3 lines available for local callers
Group 3 - 4 toll free numbers for out of state use.

As you will see from the attached summary, 3163 calls were made to Marine Highway on August 5th, 1985. Of this 1389 calls were answered from the 2 toll free in state lines compared to 1400 from the 4 toll free out of state lines. This possibly explains the difficulty getting through to Marine Highway within Alaska. The department is considering deleting one of the toll free out of state lines and possibly adding another toll free in state line for use by Alaskans. This addition may not be possible if revenues for the year continue to be down from those projected. The cost of maintaining a toll free in state line is considerably more expensive because of in state telephone rates.

Although the 4 toll free out of state lines are constantly in use the time taken with each of the out of state calls is much longer than the local and in state calls. This is due to the fact that many people call from other states to make inquiries on everything from scheduling to the weather and are usually unfamiliar with the area and request a description on each part of call, which in turn ties up the staff and the lines for a considerable length of time. Therefore, deletion of one or more of the out of state toll free lines would be both cost saving and time saving.

Other office procedures

One of the biggest obstacles facing the Marine Highway should be overcome in this fiscal year. At the present time much of the hardware needed to make the computer system truly effective is not on line. Therefore in order to compare revenues from ticker sales month to month each ticker has to be individually punched into the

computer before a monthly figure is available. Currently the information available is from sales 2 to 3 months previous. The necessary hardware has been purchased and is currently being installed. This will provide accurate, up to date information on revenues generated for the previous months. This will help with management decisions such as fare structures etc.

All time sheets for all marine highway onshore and offshore personnel are computed by hand. Requests for funds for computers will be in the FY 87 budgets.

In summary, Alaska Marine Highway system has several short time priorities:

- a. To make the necessary adjustments or cuts to balance the FY 86 operating budget. It is hoped that any adjustments or necessary cuts will have the least amount of impact on services or personnel.
- b. To assess and implement methods to attain projected revenues. To work toward overcoming any obstacles and aggressively compete in the transportation business.
- c. To automate the offices to provide the most current and accurate information on passengers travelled, revenues generated and expenses incurred and therefore allow management to react more aggressively to industry demands and swings, and to implement any changes that may be necessary for them to meet or exceed their projections.

The Long term plans for Marine Highway include looking into the fast ferries as an alternative. Constructing, upgrading and rebuilding facilities and vessels and providing more cost effective, efficient services both onshore and offshore.

Representative Bette Cato, Chairman

Rhonda Cargill
Wendy Chamberlain
House Transportation Committee Staff

ALASKA MARINE HIGHWAY SYSTEM

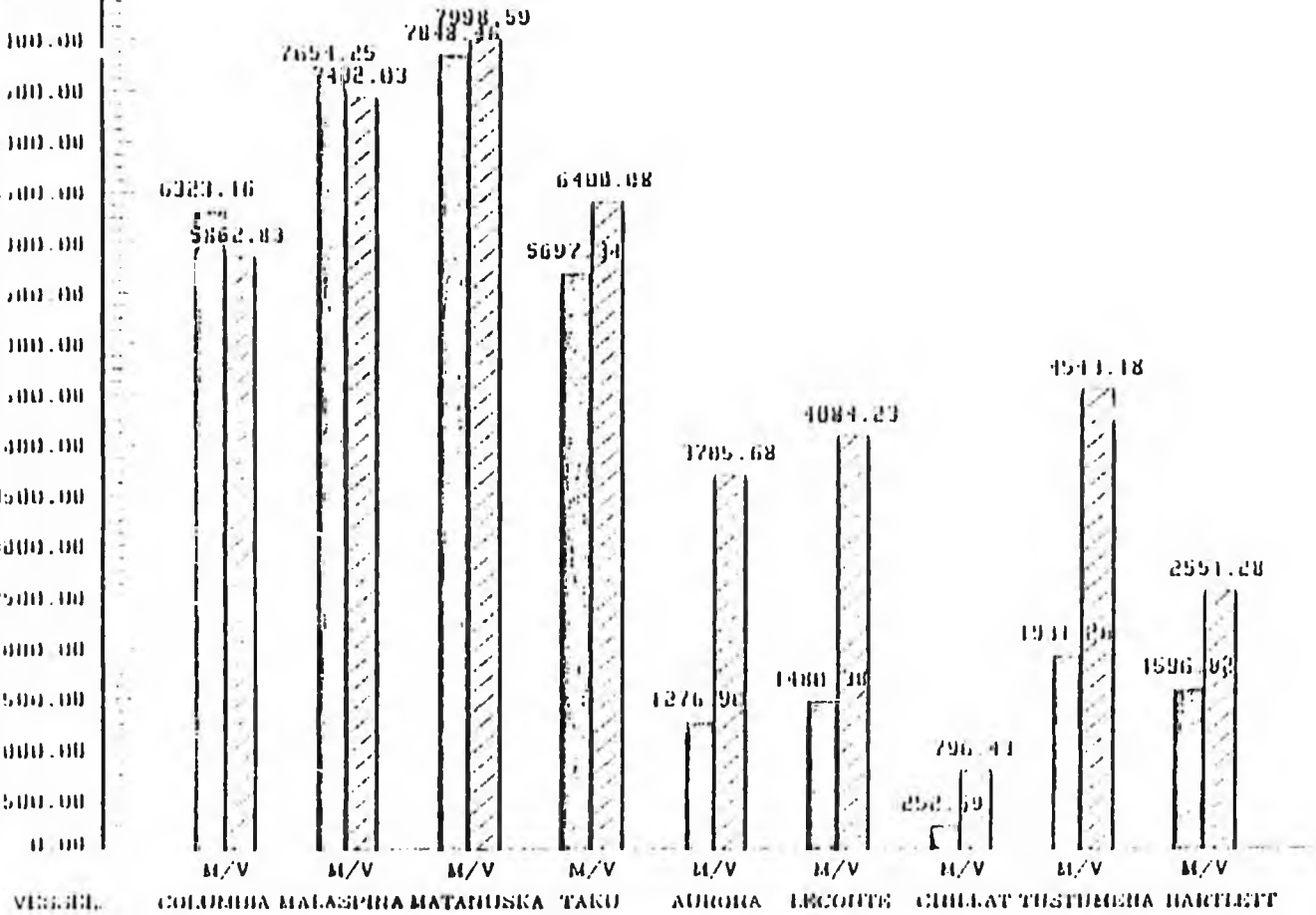
REVENUE AND DIRECT EXPENSES, BY VESSEL

FY 1984

AMOUNTS

10000.00
9000.00
8000.00
7000.00
6000.00
5000.00
4000.00
3000.00
2000.00
1500.00
1000.00
500.00
0.00

