

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

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figures and considers tourism generated by the routes as well as airport revenue. To land the new service, Portland spent \$300,000, including consulting fees and legal costs.

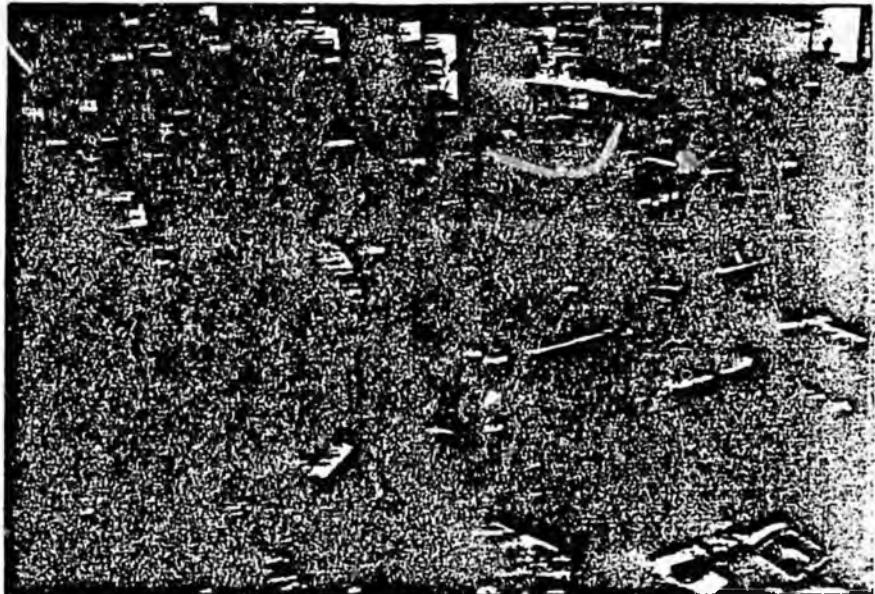
Daggett says an important factor in securing Portland's position as an international gateway was the more than \$4 billion in trade with Japan attributable to the region, which also includes southwest Washington. In the absence of such a trump card, Anchorage must play on other strengths: lack of congestion, facilities, low pricing and a destination for tourism.

"There is a problem developing on the horizon," says Campbell. "Anchorage must go after carriers. It's going to have to be the cheapest if it's goal is to keep airlines here." Other former fuel stops have retained flight operations in

the British Columbia is promoted heavily as a skiing location and attracts many Asian visitors for winter as well as summer travel.

ALTHOUGH ALASKA has the opportunity to sell JAL passengers on tourism in the state when they stop in the international terminal, "the only available display is the duty-free shop" and "bears." Kitamoto suggests one stuffed bear might be enough, but displays currently reinforce misconceptions about a hostile, remote and ice-covered Alaska. Even the stopover tourist booth, which hands out pamphlets, is remembered for its picture of igloos and Eskimos.

"I don't know how the State of Alaska thinks," says Kitamoto. "I would like to say to the state to show more of



In 1985, the Duty Free Shoppers concession contributed \$14.25 million in revenue to Anchorage International Airport.

various ways: Gander, Newfoundland, has been successful at establishing itself as a service base for charter flights, while Shannon, Ireland, and Bermuda have become destination stops.

Anchorage International Airport currently is not taken seriously as a destination for international travelers. Says Robert Gibbons, spokesman for Northwest, "Alaska is viewed as a domestic tourist market." Although Anchorage once was included in the carrier's international service, "the thrust of operations in Anchorage has shifted to international freighter service and domestic passenger traffic. The international passenger side fell apart with the advent of 747 service," according to Gibbons.

"Nobody knows about Alaska," says JAL's Kitamoto. "Alaska means icy." Canada is much more sophisticated in its marketing, he explains. For exam-

Alaska—trains, hotels, facilities at Denali. Give the costs and camping information. Let people know how accessible the glaciers are. Other airports all have pictures; only Anchorage has so few in its gate areas."

Although Kitamoto expects JAL's freight to increase, he feels the passenger traffic is on uncertain footing: "I don't know what will happen in five years." Once passenger traffic is lost to Anchorage International Airport in nonstop routing, he gives it "no chance to recover."

According to Don Dickey, director of the Alaska Division of Tourism, more than \$150,000 has been spent on international tourist promotion in Anchorage International over the last two years. Additionally, the division will be a major funder for the task force to the tune of about \$100,000.

Research firms are sampling to obtain a clearer description of passen-

gers passing through Anchorage International and to better understand attitudes of the Japanese and Germans. A continuing problem Dickey notes is carrier preference for selling through tickets rather than ticketing for a layover in Alaska. Hence the Division of Tourism also is meeting with carrier and tour companies to solve those problems and examine incentives.

Reyn Bowman, president and chief executive officer of the ACVB, says the state has been slow to embrace the opportunities of international tourism, but adds, "Now we're making real progress. The Division of Tourism is spending 7-8 percent of its budget on overseas tourists."

According to Rolf Klug, vice president of marketing and sales for ACVB, a 1983 study by Alaska Pacific University showed 84 percent of international transit passengers indicated an interest in visiting Alaska. A further gauge of tourist potential was findings that 62 percent liked winter-oriented travel and 50 percent could have stayed over on that trip.

Says Bowman, "The carriers will keep planes flying in here as long as people want to come. If we don't develop a consumer interest in Alaska as a destination, we stand to lose traffic and see the cost of domestic service increase. If we do develop consumer interest, we've

got a win-win situation. But we've got a race with time before carriers receive new aircraft and shift to nonstop flights."

William R. Snell, deputy commissioner of DOT, says, "We've had some flattening off in international passenger service, but it is not a significant decline." Adds Larry Michou, assistant director of administration for Anchorage International, "Our rate base remains solid because as passenger traffic has dropped, cargo, which is heavier and uses more fuel, has increased."

Michou says if the duty-free concession is lost somewhere down the line due to losses of international passenger traffic, the revenue "could be rolled into other fees."

Gina Marie Lindsey, manager of statewide aviation with DOT, points out Anchorage can be cheaper than some of its competitors because of duty-free revenue. Therefore, the loss of Duty Free, which employs about 270 in its Anchorage operations, could mean an increase in airport user rates, both domestic and international.

Snell reports the airport management has initiated four programs aimed at strengthening Anchorage's position in international airport competition. To benefit carriers serving Anchorage and the airport, the airport has promoted

the development of a fuel consortium in which member airlines own and control distribution of fuel services. He credits the effort with helping attract new business and stabilizing pricing.

Second, for the first time in Anchorage's history, five-year operating agreements have been signed with the major carriers serving Anchorage and Fairbanks. "Now we know our revenues and commitments for five years, and the airlines get predictability too," he says.

Third, DOT is cooperating in a marketing strategy promoting the airport and increased tourist stopovers. He notes, however, "The airport will market itself if we have competitive facilities for cargo and passengers."