LEGEND
 REVENUE
 DIRECT EXPENSES



FEBRUARY 27, 1984 163

ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES BY ROUTE

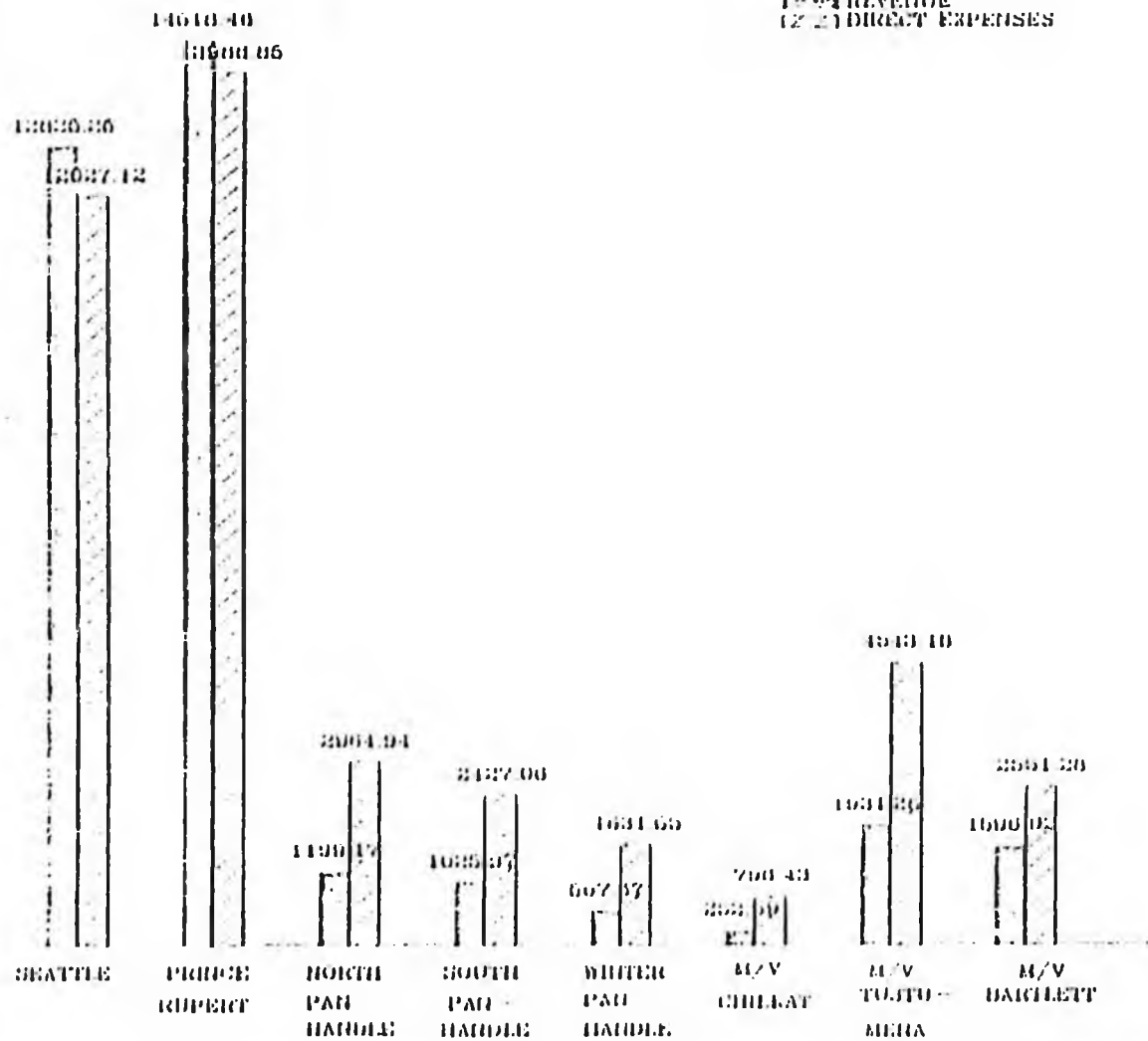
FY 1984

\$ THOUSANDS

10000
9000
8000
7000
6000
5000
4000
3000
2000
1000
0

LEGEND
 (1) REVENUE
 (2) DIRECT EXPENSES

ROUTE



FEBRUARY 27, 1985 163

AUTO REPLY

7/29 - 3/5

SYSTEM ACTIVITY

AGENT GROUP : 1 Total Time : 152:00
Period Covered : Jul/29/95 Mon 4:00 AM to Aug/05/95 Mon 4:00 AM

-----INCOMING CALLS-----

Answered Before T-acc	Answered After T-acc	Handled	Abandoned	Offered	Flowed	Over-Night	Outgoing
448	436	946	51	997	0	97	11
313	454	757	48	315	0	35	4
418	363	791	42	923	0	32	12
210	520	540	129	359	0	32	17
377	465	753	104	367	0	38	8
75	373	346	54	422	0	33	2
115	123	333	31	350	0	40	13
0	0	0	0	0	0	0	0
TOTALS	1357	3927	473	3123	0	350	37

SERVICE LEVELS
Number of Calls Handled Within 30 Seconds

30	60	90	120	150	OVER
100%	99%	97%	47%	3%	7%
33.3%	4.1%	0.3%	15.3%	15.3%	15.3%

AUTO WEEKLY

AGENT ACTIVITY

EXT GROUP : 1

Total Time : 168:00

Period Covered : Jul/29/85 Mon 4:00 AM to Aug/05/85 Mon 4:00 AM

AGENT	TOTAL CALLS				AVERAGE DURATION			
	Incoming	Outgoing	Internal	Transfer	Incoming	Outgoing	Internal	Wrap
41	398	0	0	0	0:43	0:00	0:07	0:00
42	379	0	1	1	0:39	0:07	0:00	0:00
43	43	13	1	0	1:01	1:07	0:00	1:00
44	505	0	0	0	0:13	0:46	0:20	0:00
45	484	0	0	0	0:43	1:13	0:00	0:00
46	413	0	0	0	0:26	0:00	0:00	0:00
47	137	0	0	0	1:23	0:00	0:00	0:00
48	334	0	1	0	0:34	0:00	0:00	0:00
50	0	0	0	0	0:00	0:00	0:00	0:00
51	133	1	1	1	0:43	1:13	0:10	0:00
52	113	11	1	1	0:37	0:00	0:00	0:00
53	47	1	1	0	0:13	0:13	0:00	0:00
54	335	0	0	0	0:11	1:00	0:00	0:00
55	0	0	0	0	0:00	0:00	0:00	0:00
56	0	0	0	0	0:00	0:00	0:00	0:00
57	0	0	0	0	0:00	0:00	0:00	0:00
TOTAL CALL	4720	57	45	30				

ALLOCATION OF TIME
in min

AGENT	Signed In Duration	Incoming	Outgoing	Internal	Wrap-Up	Available	Unavailable
41	33:57	9:45	0:00	0:01	0:03	4:15	30:00
		19.0%	.0%	.2%	.6%	7.6%	70.0%
42	33:29	19:00	0:17	0:00	0:00	4:42	1:07
		53.7%	.3%	.0%	0.0%	14.2%	14.0%
43	11:42	1:01	0:03	0:00	0:00	1:07	7:00
		12.9%	3.0%	.0%	0.0%	9.3%	32.0%
44	42:13	27:05	0:01	0:00	0:13	3:13	0:00
		64.1%	.2%	.0%	0.3%	14.7%	15.0%
45	42:49	13:32	0:05	0:00	0:01	10:06	18:06
		31.3%	1.2%	.0%	.2%	24.0%	18.0%
46	42:47	33:05	0:00	0:01	0:00	3:01	0:00
		78.4%	.0%	.2%	0.0%	7.1%	10.0%
47	3:35	3:05	0:01	0:00	1:05	1:05	0:00
		17.9%	.3%	.0%	10.0%	31.0%	11.0%
48	37:48	13:47	0:00	0:00	1:43	3:08	0:00
		35.5%	.0%	.0%	4.6%	10.0%	0.0%
50	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
51	17:33	11:07	0:02	0:00	0:13	3:15	0:00
		37.8%	.3%	.0%	10.0%	18.1%	0.0%
52	35:12	14:03	0:03	0:00	1:43	13:04	0:00
		39.9%	.8%	.0%	4.9%	37.0%	0.0%
53	42:29	17:07	0:07	0:01	0:00	4:04	0:00
		40.2%	1.6%	.2%	0.0%	9.5%	0.0%

54	40:36	25:55	0:03	0:01	2:10	8:30	3:05
		53.8%	.1%	.0%	7.4%	20.9%	7.5%
60	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
51	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
71	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
GROUP TOTAL	416:45	215:58	2:10	0:04	28:10	71:20	36:07
		51.8%	.5%	.0%	6.7%	17.1%	22.7%

JUL 15 1985

NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF DEPARTMENT OF TRANSPORTATION AND
PUBLIC FACILITIES

Notice is given that the Department of Transportation and Public Facilities, under authority vested by AS 44.42.030, proposes to adopt regulations in Title 17 of the Alaska Administrative Code, dealing with Alaska Marine Highway tickets, to implement AS 44.42.020 as follows:

- (1) 17 AAC 70.220(a) and (b) are proposed to be amended to incorporate the provisions of 17 AAC 70.221, and
- (2) 17 AAC 70.221 is proposed to be adopted to establish procedures for refunds on Alaska Marine Highway tickets with the amount refunded, reduced depending upon when in relation to sailing the cancellation of the reservations occurs, the time of the year the space is reserved, and the particular route.

Notice is also given that any person interested may present written statements or arguments relevant to the proposed action by writing to Deputy Commissioner, Alaska Marine Highway System, Pouch R, Juneau, Alaska 99811, so that they are received no later than August 9, 1985.

This action is not expected to require an increased appropriation.

Copies of the proposed regulations may be obtained by writing to:

Merv Griggs
Alaska Marine Highway System
Pouch R
Juneau, Alaska 99811

The Department of Transportation and Public Facilities, upon its own motion or at the instance of any interested person, may, after the deadline stated above, adopt proposals within the scope of this notice without further notice or may decide to take no action on them.

DATE: _____

Joe D. Camp
Deputy Commissioner
Alaska Marine Highway System
Department of Transportation
and Public Facilities

Register _____, 1985

TRANSPORTATION
& PUBLIC FACILITIES

17 AAC 70.220
17 AAC 70.221

17 AAC 70.220(a) and (b) are amended as follows:

17 AAC 70.220. REFUND OF FARES, RATES OR CHARGES. (a) Passage tickets for passengers or vehicle deck space when presented by the legal owner, within one year of valid date, may be redeemed, subject to the provisions of 17 AAC 70.221, under the following conditions:

(1) unused passage tickets when travel was not performed or when transportation was not provided will be refunded at full value upon application;

(2) changes in destination, number of persons ticketed, size of vehicle or other details that result in the transportation provided being of lesser value than the purchase price of the passage ticket, must be adjusted on the basis of the true published value of the transportation provided; the adjusted difference will be refunded upon application;

(3) lost tickets may be refunded upon application and certification of loss.

(b) Tickets issued for stateroom or berth accommodations, when presented by the legal owner, may be redeemed, subject to the provisions 17 AAC 70.221, under to the following conditions:

(1) if canceled prior to sailing full refund may be made upon application,

(2) when travel distance is shorter than originally ticketed, or when all berths originally ticketed are not used, no adjustment in charges for the berth or stateroom service will be allowed. (Eff. 7/8/72, Reg 42; am / / , Reg.)