FINALLY, DOT is seeking means to advance Anchorage's use as a hub. It is considering ways to raise capital for facilities. Snell notes any development is expected to involve the private sector. The Alaska Industrial Development Authority and DOT may provide the land, with someone else operating the facilities. Establishment of a foreign trade zone is being considered as well.

Anchorage International Airport would have something to celebrate regarding increased cargo tonnage if a corporation consisting of United Parcel Service and DHL Airways-International Parcel Express (IPX)-is awarded the small package service to Japan. The consortium, which has said it will allow other companies to purchase stock in the venture if it's selected, is one of three applicants.

The final selection will be made by the U.S. Department of Transportation following the recommendation of administrative law judges appointed to weigh the merits of each contender. IPX has stated it would use Anchorage, Cincinnati and Louisville with Tokyo. The two other proposals have been filed by Federal Express, which would use Portland and Memphis with Tokyo, and Orion Air, which has specified Seattle with Tokyo for its service.

IPX traffic through Anchorage would be a welcome addition and perhaps start the airport down the road to becoming a cargo hub. One factor weighing against that happening-or at least one that might limit the size of any hub operation-is the relatively small regional population base. In the past, Anchorage has reaped the benefits of being between major trade and tourist centers of the world. But that position already has been eroded and will not draw international traffic a decade from now unless carriers determine Anchorage International Airport has more than geography to offer.

"We could be facing a grave problem in loss of revenue and jobs. It's later than it should be," says Dixon. □

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Editorials

Unlocking the gates

FOR SEVERAL years Alaskans have been asking for a waiver of visa requirements for international travelers passing through Anchorage International Airport. The waiver, sponsored by Rep. Don Young, became law last week when Congress enacted a new immigration law.

That means it is time for Alaskans to pursue the programs they envisioned as possible if visas were eliminated. The federal government is, more or less, telling us through the waiver action, "Here's what you asked for, now let's see what you can do with it."

More than one million passengers spend an hour or more at the airport while they are traveling between Europe and the Orient. They have been confined to the airport and the airlines faced heavy fines when one failed to re-board the plane he arrived in.

Alaskans have seen those travelers as potential visitors to Anchorage and possible visitors to other areas of the state before going on to their destinations. The visa requirement discouraged efforts to promote stopovers.

A FIRST STEP would be to pursue a concerted program to win support from the airlines. At present they do not want stopovers in Anchorage and it is easy to understand why. When a passenger disembarks here, his seat is usually empty on the

second half of a long journey between continents.

From an economic standpoint, the airlines must have the prospect of boarding as many passengers in Anchorage as disembark. The designation of Anchorage as the Olympic City for 1994, when it comes, will serve as a mighty catalyst to this end.

It is critically important that this program be successful. Anchorage must become a destination city instead of only a transit point on the global airways. Its value as a transit point is diminishing as new planes and technology permit overflying.

Both Northwest and Japan Airlines no longer stop here. United Airlines has initiated service over the North Pacific with no stop in Anchorage. There is talk of flying non-stop between Japan and Europe.

SUCCESS in this venture is essential. If one out of four international travelers stopped to visit Anchorage, there would be at least 1,000 a day in town and if they stayed three days there would be 3,000. To accommodate them there would be more hotels, more tour buses, more restaurants, more service establishments of every sort.

Such growth would be the forerunner of additional growth to accommodate the Olympic games in 1994 and the new era of international status and fame.



Editorials

The new tourist season

THERE WERE a lot of happy numbers in a new report from the state's Division of Tourism, which took a statistical look at people who travel to Alaska during the off-season months of fall, winter and spring.

A surprising number — 42 percent — are pleasure visitors. And 24 percent of those come to visit friends and relatives. Business-related trips are the reason for 52 percent of the off-season travel, the state's survey showed — and that's surprising only in that some might have guessed that and even larger percentage of wintertime travel would be of a business nature.

AMONG THE other pleasant findings of the report was the discovery that off-season visitors sightsee and do other touristy things just

as much, if not more, than do those who come our way in the summer — and they average 10 years younger in age.

They also tend to come here more than once, and stay longer while they're here.

All of which speaks well for the state's effort to expose more and more visitors to the wonders and beauties of Alaska that can't be seen during June, July and August.

And it's something all of us might keep in mind, when the time comes to invite relatives and friends to visit the 49th State. As a matter of fact, you might want to remember to include an invitation in some of the Christmas cards you'll shortly be addressing to family and friends in far away places Outside.

Columns . . . Other views, other insights

Alaska's international airports offer economic opportunity

At a time when the state is struggling with the wrong end of OPEC politics, attempting to be the cornerstone of the international fisheries and hopeful of receiving the nod from the International Olympic Committee, we need to remember the economic opportunities at home. In this writer's view, an important part of the state's economy involves some buildings and some asphalt. That's the Anchorage and Fairbanks airports.

The problem is that technology may pop our airports. If we don't come up with a viable plan, a new generation of aircraft may result in stops at Anchorage and Fairbanks being a vestige of the past. In my estimation, the commercial future of our airports is as important to our economic future as our high profile items.

A 1985 study indicated that Anchorage International Airport contributed \$1.5 billion to the Anchorage economy. Indica-



Courtroom
to
boardroom
by
Tony
Smith

tion were that the airport alone generated employment of 13,472 people. The cost for this is only approximately \$20 million.

There's nothing that says international flights will continue to call at either the Anchorage or Fairbanks airport. Right now, we are the air crossroads of the world, but new long-range Boeing planes may change that. Already some interna-

tional passenger carriers are beginning to fly direct.

The state, the municipality, and those involved with the airport, must concentrate on this issue. The airport may not be the sexiest issue, but it is one area where we haven't experienced a downturn.

For example, there are international carriers, like Korea Airlines, who are unable to pick up or discharge passengers because they do not have landing rights. The reason for this seems to stem from events at the Seoul airport, which have nothing to do with Alaska. We can not accept that.

Visas have been a problem in the past, but the Alaska Congressional delegation has started a program which may solve that. From Alaska's vantage, we need to

have our international friends have the ability to pass a few days in Alaska. We

must market Anchorage and Fairbanks as destination points.

We need Free Trade Zones in order to maximize the opportunities for local businesses to take advantage of our strategic location. Our airports have to provide services competitive with Portland, Seattle, Los Angeles and other gateway locations. We've gone a long way on the services, but we can always do more.

A task force is working on the problem, and that's a start. The downside, however, is such that an all-out effort is called for. It's easy to get people excited about AWWR and the Olympics. We need the same excitement about the continued development and marketing of the Fairbanks and Anchorage airports.

An Alaskan since 1971, Tony Smith is an attorney in private practice in Anchorage.

**Municipality
of
Anchorage**



OFFICE OF THE MAYOR

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TONY KNOWLES
MAYOR

October 9, 1986

Governor Bill Sheffield
P.O. Box A
Juneau, AK 99811

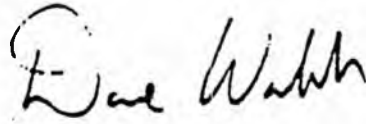
Dear Governor:

You are aware that Anchorage International Airport is the linchpin of Anchorage's economy. As such, when potential declines in its revenues come to light, we become concerned. This concern is manifest in the attached resolutions from the Assembly and Chamber of Commerce.