17 AAC 70.221. REFUND OF TICKET AMOUNTS. (a) Amounts refunded on tickets shall be reduced from the full ticket price for routes specified in this section as follows:

(1) if cancelled thirty days prior to sailing, 100 percent is refunded;

(2) if cancelled more than twenty days, but less than thirty days before sailing, 90 percent is refunded;

(3) if cancelled more than ten, but less than twenty days before sailing, 60 percent is refunded;

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER—ALASKA MARINE HIGHWAY SYSTEM

POUCH R
JUNEAU, ALASKA 99811
(TELEX 45-312)
PHONE (907) 465-3950

November 4, 1985

All Employees
Alaska Marine Highway System

I am writing this letter to all employees in response to a letter (copy attached) published on Thursday, October 31 in the Juneau Empire. That letter got my attention for three reasons:

- 1) It contained persistent false rumors and accusations;
- 2) it was allegedly signed by a dedicated employee who had recently died; and
- 3) it mentioned one event that occurred after his death.

On Friday morning, November 1, while pondering how Mr. Clark could have written a letter about something that occurred after his death, I received a call from Mr. Carl Sampson, Managing Editor of the Empire. He had just received a call from Mr. Clark's daughter who had informed him that Mr. Clark could not have written or had anything to do with that letter since Mr. Clark had been gravely ill in a Portland hospital for some time before his death. The Friday Empire carried an editorial (copy attached) that states the Editor's position much better than I can.

Even though some individual or group of individuals has taken advantage of Mr. Clark and his family and possibly the letter to the editor should be ignored, I believe I owe it to all of you to answer with facts the false charges that letter implied. My comments respond paragraph by paragraph to the letter to the editor.

Our labor costs are high. Over 53.5 percent of our total operating budget is in personal services costs and benefits for our vessel employees. Shore employee personal services and benefits are less than 9.5 percent of our total operating budget. No other major vessel operator faces those types of labor costs to my knowledge and experience. Most of the wages are hard earned and well deserved, but management must ensure that we do not pay for services not needed.

Office personnel have not tripled. In fact, there have been a total of only 15 personnel added to the authorized Alaska Marine Highway System (AMHS) personnel count since July 1980 and seven of these were approved this year and are Capital funded positions to manage construction projects for Marine Facilities Engineering. It may seem to the unknowing as if many positions have been added to headquarters staff since AMHS has consolidated under one Deputy Commissioner. With the exception of the 15 new personnel, all other positions have long been employed in Department of Transportation and Public Facilities (DCT&PF), doing AMHS work. Many were simply located elsewhere where they reported to different supervisors but they were performing AMHS tasks. The DCT&PF reorganization in 1983/84 simply located them centrally in the same organization which, incidentally has made us more responsive and efficient. There are 7 persons or 4.7 percent in the shore staff of AMHS earning \$60,000 or more. There are 69 or over 3.1% of all vessel personnel earning that much or more. In addition, there are 205 or 24% of all vessel personnel earning between \$40,000 and \$60,000. Ashore there are 24 or 16.3% earning those wages. Shoreside supervisors and managers are not eligible for overtime even though many extra hours of work are required. The shore staff to vessel employee ratio of AMHS compares very favorably with the Washington State Ferries. Washington State Ferries have one person ashore for every four afloat while AMHS has one person ashore for every 3.3 persons afloat.

In the winter our administrative staff must still order the supplies, account for revenues and expenses, pay the bills, dispatch personnel, handle payroll, prepare budgets, manage capital construction projects and make reservations. There is no slack period ashore as there is on the routes.

We are implementing a limited number of training programs for our shoreside staff just as we are for our vessel personnel. Both programs will increase as our budget will allow. Non-performers, both afloat and ashore are being appropriately dealt with within the bounds of union contracts.

Management philosophy is not intended to be antagonistic toward vessel personnel. When I was at sea I made a vow that if ever I was in a management position ashore, I would ensure that the shore staff always remembered that their only reason for being was to support the ships. We are dedicated to making AMHS a more efficient organization that better serves the needs of all Alaskans. We are antagonistic to any personnel who seem only to think of how they can get more for doing less or those who fail to remember that our sole reason for operating is to serve the public.

Mr. Black and I were recruited from outside the state. We both had extensive experience in managing and working with civilian crewed vessels. Many successful businesses recruit ex-military personnel for their proven track record as cost effective managers. We both hope to remain in Alaska for a long time. Incidentally, we have given all vessel employees who collect COLA but who are "P. O. Box Alaska residents" the opportunity to correct past errors without penalty. Those who we now identify as having filed false claims in order to collect COLA will be dealt with to the limits of the law including termination and collection actions to recover COLA paid non-residents. Only the cheaters should be bothered by this. Alaska residents and those honest outsiders who don't collect COLA should be happy to see it happen.

Some marketing surveys have been conducted for specific purposes. Where appropriate and where funding is available the recommendations are implemented.

I made the statement that I thought airline super saver fares were the principle cause of falling revenue this year. There are many other factors involved and we are taking whatever action we can to counter those losses. One will be to sail two vessels out of Seattle next summer. Our service to Hyder was the result of legislation that required it. DOT&PF argued against it in all committee hearings because of the anticipated losses. The \$47,000 loss was for the entire summer, not each week. We will again serve Hyder/Stewart next summer, but since we will be carrying vehicles we should not have a loss.

Last summer we had over 850 vessel employees to fill 331 jobs per week on all vessels. Considering two crews that totals 662 permanent jobs with 138 relief personnel to fill in. In spite of that number of extra personnel we sometimes did not have enough personnel to dispatch to cover all positions on all vessels. We did not sail below Coast Guard certificate. AMRS is the only seasonal business I know of that has allowed almost unlimited leave during the peak season. Too liberal a leave policy and a higher than usual "not fit" situation during a portion of this summer left us short. With the funding shortages we have, hiring additional personnel was not the answer, but better managing the personnel we have may be. We are seriously considering limiting all personnel to no more than one work week leave and then only for a limited number on leave each week between May 15 and September 15 next year. I dislike having to limit leave but we are in a seasonal business whether we like it or not.