Anchorage is concerned about keeping our airport economically healthy and growing. To accomplish this, we need a hard-hitting marketing and public relations program. We would appreciate your assistance in this endeavor.

Sincerely,


Tony Knowles
Mayor


Dave Walsh
Chairman of the Assembly

2 Enclosures

cc: Commissioner DOT/PF

A:EJG018.TXT

8-12-86

Submitted by: Economic Dev. Subcomm. Stee,
Brockway, Chairman
Prepared by: Assembly Budget Analyst
For Reading: August 12, 1986

ANCHORAGE, ALASKA
AR NO. 86-178

A RESOLUTION SUPPORTING THE DEVELOPMENT OF A MARKETING PROGRAM FOR
ANCHORAGE INTERNATIONAL AIRPORT

WHEREAS, the Municipality is in the process of applying for Foreign Trade Zone status, and

WHEREAS, an important aspect of the success of Anchorage's Foreign Trade Zone is Anchorage International Airport, and

WHEREAS, Anchorage International Airport and the marketing thereof has been a recent topic of discussion for several community groups and in the local news media, and

WHEREAS, stopover air traffic economic opportunities at Anchorage International Airport have not been fully realized, and

WHEREAS, a viable and economically productive international airport is in the best interest of the Anchorage economy, and

WHEREAS, there are sufficient monies in the Airport Fund.

NOW, THEREFORE, the Anchorage Municipal Assembly hereby resolves:

Section 1. That acceleration and expansion of the current airport marketing program is warranted and appropriate.

Section 2. That the creation of a strategic planning program for Anchorage International Airport is of utmost importance to Alaska's economic health.

Section 3. That this Assembly welcomes participation in such an effort.

PASSED AND APPROVED by the Anchorage Assembly this 12th
day of August, 1986.


Chairman

ATTEST:


Municipal Clerk

ejg/reso 002



Anchorage Star of the North
Chamber of Commerce

RESOLUTION 86-07

ANCHORAGE INTERNATIONAL AIRPORT

WHEREAS, the Anchorage Chamber of Commerce has, throughout the history of the Airport, been the leading business organization in support thereof; and

WHEREAS, Anchorage is the transportation and marketing center for the State of Alaska; and

WHEREAS, the Chamber recognizes the International Airport has a primary role in the economic growth of Anchorage and Alaska; and

WHEREAS, existing State policies appear to accept a "status quo" insuring only the mutual support and a common maintenance level at major airports in the state; and

WHEREAS, there appears to be neither a near-term nor long-term plan to insure the growth for current and future commercial users, or enhancements for the public and other users at the International Airport,

THEREFORE BE IT RESOLVED that the Anchorage Chamber of Commerce calls upon the Municipal Assembly to move forthwith and:

- strongly urge the State to develop and implement a viable marketing plan with state, national and worldwide impacts, specifically for the Anchorage International Airport;
- take the steps necessary that will result in a formal role for the city in the policy development and the future of the Airport.

APPROVED BY THE Anchorage Chamber of Commerce Board of Directors this 22nd day of August, 1986.



Elaine Atwood
President



Wayne K. Beckwith
Executive Vice President

President: Elaine Atwood Executive Committee: Larry Baker,
Ken Calhoon, George Easley, Lee Fisher, Joe Heintz, Harold Heinze, Glenda Rhodes
Board: Rod Bradley, Col. Richard Brown, Mike Burns, Dave Dittman, Sen. Jan Faiks, Al Fleetwood, Alice Hartig,
Jack Hayes, Duane Heyman, Col. Scott Tippin, Kay Linton, Bill MacKay, Earl Miller, George N. Nelson, John Norman,
Al Parrish, Bub Penney, Chief Brian Porter.

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RECEIVED
Date: 4-8-86

Submitted by: Economic Development
Committee/Dana Brockway,
Chairman
Prepared by: Assembly Budget Analyst
For Reading: April 8, 1986

ANCHORAGE, ALASKA
AR NO. 86- 61

A RESOLUTION REQUESTING IMMEDIATE ACTION TO OBTAIN FOREIGN TRADE ZONE STATUS
FOR CERTAIN AREAS OF THE MUNICIPALITY OF ANCHORAGE.

WHEREAS, the future of Anchorage's economy depends on appropriate and timely actions to further growth and opportunities; and

WHEREAS, the Economic Development Committee has studied the foreign trade zone concept and has heard the testimony of experts as well as from the Chamber of Commerce and Economic Development Commission; and

WHEREAS, the Economic Development Committee has found no significant negative aspects of foreign trade zone status; and

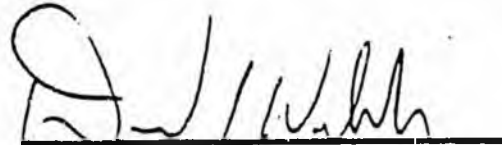
WHEREAS, the Port of Anchorage would be influenced by this change in status and thus is an interested agency.

NOW, THEREFORE, the Anchorage Municipal Assembly resolves:

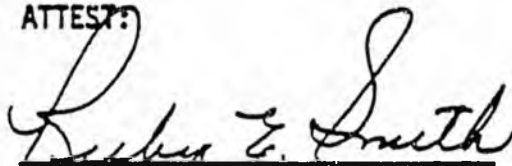
SECTION 1. The Municipality should immediately proceed to assess Anchorage's foreign trade zone potential, and define potential land areas for consideration.

SECTION 2. The Port of Anchorage should function as the action agency for this effort, and shall make application for foreign trade zone status, providing periodic progress reports to the Assembly.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 8th
day of April, 1986.


Chairman

ATTEST:


Municipal Clerk

FINAL REPORT

EXCERPTS FROM
THE ECONOMIC IMPACT
OF
THE ANCHORAGE INTERNATIONAL AIRPORT

SUBMITTED TO:

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

SUBMITTED BY:

APPLIED ECONOMICS ASSOCIATES, INC.

WITH
R.E. HANSEN RESEARCH ASSOCIATES
AND
DR. WILLIAM B. BEYERS

OCTOBER, 1985

CHAPTER III

THE DEVELOPMENT AND GROWTH OF THE ANCHORAGE INTERNATIONAL AIRPORT

The Anchorage International Airport had its genesis when, late in 1951, operations began on an 8,400 foot east-west and a 5,000 foot north-south runway. The Airport was constructed under the auspices of and operated by the U.S. Civil Aeronautics Authority.

In 1959 Alaska became the 49th state of the Union and, in the following year, ownership and administration of the Airport was transferred to the State of Alaska. During the first year of State administration, construction began to extend the east-west runway to 16,600 feet, necessitated by the advent of jets which were displacing propeller driven-aircraft. Additionally, construction of new parking aprons and ramps began.