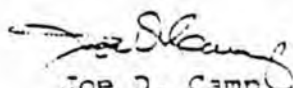
November 4, 1985

M/V COLUMBIA will be in a dead ship lay up status until at least March 1. Todd Shipyard will also complete the industrial overhaul during that period. To lay COLUMBIA up in Ketchikan this year would have cost AMHS a minimum of \$329,000 in auditable costs. The Todd Shipyard contract is for \$143,000, or a savings of \$385,000. That savings equates to two extra weeks sailing for a mainline vessel, providing service to the public.

Shoreside employees travel on passes only when they are on official business, therefore reservations for cabins are in order and meals are included in lieu of per diem. Occasionally, I take my vehicle when I travel on official business on the ferry. It is a cost savings measure as I then do not need to rent a car at destination and I only do this if there is adequate space available. Shoreside personnel do not receive passes for vacation travel. Shoreside employees' family members never receive passes for passage or meals. Mr. Black's daughter was, traveling on a purchased ticket, erroneously not charged for an evening meal on M/V COLUMBIA this summer. Mr. Black brought it to the attention of the Port Steward and thought it was resolved before he left the ship. After debarking, he discovered the meal had not been paid for and he paid the bill the next COLUMBIA trip through Juneau.

I firmly believe that we have the finest system and that we have more dedicated, hard working employees than any organization of comparable size anywhere in the world. We must all work together to improve our system so that it can function to its fullest to provide service to the public. To the majority of you who work so hard for our system, I say thanks, keep up the good work and help us realize the real potential this system has.

Sincerely,


Joe D. Camp
Deputy Commissioner

Enclosures

Letters

Ferries need help from top down

Dear Sirs,

This letter is a response to the growing antipathy being created in the Alaska Marine Highway Systems (A.M.H.S.) between shipboard personnel and the management in the Juneau office. Management seems oblivious to its contribution to waste in state government and prefers to put the blame on "high" labor costs. Examples of mismanagement are rife, but we will explore only a few in this document.

Office personnel and mid-level managers have about tripled in the past five years, with officer's wages averaging \$60,000 a year. One might compare ferry management (in terms of the ratio of office to line workers) with private shipping companies or the Washington State Ferries. They operate with a fraction of the personnel and have bigger budgets, more ships, and larger payrolls.

Each winter half the ships are laid up in the shipyard for maintenance, but there is never a reduction in force in office personnel. Actual ships and compliment crews are static, while office workers multiply exponentially.

There is no policy of continuing (or even initial) management training. Poor personnel are never removed, just shifted to a different title - usually a position of more responsibility.

Management philosophy is antagonistic to shipboard workers and is heavily infiltrated by ex-military personnel. Since when is the military a good place to recruit people to be cost effective?

Top management has been imported from outside the State of Alaska, even though Governor Sheffield in a recent press interview still gives lip service to local hire on state financed projects.

There have been approximately 11 marketing surveys done for the state in as many years (at what cost?) that have NEVER been utilized. Evidently no one in Juneau knows how to analyze and implement the data gathered by the firms contracted for the surveys.

A D.O.T. official in a recent public statement blamed loss of ferry revenue on super saver air fares, but said the A.M.H.S. is taking steps to save money at the operational level. So far this has translated into less sailors and stewards to work shipboard during peak summer months, and inaugurating weekly trips to Hyder, Alaska, at \$47,000 per trip.

Lay up on "dead snips" (those vessels with no maintenance being done and no workers aboard) are being tied up to sit in ports outside of Alaska. These docking fees could just as easily go to Alaskan cities with docking facilities.

Ethical standards for any operation, be it public service, the private sector or the military, are set by the leadership and filter down to subordinates. At the A.M.H.S. we are given the examples of "do as I say, not as I do." Memorandums are issued denying employees traveling on passes from (1) reserving staterooms or (2) having free meals aboard the ship, yet an official's daughter travels with her father while he is ostensibly on official business, all meals provided to them at state expense. On a recent "special" voyage to Sitka, officials traveling on passes reserved their stateroom accommodations, even after their own memos (dated two weeks previously) state quite clearly there would be no exceptions to the pass-reservation rule.

The old adage "Physician, heal thyself" might be well applied to a bloated, inefficient bureaucracy whose typical response to declining state revenues and calls for a more cost effective program is to blame

the workers who set no policy, have little or no control of day-to-day operations and who struggle to interpret variable and often capricious office politics.

Please sign us,
Frustrated Public Servants
Larry Clark
P.O. Box 2515
Juneau, 99803

An apology for an abuse of a privilege

A newspaper has many jobs: to inform, to entertain and to provide a forum for the expression of opinions. Each of those functions is important, because together they provide a well-rounded view of the world around us. If one of those functions had to be chosen as most important, the free expression of opinion would probably be it. That's because in a democracy, the free expression of opinion is not reserved for the few, it is a privilege enjoyed by all.

Most of the time, people express their opinions in a responsible manner. Once in a great while, however, that privilege is abused. It doesn't happen when an individual speaks deeply held beliefs, and it doesn't happen when an honest error in fact is stated.

It happens when an individual, or group of individuals, purposely seeks to deceive.

By all indications, that's what happened in a letter to the editor published in Thursday's Empire. In it, someone apparently forged another person's signature. While that is bad enough, the person whose name had been forged had passed away nine days after the letter was dated. The family says he had been severely ill in Oregon and there is no way he could have written the letter or had anything to do with it.

Maybe the person who forged that letter has a just cause. Or maybe he thought he was being real smart by taking another man's name. But no matter how you look at it, nothing can justify this sort of flagrant and willful abuse of a privilege. Whoever did it not only destroyed his credibility and perpetrated the most irresponsible of deceptions, he needlessly hurt the man's family, friends and former co-workers.

What can justify that sort of action? Nothing. What can make up for the hurt? Nothing.

We offer our apologies to the members of Larry Clark's family and the many other people who we hurt by publishing that letter, and you can bet we will make every effort to make sure this never happens again.

If the person responsible for this deception had any courage or sense of right, he or she would also apologize to the family and to the public.

DIVISION OF ADMINISTRATIVE SUPPORT
ALASKA MARINE HIGHWAY SYSTEM

Martin J. Nusbaum, Director

-
- ° With its staff of 61 the Division of Administrative Support was able to meet its objective of providing the necessary supply, personnel and finance functions for the Alaska Marine Highway System by meeting the following objectives.
 - ° Payroll and dispatching errors decreased by 25%.
 - ° Decrease in crew travel pay due to dispatch errors by 23%.
 - ° Decrease in time on recording crew seniority points by 23%.
 - ° Decreased processing time whereby vendor payments were accomplished under thirty days from time of invoice to payment.
 - ° Further progress is anticipated in FY 86 in that objectives toward improving systems with the help of computers is expected to be made in the following areas:
 - ° Prompt and accurate rating and response to marine employee applicants as to hiring qualifications and compliance with affirmative action.
 - ° Improve warehouse and inventory control procedures. Reduce error rate to 2%.
 - ° Establishment of cost centers including management and accounting requirements to identify profit/loss for services performed.

Sent to [unclear]
10-31-85 1.5

ALASKA MARINE HIGHWAY SYSTEM
DIVISION OF MARKETING AND SERVICES

Josephine Emery, Director

A major change took place within the Division of Marketing and Services in FY 85 when reservations' functions were centralized in Juneau. A staff of 55 includes reservations positions which were shifted from both the Seattle and Anchorage offices, which had previously shared the reservations load, to the Juneau office. Toll free lines, two Alaskan and four out-of-state were installed along with appropriate electronic call distribution, monitoring and reporting. This has proven effective with the number of unanswered telephone calls being reduced significantly.

Most of the objectives of the Division were reached as the response to telephone and letter inquiries improved as planned and the number of vehicles transported increased from 94,000 to 99,000 as projected. However, two objectives were not reached. Passenger traffic did not reach projected levels as ridership actually declined one percent compared to the projected rise of three percent.

With passenger traffic declining, revenue also fell short of projections by nearly six percent at \$32.5 million.

ALASKA MARINE HIGHWAY SYSTEM
DIVISION OF MARINE FACILITIES ENGINEERING

Harold Moeser, Director

-
- ° With the FY 35 funding level Marine Facilities Engineering was able to meet its objectives in the development and obligation of \$10,700,000 in capital construction. Projects included the rehabilitation of the M/V MATANUSKA and Petersburg Ferry Terminal (\$7,500,000), and new or major improvements at Tanakee, Hoonah and Ketchikan (\$3,200,000).
 - ° The staff total of 20 includes a Naval Architect and five registered professional engineers. Beginning in FY 35 a full time Shore Maintenance Manager function was established to schedule and contract for shore maintenance as needed.
 - ° The legislature authorized 7 additional positions for FY 35 which will allow this Division to target for an FY 35 capital construction output of \$26,000,000. The primary emphasis will be in completing the Ketchikan Ship Repair Yard (\$13,000,000), improvements to vessels M/V COLUMBIA (Bow Thruster), M/V BARTLETT and M/V MATANUSKA (\$2,600,000), and new or improved terminal facilities at Wrangell, Metlakatla and Seward (\$5,200,000). Maintenance of all Alaska Marine Highway Terminals is ongoing and estimated to be \$200,000 per year.

ALASKA MARINE HIGHWAY SYSTEM
DIVISION OF MARINE OPERATIONS

Eugene H. Black, Director

Objectives of FY 85

- ° Full utilization of our capital assets, our ships, and shore facilities.
- ° Provide additional service the private sector could not offer. This deals with new Alaskan ports and frequency of service.
- ° Increase ship operating days and passenger boardings.
- ° Reduce overhaul costs
 - a. Increasing productivity per labor hour
 - b. Improved scheduling
 - c. Shorter layup period
- ° Improve passenger service by upgrading facilities and expanding passenger food service options.
- ° Re-engine the M/V MATANUSKA.
- ° Upgrade safety equipment to state of the art on all Alaska Marine Highway System vessels.

The number of employees under Alaska Marine Highway System supervision

- ° Nine shoreside management positions to supervise 725 vessel positions.

Accomplishments

- ° The ships were better utilized with an increase in ships operating days.
- ° Service to Alaskan communities was expanded by scheduled trips to Hyder, Alaska. Service across the Gulf of Alaska was expanded and studies are being done to analyze this area.
- ° Overhaul costs were reduced by several changes in management practice.

- a. Executed second year of a five (5) year service contract with main engine manufacturer for the maintenance of the main engines on the M/V COLUMBIA with an estimated annual cost savings of 500,000 dollars, which has resulted in improved operational reliability of the M/V COLUMBIA.
- b. Better scheduling of layup personnel resulted in more productivity with smaller crew levels.
- c. Less days were spent in layup status resulting in more use of Alaska Marine Highway System vessels.

Extensive upgrading of Alaska Marine Highway System vessels occurred in FY 85. The major ones that affected Passenger Services are:

- a. Reinstated year-round table service for dinner meal on board Seattle run ships.
- b. Installed Amtrak style recliners on M/V's LeCONTE, AURORA and COLUMBIA.
- c. Installed toddler play area on M/V's TAKU and MALASPINA.
- d. Major carpet upgrading on M/V's MALASPINA, LeCONTE and TAKU.
- e. Remodel of Cocktail Lounge and Dining Room on the M/V MALASPINA.
- f. Installed public showers on the M/V AURORA and M/V LeCONTE.

The M/V MATANUSKA was re-engined. The life cycle cost savings justified this project. The fuel consumption comparisons are very favorable after the first four months of operations.

Several safety related changes were made to bring Alaska Marine Highway System up to the state of the art.

- a. Upgraded all radar systems in the fleet with state of the art capability.
- b. Installed new extended skeg on the M/V COLUMBIA to improve her handling characteristics.

- c. Conducted firefighting and CPR training programs for employees in Deck, Engine and Stewards Departments.
- d. Continued upgrading the plumbing, electrical and ventilation systems aboard the ships.
- e. Increased emphasis on the upgrading of all navigational equipment.

The change in direction from FY 84 to FY 85 was more a consolidation than a change. More efficient use of Alaska Marine Highway System Facilities, better scheduling of work and personnel, and expanded frequency of service.