The airport expansion and modernization program was interrupted by the 1964 Good Friday earthquake which severely damaged the runways and destroyed the control tower and part of the terminal building. Necessary repairs to make the Airport operational were made quickly, but it took until 1967 before reconstruction of the east-west runway was resumed. It was completed in 1970, in time to handle the ever increasing international traffic as well as the expanding domestic operations, the latter due in large measure due to increased oil related activities.



In order to make the Airport a facility which would be accessible under all but the most adverse weather conditions, construction of a new north-south runway began in 1978 and was completed in 1980. Throughout that period, modification and improvements continued to be made to the general facilities and the existing terminal building, and a new dedicated international terminal was completed in 1982.

During the 25 years as a State owned and operated airport, the Anchorage International Airport grew from a small regional facility into an important national and international one which, in 1984, served 40 scheduled and non-scheduled airlines. Domestic and international passenger traffic rose from 274,000 in 1960 to over 4,000,000 persons in 1984, making the Airport one of the largest medium size air traffic hubs in the U.S. In 1983, for example, the Federal Aviation Administration (FAA) reported 1.04 million revenue passenger enplanements in Anchorage, compared to 1.04, 1.04 and 1.2 million at the El Paso, Texas, Jacksonville, Florida, and Syracuse, New York airports, respectively [3]. These airports serve metropolitan areas with population bases which (in 1980) ranged from 480,000 to 722,000 persons [4]. Measured on the basis of the number of trips-per-resident population, for example, the Anchorage Airport ranks second (after Reno, Nevada) among all of the 36 medium size hubs in the US with an enplanement ratio of 6.0, compared with 2.2, 1.4, and 1.6, respectively, for the other three cities named above.

Even more striking, and underlining the pivotal role of the Airport in the state's economy, is the volume of freight traffic that passes through it. According to the same FAA source [3], the Airport handled 224,000 tons of enplaned revenue freight in 1983 (20 percent of which were U.S. mail shipments), fully one-half of the total tonnage of



all of the 36 medium size hubs in the U.S. combined, and only slightly less than the tonnage passing through the Los Angeles International and Kennedy International Airports (267,000 and 253,100 tons, respectively) - large hubs serving metropolitan areas with nearly 50 times the population of Anchorage. (In the same year, 72,200 tons of freight were enplaned at the Seattle-Tacoma International Airport.)

The large fraction of U.S. Mail is noteworthy, since subsidized shipments of parcel post are 60 to 80 percent less expensive than airfreight cargo of identical weight. As a result, outlying communities are able to purchase goods at considerably lower than "market" prices, a benefit we have not measured. (Market prices include necessary payments to all factors of production, including a normal return to capital.)

In the sections that follow, we will briefly discuss and document the extraordinary growth of both the domestic and international passenger and freight traffic at and through the Anchorage International Airport between 1960 and 1984.

Passenger Traffic, 1960-1984

Over the 24 year period between 1960 and 1984, total passenger traffic (arriving, departing and in transit) rose from less than 0.3 to over 4.0 million persons, at an average annual rate of 11.9 percent (Table III.1). In only three years, 1965, 1971 and 1972 did passenger traffic fail to increase (Table III.2). (The decrease in 1965 is explained by the 1964 earthquake; the decreases in the other two years are most likely due to the then uncertain future of the Trans-Alaska Pipeline.) The largest growth rate was registered by the "in transit" category, 15.3 percent. Whereas, in 1960, that class of traffic



accounted for only 16.3 percent of total traffic, by 1984 it represented 36.4 percent (Table III.3). However, as Table III.4 shows, growth rates for the several passenger groups varied substantially over time. Thus, for example, "in transit" traffic rose at an annual rate of 33.6 percent during the 1960-1970 period, 4.6 percent between 1970 and 1980, and only 2.0 percent between 1980 and 1984 (Table III.4).

Detailed data on international traffic were available for the fiscal years 1976-1984 and, together with domestic data, are shown in Tables III.5-III.7. Over the 8 year period, total traffic increased at an annual rate of 6.2 percent. However, during the last two years, international traffic declined by more than 155,000 persons, or over 5 percent per year. Over the 8 year period, the number of arriving and departing international passengers decreased by about 50 percent. Domestic traffic, on the other hand, continued to increase throughout that period.

It is unclear whether the recent decrease in international traffic portends a developing trend, or whether it is a cyclical phenomenon. However, it is well known that at least two international airlines (JAL and SAS) have exercised transit rights through Soviet airspace, which may have affected the level of international travel at the Airport. Other carriers are also contemplating route changes via the USSR which also may impact international passenger traffic to and through Anchorage.

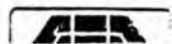


TABLE III.1

ANCHORAGE INTERNATIONAL AIRPORT
PASSENGER TRAFFIC, FY 1960 - 1984
(NUMBER OF PERSONS)

| YEAR | ARRIVING | DEPARTING | TOTAL ARR & DEP | IN TRANSIT | TOTAL |
|------|-----------|-----------|--------------------|------------|-----------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1960 | 114,557 | 114,655 | 229,212 | 44,564 | 273,776 |
| 1961 | 119,468 | 125,955 | 245,423 | 71,536 | 316,959 |
| 1962 | 131,361 | 137,758 | 269,119 | 127,826 | 396,945 |
| 1963 | 140,049 | 143,930 | 283,979 | 125,501 | 409,480 |
| 1964 | 164,441 | 170,448 | 334,889 | 205,060 | 539,949 |
| 1965 | 189,451 | 195,335 | 384,786 | 152,003 | 536,789 |
| 1966 | 213,380 | 213,047 | 432,427 | 216,646 | 649,075 |
| 1967 | 268,557 | 269,459 | 538,016 | 414,809 | 952,825 |
| 1968 | 311,726 | 357,519 | 689,242 | 418,732 | 1,107,974 |
| 1969 | 391,050 | 424,314 | 815,364 | 648,821 | 1,464,185 |
| 1970 | 426,248 | 433,163 | 859,411 | 807,722 | 1,667,133 |
| 1971 | 413,735 | 420,249 | 833,984 | 778,211 | 1,612,195 |
| 1972 | 451,455 | 461,777 | 913,232 | 654,681 | 1,567,913 |
| 1973 | 478,895 | 488,624 | 967,519 | 633,111 | 1,600,630 |
| 1974 | 540,714 | 551,767 | 1,092,481 | 796,045 | 1,888,526 |
| 1975 | 694,475 | 706,739 | 1,401,214 | 815,116 | 2,216,330 |
| 1976 | 857,162 | 870,024 | 1,727,186 | 884,762 | 2,611,948 |
| 1977 | 945,048 | 962,392 | 1,907,440 | 936,032 | 2,843,472 |
| 1978 | 955,628 | 979,636 | 1,935,264 | 981,315 | 2,916,579 |
| 1979 | 995,864 | 1,018,651 | 2,014,515 | 1,166,400 | 3,180,915 |
| 1980 | 990,547 | 1,007,566 | 1,998,113 | 1,267,474 | 3,265,587 |
| 1981 | 1,059,854 | 1,073,108 | 2,132,962 | 1,456,894 | 3,589,856 |
| 1982 | 1,165,338 | 1,177,757 | 2,343,095 | 1,503,206 | 3,846,301 |
| 1983 | 1,283,720 | 1,295,433 | 2,579,153 | 1,425,082 | 4,004,235 |
| 1984 | 1,328,793 | 1,335,646 | 2,664,439 | 1,372,679 | 4,037,118 |
| AARG | 10.8% | 10.8% | 10.8% | 15.3% | 11.9% |

SOURCE: Selected Anchorage International Airport documents.
Calculations by Applied Economics Associates, Inc.