FY 86 is a year where due to budgetary restraints, major cost cutting measures are being put in place. It is our intention to not retreat in regard to increasing our passenger boardings comparison. We are planning to accomplish more but with less. The proposed changes are:

- a. By better scheduling, the M/V COLUMBIA will be layed up during the least profitable period. Even with the layup, passenger boardings should show a reasonable increase. The savings from this measure will result in a cost savings of approximately \$431,952.16 due to her being in cold ship status void of crew.
- b. The average time the ships will remain in maintenance/overhaul status will be cut, allowing additional time on the run to offset the M/V COLUMBIA layup.
- c. Size of overhaul crew levels will be cut by 11%. Due to improved procedures and scheduling, the work will be completed in less days.
- d. The food service during overhaul period will be replaced with meal per diem, which will result in a cost savings of \$241,915.46.
- e. There will be a change to two mainline ships calling on Seattle during the summer season, which will result in savings from less expensive supply costs and should increase revenues due to more passenger miles being logged.

ALASKA MARINE HIGHWAY SYSTEM

WEEKS OF SHIPS OPERATIONS - By Calendar Year

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>PLANNED 1986</u>
Four Mainline Vessels - Southeast	128.9	135.4	133.8	150.7	146.0	155.6
Two Feeder Vessels - Southeast	82.4	84.5	81.2	83.5	87.2	90.2
M/V CHILKAT - Southeast	44.9	48.5	47.3	47.3	46.9	47.6
Feeder Vessels including M/V CHILKAT	127.3	133.0	128.5	130.8	134.1	137.8
Total Southeast System	256.2	268.4	262.3	281.5	280.1	293.4
M/V TUSTUMENA	43.4	45.0	43.8	43.0	43.9	43.8
M/V BARTLETT	52.2	44.5	44.6	44.8	44.5	44.8
Total Southwest System	95.6	89.5	88.4	87.8	88.4	88.6
Total AMHS	351.8	357.9	350.7	369.3	368.5	382.0

ALASKA MARINE HIGHWAY SYSTEM
WEEKS OF SHIPS OPERATIONS - By Fiscal Year

	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87 BASE</u>	<u>FY 87 REQUESTED</u>
Four Mainline Vessels - Southeast	120.4	141.9	132.0	145.2	142.0	155.8	153.1	160.1
Two Feeder Vessels - Southeast	87.0	85.9	79.7	86.0	86.2	90.8	90.9	90.9
M/V CHILKAT - Southeast	45.2	48.2	47.5	47.3	47.0	47.5	30.8*	30.8*
Feeder Vessels including M/V CHILKAT	132.2	134.1	127.2	133.3	133.2	138.3	121.7*	121.7*
Total Southeast System	252.6	276.0	259.2	278.5	275.2	294.1	274.8*	281.0*
M/V TUSTUMENA	43.7	44.7	44.0	43.0	44.0	43.7	43.6	43.6
M/V BARTLETT	42.2	44.2	44.8	44.8	44.6	44.7	43.3	43.3
Total Southwest System	85.9	88.9	88.8	87.8	88.6	88.4	86.9	86.9
Total AMHS	338.5	364.9	348.0	366.3	363.8	382.5	361.7*	368.7*

*The M/V CHILKAT is removed from service February 1, 1987.

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

FOUCH I
CORRECTION DIVISION
PHONE 207 465 1100

OFFICE OF THE COMMISSIONER

February 23, 1966

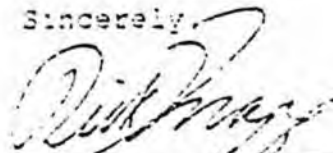
Ms. Sally Smith
President
Southeast Conference
P. O. Box 29
Douglas, AK 99524

Dear President Smith:

This is in response to your recent letters to Deputy Commissioner Joe Camp and me regarding reactivation and expansion of the Marine Highway Task Force. The Task Force was appointed by Governor Sheffield, and its work ended with completion of the Task Force Report. I do not believe it would be beneficial to reactivate and expand the Task Force at this time.

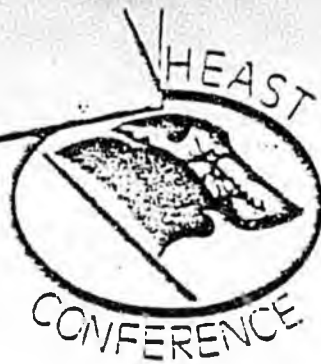
I do, however, see some benefits from having an advisory group to work with the Alaska Marine Highway System. I believe such a mechanism currently exists within the Southeast Conference. I would like to suggest that your Transportation Committee or some other group from your organization assume such a role. I can see the need for regular meetings and suggest for your consideration, quarterly meetings to be scheduled by the Advisory Group at their convenience with the concurrence of the Deputy Commissioner of the Alaska Marine Highway.

Sincerely,



A. J. Knappe
Commissioner

cc: Joe Camp, Deputy Commissioner
Alaska Marine Highway System



P.O. Box 29 • Douglas, Ak. 99824

(907) 586-6846

February 5, 1985

The Honorable Bill Sheffield
Governor
State of Alaska
Pouch A
Juneau, AK 99811

Dear Governor Sheffield:

The Southeast Conference board of directors, comprised of Southeast district representatives, Southeast legislators, and Southeast community mayors, has reviewed the Marine Highway Task Force report to the State and is following the implementation of those recommendations we support.

The Southeast Conference board requests the Marine Highway Task Force be continued as an active board and be expanded to include a representative from each marine highway "user" community. This would ensure ongoing communication between the State administration and the people of Alaska serviced by the ferry system.

We shall appreciate your comments regarding this request which the board believes will achieve a balanced direction for the future of the marine highway system.

Respectfully,

A handwritten signature in cursive script that reads "Sally Smith".