NOTE: AARG - Average Annual Rate of Growth

Freight Traffic, 1960-1984

Reference has already been made to the large volume of freight that moves through the Airport. Table III.8 recapitulates freight movements between 1960 and 1984 and Tables III.9 and III.10 show data for annual percentage changes and the fractions of total freight arriving at and departing from the airport. A major discrepancy is noted between the volume of "departing" freight reported by the Airport in 1983 (92,466 tons) and "enplaned revenue freight" reported by the Federal Aviation Administration for the same year. The FAA data include all freight, originating or transshipped from one aircraft to another. The Airport statistics do not include freight which is transshipped. For purposes of comparing the Anchorage Airport with other US airports, the FAA data [3] were used.

The data show that between 1960 and 1984, total freight movements increased ten-fold, at an average annual rate of 6.1 percent. Growth rates on a year-to-year basis, however, were very uneven. Not surprisingly, and pointing to the Airport's strategic role in the development of the state's economy, are the enormous growth rates (in excess of 23 percent) of freight traffic registered during the pipeline construction period 1973-1977 (Table III.11).

That Anchorage is the Alaskan entrepot and that the Airport is its essential transportation pipeline is manifested by the fact that throughout the 1960-1984 period, "departing" far exceeded "arriving" air freight tonnage. One explanation for these asymmetrical flows is that goods are shipped to the Anchorage maritime port, or arrive over the road, and are then redistributed by air to the rest of the state which has no other transportation links to the "outside"; another is that



large quantities of relatively high value, perishable fish are flown to foreign and domestic markets during peak harvest periods. Rapid access to markets significantly increases the value of these products. At the Seattle-Tacoma International Airport, in comparison, arriving and departing cargo for each of the years during the same period were nearly always in balance. Clearly, many outlying communities could not survive and an array of economic activities would not take place or would be severely curtailed without the cargo services provided through the Airport.

As in the case of passenger traffic, detailed data for international and domestic cargo movements for the fiscal years 1976-1984 are displayed in Tables III.12-III.14. Over the 8 year period, total domestic freight traffic grew at a modest 1.7 percent. Arriving air freight increased at an annual rate of 1.1 percent. Departing traffic, on the other hand, rose nearly twice as fast, at 2.0 percent. In 1984, it accounted for approximately 64 percent of total freight movements.

In contrast, the international components registered extraordinary growth rates. Whereas, in 1976, international air cargo traffic accounted for only 5.8 percent of the total, by 1984 it represented 12.6 percent. That the Airport has become a major point of entry for foreign air cargo is indicated by the fact that in 1984 over 25 percent of total arriving cargo was carried by international airlines, compared to only 12 percent in 1976.



TABLE III.5

ANCHORAGE INTERNATIONAL AIRPORT
INTERNATIONAL AND DOMESTIC
PASSENGER TRAFFIC, FY 1976 - 1984
(NUMBER OF PERSONS)

| YEAR | ARRIVING | DEPARTING | TOTAL ARR & DEP | IN TRANSIT | TOTAL |
|---------------|-----------|-----------|--------------------|------------|-----------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| INTERNATIONAL | | | | | |
| 1976 | 49,975 | 50,089 | 100,064 | 723,068 | 823,132 |
| 1977 | 54,629 | 56,906 | 111,535 | 816,609 | 928,144 |
| 1978 | 47,085 | 49,613 | 96,698 | 882,578 | 979,276 |
| 1979 | 27,736 | 26,550 | 54,286 | 1,076,925 | 1,131,211 |
| 1980 | 25,414 | 26,038 | 51,452 | 1,166,971 | 1,218,423 |
| 1981 | 28,447 | 27,534 | 55,981 | 1,349,113 | 1,405,094 |
| 1982 | 30,906 | 29,548 | 60,454 | 1,428,628 | 1,489,082 |
| 1983 | 27,118 | 27,411 | 54,529 | 1,339,294 | 1,393,823 |
| 1984 | 24,807 | 24,045 | 48,852 | 1,285,017 | 1,333,869 |
| AARG | - 8.4% | - 8.8% | - 8.6% | 7.4% | 6.2% |
| DOMESTIC | | | | | |
| 1976 | 807,187 | 819,935 | 1,627,122 | 161,694 | 1,788,816 |
| 1977 | 890,419 | 905,486 | 1,795,905 | 119,423 | 1,915,328 |
| 1978 | 908,543 | 930,023 | 1,838,566 | 98,737 | 1,937,303 |
| 1979 | 968,128 | 992,101 | 1,960,229 | 89,475 | 2,049,704 |
| 1980 | 965,133 | 981,528 | 1,946,661 | 100,503 | 2,047,164 |
| 1981 | 1,031,407 | 1,045,574 | 2,076,981 | 107,781 | 2,184,762 |
| 1982 | 1,134,432 | 1,148,209 | 2,282,641 | 74,578 | 2,357,219 |
| 1983 | 1,256,602 | 1,268,022 | 2,524,624 | 85,788 | 2,610,412 |
| 1984 | 1,303,986 | 1,311,601 | 2,615,587 | 87,662 | 2,703,249 |
| AARG | 6.2% | 6.0% | 6.1% | - 7.4% | 5.3% |

SOURCE: Selected Anchorage International Airport documents.
Calculations by Applied Economics Associates, Inc.

NOTE: AARG - Average Annual Rate of Growth

TABLE III.8

ANCHORAGE INTERNATIONAL AIRPORT
AIR FREIGHT TRAFFIC, FY 1960 - 1984
(POUNDS)