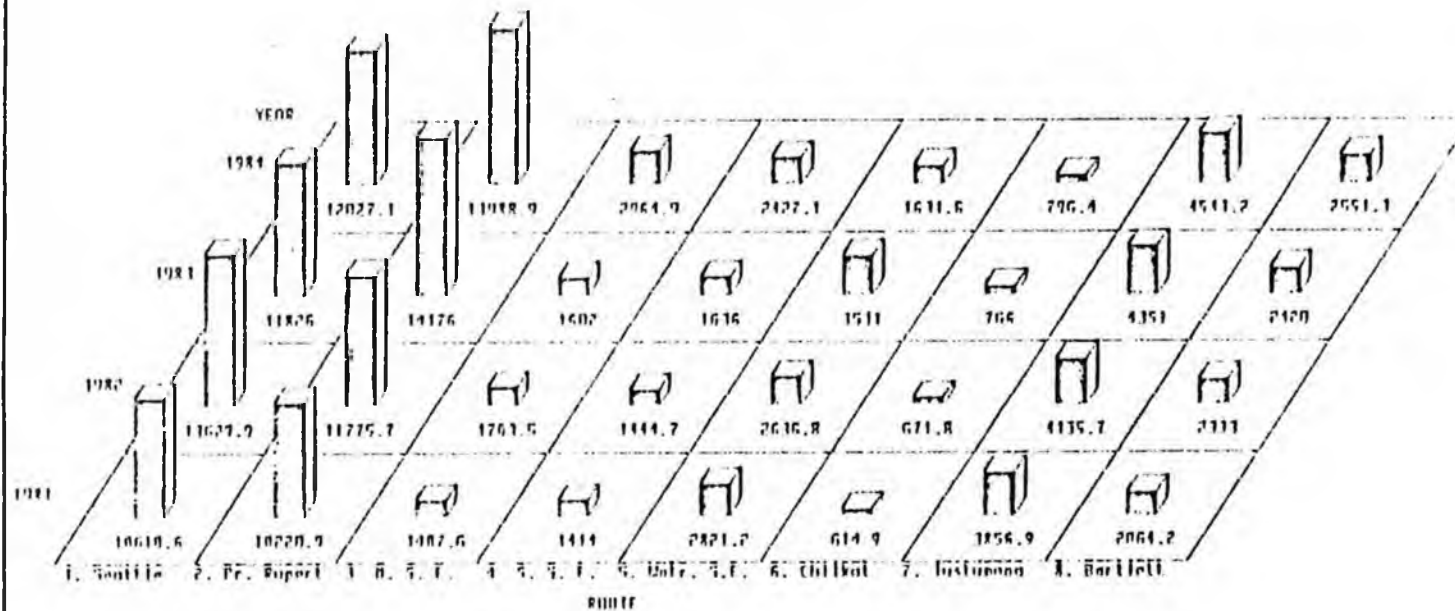
Sally Smith
President

ALASKA MARINE HIGHWAY SYSTEM

Direct Expenses by Route and Fiscal Year, 1981-1984

⌘ Thousands

BAR CHART OF EXPENSES



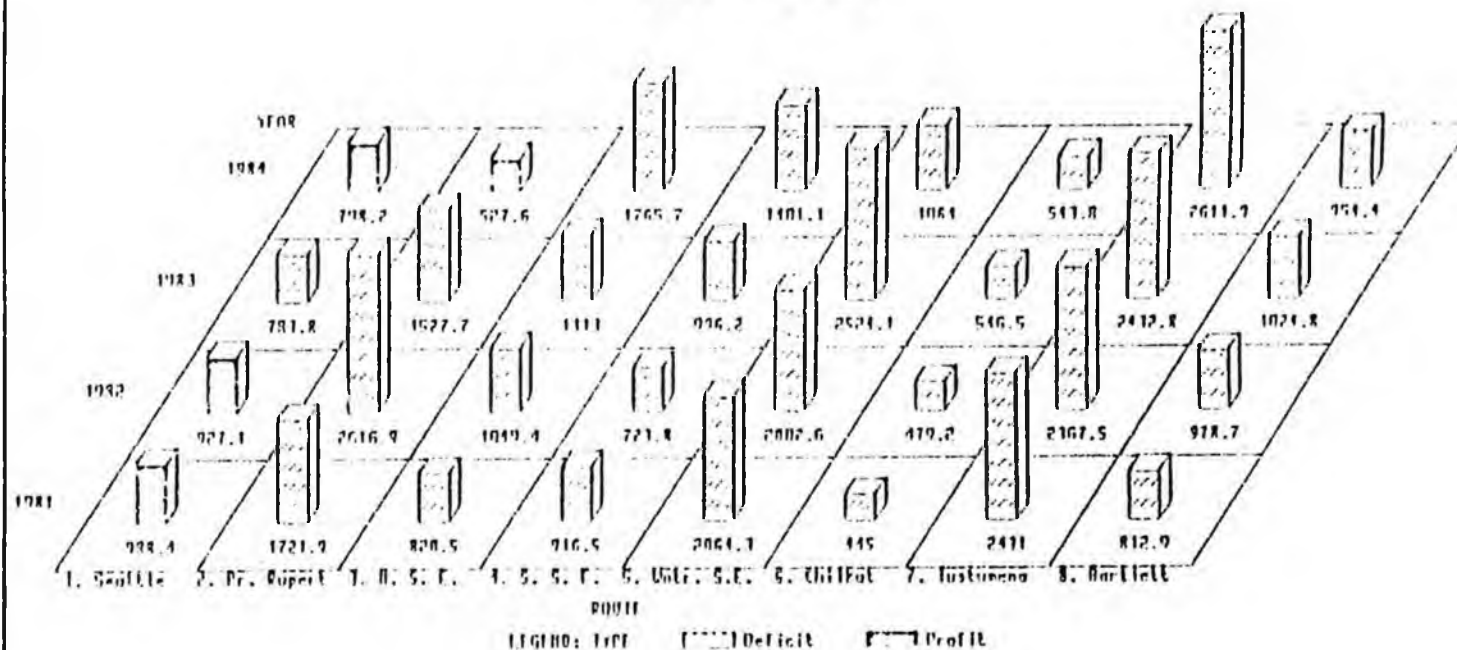
Compiled February 27, 1985

ALASKA MARINE HIGHWAY SYSTEM

Profit or Deficit by Route and Fiscal Year, 1981 - 1984

⌘ Thousands

BAR CHART OF CASHFLOW



Compiled February 27, 1985