| YEAR | ARRIVING | DEPARTING | TOTAL ARR & DEP |
|------|-------------|-------------|--------------------|
| (1) | (2) | (3) | (4) |
| 1960 | 12,298,166 | 20,549,579 | 32,847,745 |
| 1961 | 13,380,632 | 24,132,253 | 37,512,885 |
| 1962 | 14,777,941 | 24,760,609 | 39,538,550 |
| 1963 | 21,509,140 | 39,639,748 | 61,148,888 |
| 1964 | 19,360,527 | 32,631,053 | 51,991,580 |
| 1965 | 20,627,935 | 32,097,259 | 52,725,195 |
| 1966 | 20,762,213 | 37,394,229 | 58,156,442 |
| 1967 | 22,400,979 | 49,776,762 | 72,177,741 |
| 1968 | 25,980,908 | 75,573,582 | 101,554,490 |
| 1969 | 30,526,580 | 50,137,204 | 80,663,784 |
| 1970 | 32,241,373 | 60,865,051 | 93,106,424 |
| 1971 | 36,618,783 | 60,493,202 | 97,111,985 |
| 1972 | 44,026,537 | 65,937,427 | 109,963,964 |
| 1973 | 39,638,120 | 70,230,262 | 109,868,382 |
| 1974 | 60,748,311 | 83,145,442 | 143,893,753 |
| 1975 | 90,331,365 | 111,874,498 | 202,205,863 |
| 1976 | 106,702,662 | 155,280,054 | 261,982,716 |
| 1977 | 94,276,462 | 162,304,099 | 256,580,561 |
| 1978 | 99,169,214 | 162,682,389 | 261,851,603 |
| 1979 | 103,798,338 | 156,074,827 | 259,873,165 |
| 1980 | 96,422,556 | 157,568,303 | 253,990,859 |
| 1981 | 119,343,401 | 186,479,723 | 305,823,124 |
| 1982 | 118,350,235 | 181,498,461 | 299,848,696 |
| 1983 | 130,138,571 | 191,784,538 | 321,923,109 |
| 1984 | 137,478,750 | 184,931,092 | 322,409,842 |
| AARG | 10.6% | 9.6% | 6.1% |

SOURCE: Selected Anchorage International Airport documents.
Calculations by Applied Economics Associates, Inc.

NOTE: AARG - Average Annual Rate of Growth

As shown in the first line of Table IV.2, expenditures on fuel constitute nearly 70 percent of the respondents' total expenditures. The Airport's financial statement for fiscal year 1984 shows that fuel and oil fees collected by the Airport amounted to \$8.3 million, or 31.4 percent of total operating revenues, the second largest income source for the Airport after concession fees of \$9.4 million (or 35.4 percent of operating revenues).

The second largest expenditure of the airlines is for wages and salaries. These disbursements are income to employees who reside in the Greater Anchorage Area, and, as such, will be respent on goods and services in the local economy. For example, an Alaska Airlines ticket agent who resides in Anchorage will spend his/her income on housing, food, clothing, entertainment and other consumption items produced and/or distributed in the local economy. These purchases constitute revenue to local businesses who, out of these receipts, pay their employees, purchase goods and services from other local businesses, and so on. This process is referred to as the "multiplier effect" and when measured quantitatively (see Chapters V and VI) will describe an ultimate level of output, earnings, or employment that is generated throughout a regional economy as a result of an initial, direct economic stimulus - the purchase of a good or service, for example. Employee benefits, representing other labor income, similarly generate multiplier effects. Together, expenditures on wages and salaries and employee benefits accounted for 14.9 percent of the total expenditures indicated by the respondents.

Expenditures for goods and services, including contract maintenance, and food, lodging, and transportation for flight crews, as well as most of the other/miscellaneous expenditures represent purchases



by the airlines from local businesses. These operational purchases, representing 15.0 percent of total air carrier expenditures in Anchorage, also generate multiple output, earnings and employment effects throughout the local economy.

The remaining airline expenditures, terminal building rent, landing and parking fees, and state and local taxes, represent payments to government agencies. These expenditures, accounting for 1.5 percent of total expenditures, are ultimately returned to the private economy, although not necessarily in the region in which the revenues were generated, in the form of wage and salary payments to government employees and purchases from private firms.

Other important data were collected from the commercial air carriers. The respondents indicated that they employed 1,183 Anchorage residents and paid for a total of 68,941 hotel rooms in Anchorage due to flight crew and unscheduled passenger layovers. The hypothetical question included on the questionnaire asked for the most likely alternative routes for passenger and freight traffic in the event that the Airport closed for one year: Five respondents indicated that both passenger and freight traffic would be re-routed through Fairbanks, four indicated that passenger traffic would be re-routed through the USSR, while two indicated that freight traffic would be carried over the Soviet route as well. Vancouver, B.C. was also indicated as a terminus or refueling point. Two carriers indicated that passenger traffic would not be re-routed at all.

Airport Related Services

Airport related services consist mainly of concessionaires doing



business at the Airport itself. Also included in this category are firms providing ground transportation to and from the Airport, such as car rental agencies, and travel agents. In short, this industry classification includes those local firms who provide goods and services to passengers arriving at and departing from the Airport. In contrast to commercial air carriers, not all of the businesses rely entirely on the Airport. In order to gauge the dependence of such firms on the Airport, a hypothetical question asking how current operations would be affected if the Airport did not exist was included on the questionnaire. As a further check, respondents were also asked to provide data on the level of gross receipts from operations in Alaska and the level of gross receipts from operations conducted at the Airport. In addition, the questionnaire requested information on employment and expenditures in the Anchorage area.

Airport related services questionnaires were mailed to 46 firms. Fourteen were completed and returned to AEA, while five of the original 46 were returned as non-deliverable. Taking 41 (the original 46 minus the 5 returned) as the relevant base to compute the response rate, 34.1 percent of the firms surveyed responded, as indicated in Table IV.1. Table IV.3 summarizes the information provided by those respondents who indicated that they were at least partially dependent upon the existence of the Airport. The data from the surveys were adjusted to take into account those firms who indicated less than 100 percent dependence and therefore the figures in Table IV.3 reflect estimates of the respondents' levels of expenditures and employment directly tied to the Airport.

As shown in Table IV.3, expenditures on employee compensation (wages and salaries plus benefits) constitute the largest fraction of

TABLE VI.10

SUMMARY OF THE IMPACT
OF THE ANCHORAGE INTERNATIONAL AIRPORT
ON ANCHORAGE, 1983

| IMPACT MEASURE | DIRECT IMPACT | INDIRECT & INDUCED IMPACT | TOTAL IMPACT |
|-------------------------------------|------------------|------------------------------|-----------------|
| (1) | (2) | (3) | (4) |
| Output (dollars) | \$ 697,600,000 | \$ 433,500,000 | \$1,151,100,000 |
| Earnings (dollars) | \$ 223,000,000 | \$ 151,600,000 | \$ 375,100,000 |
| Employment (number of employees) | 8,086 | 5,386 | 13,472 |

SOURCE: US Department of Commerce, Bureau of Economic Analysis, RIMS-II;
Applied Economics Associates, Inc. See Table VI.9 of this chapter.

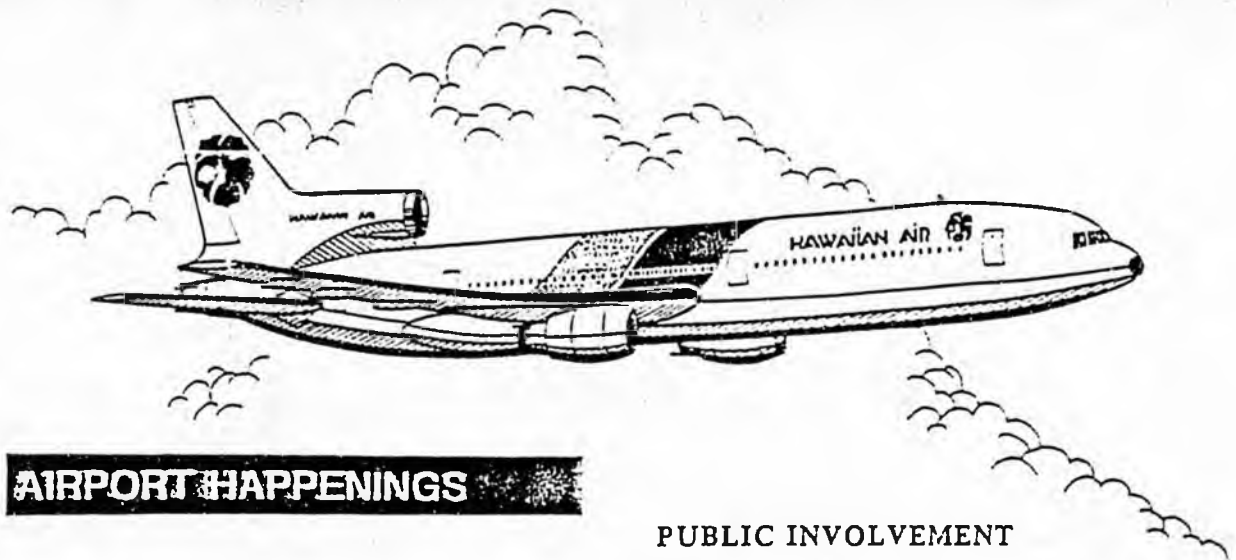


TABLE VII.1
SUMMARY OF AIRPORT-RELATED ECONOMIC IMPACTS ON THE ANCHORAGE ECONOMY
1983
(MILLIONS OF DOLLARS; NUMBER OF EMPLOYEES)

| SECTOR | TOTAL OUTPUT | EARNINGS | | EMPLOYMENT | |
|--------------------|--------------|----------|---------|------------|--------|
| | | DIRECT | TOTAL | DIRECT | TOTAL |
| (1) | (2) | (3) | (4) | (5) | (6) |
| Air Transportation | \$829.2 | \$152.8 | \$261.2 | 4,233 | 8,052 |
| Visitor-Related | 270.6 | 56.7 | 92.3 | 3,306 | 4,594 |
| Freight Forwarding | 26.5 | 6.3 | 10.5 | 220 | 371 |
| Travel Arrangement | 24.8 | 7.7 | 11.2 | 328 | 456 |
| <u>Total</u> | \$1,151.1 | \$223.5 | \$375.1 | 8,086 | 13,472 |

SOURCE: Tables VI.5 - VI.9





AIRPORT HAPPENINGS

As announced in October, Hawaiian Airlines is starting non-stop service to Honolulu, Hawaii. The flight, using a Lockheed L-1011 Tri-Jet departs in the morning, arriving in the islands during mid-afternoon.

While it is not new service, Western Airlines has become the wholly owned subsidiary of Delta Airlines. Just this past year Western celebrated its 60th anniversary, making it America's oldest airline. Western has announced that it will continue to operate as Western Airlines until April 1, 1987. Thereafter it will become a part of Delta Airlines and operate under the Delta name and colors. There has been no announced change in service to Anchorage resulting from the acquisition.

As reported in the Anchorage Times on January 4, 1987, British Airways has announced a reduction in service through Anchorage, starting this spring. Most flights between London and Tokyo will be flown non-stop, via Siberia instead of making the traditional refueling stop in Anchorage. This option became available to the international air carrier community in 1985 when the Soviet Union agreed to allow limited access to international air carriers over Siberia in exchange for expanded landing rights at European and Asian cities. British Airways will retain limited weekly scheduled service through Anchorage and has not announced any plans to terminate service at the airport.

PUBLIC INVOLVEMENT

On January 8, 1987, Coffman Associates held a public meeting with members of the Turnagain Community Council to discuss the refined alternatives for the airport. The meeting was well attended and members of the council were extremely interested in the Lake Hood development plan. It was recognized that considerable effort had been conducted by the consultant team to include many suggestions presented during previous meetings which ensure neighborhood compatibility with the airport. Since development recommendations have not yet been finalized, members were advised that comments would be considered in the final program.

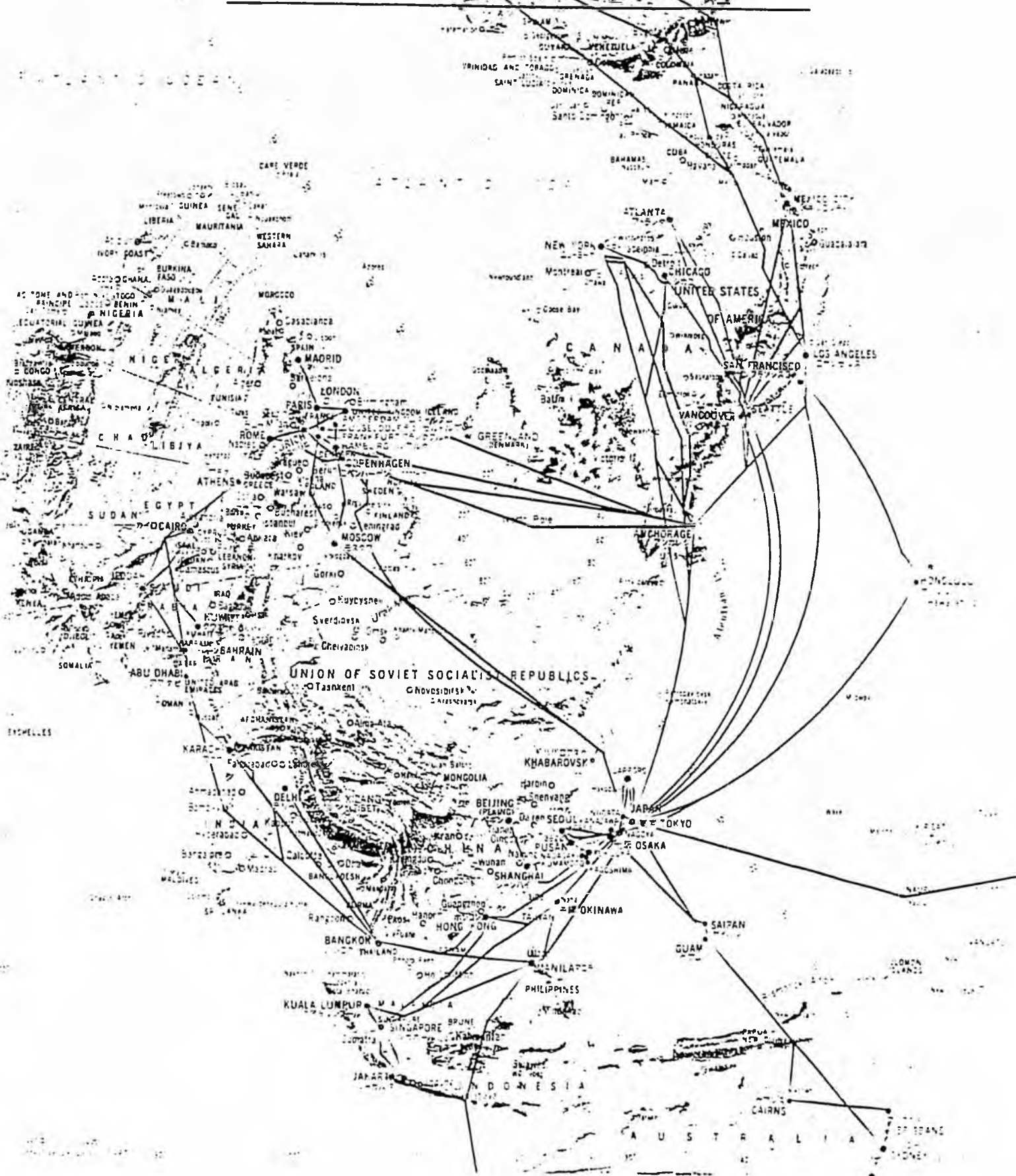
TRIVIA QUIZ

In January, Hawaiian Airlines initiated service between Anchorage and Honolulu, using a Lockheed L-1011 Tri-Jet. The airline has stated that plans are currently being developed to extend the service between Anchorage and Europe, establishing the only through service between Honolulu, Anchorage, and Europe. What is the only other American owned airline to have flown this route?

Answer: Western Airlines (soon to be identified as Delta Airlines through merger action in 1986), but service was discontinued in 1981.



日本航空国際線航路
JAL Route Maps



HOUSE COMMITTEE REPORT

3/20

(7)

Date referred: 2/13/87

FURTHER REFERRALS:

Transportation
Finance

DATE: 3/19/87

The Labor & Commerce Committee has considered SCR 5

Relating to promotion and marketing of the state-operated international airports.

RECOMMENDS:

- , replace with _____ , 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 2/3/87
- zero with analysis

SIGNING DO PASS:

Dave Wouley
Ellis
Davidson
Conrad
W. Furnace
Al B. ...
Stiles

SIGNING OTHER RECOMMENDATIONS:

Dave Wouley
 Chairman's signature

MEMORANDUM

State of Alaska

TO: See Distribution List

DATE: August 25, 1986

FILE NO.:

THRU:

TELEPHONE NO.:

FROM: E. John Pearson
Travel Development Specialist
Division of Tourism

SUBJECT: Anchorage Overflight
Issue

Several days ago, I received a copy of a respected airline industry intelligence publication from England which provides an outstanding situational analysis of the overflight issue.

In reading this material (which was published in spring), you should keep in mind my previous memos that reported other airlines as having taken action on future overflights. These actions are not reported in the attached publication. So the situation is much more critical than reported herein.

There should be no question in anyone's mind that we are faced with a grim situation that few understand. It is, therefore, essential that information such as this receives the widest circulation among key opinion formers.

EJP/mst4493m
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Attachment

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SOVIET GOODWILL HELPS OPEN UP AIR ROUTES

After last November's Geneva summit, the USA and Soviet Union agreed to resume flights between their countries. Meanwhile, Moscow is allowing more trans-Siberian non-stop overflights between Europe and the Orient. Trevor French examines the consequences of recent major diplomatic agreements.



Civil air treaty negotiators, who have for years numbered the Soviets among their toughest opponents, must be eyeing the two most recent agreements with the USSR with some surprise. Air services agreements with the Soviet Union have traditionally been heavily restrictive for the non-Communist partners. The commercial bias in favour of Aeroflot has caused raised eyebrows even among negotiators long used to the Soviets' tough bargaining positions, often prompted by Aeroflot's established role as a visible presence around the world and a generator of much-needed foreign currency. But it seems, temporarily at least, that Soviet attitudes towards air service partners have softened significantly.

The agreements which allow Pan Am and Aeroflot to resume services between the United States and the Soviet Union, and which allow direct non-stop flights between Europe and Japan through Soviet airspace, appear to have conceded real commercial advantages to Pan Am and Japan Air Lines without asking too heavy a price in return. Observers who cited the general thaw in East-West relations, which culminated in the Geneva super-power summit late last year, do not believe it was alone responsible for the apparent generosity of the Soviet air authorities. Indeed some have spoken of a new Soviet willingness to allow Aeroflot to operate with less protection, allied to a more realistic assessment of the security dangers posed by foreign aircraft using Soviet airspace, as contributing factors.

The air services accord which opened the way for the resumption of services between the US and USSR was seen by some as the only concrete result of the Geneva summit. In fact negotiations had been under way

since early 1985. Pan Am had suspended its direct Boeing 707 operations to the Soviet Union in 1978 for economic and commercial reasons. Crippling Soviet restrictions meant Aeroflot dominated the market and it became unprofitable for Pan Am. Aeroflot in turn had its US rights suspended in 1981 after the Soviet occupation of Afghanistan.

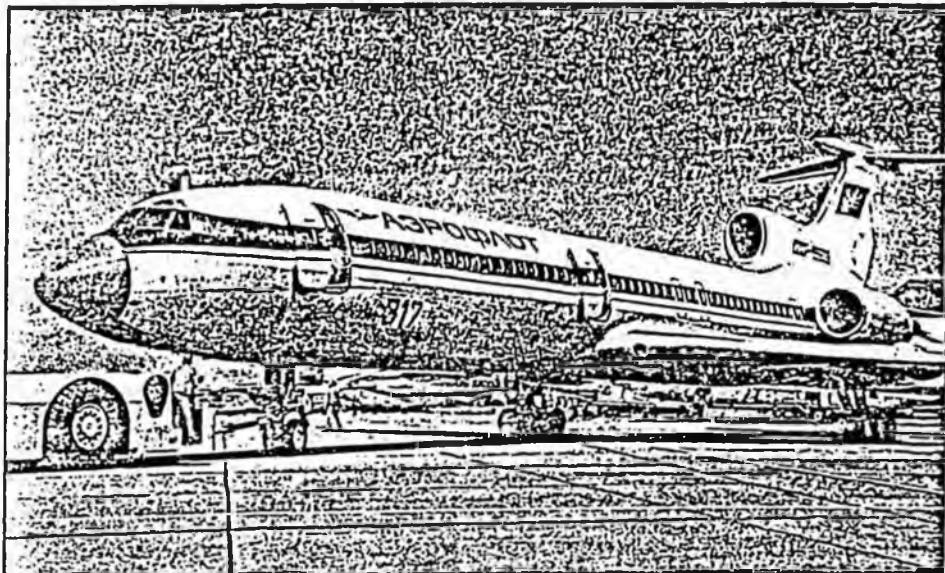
The new agreement means that when services resume on April 28 this year, Pan Am and Aeroflot regain basically the same rights they had before. Pan Am will, however, now be operating a change-of-gauge service by Boeing 747 to Frankfurt and then Boeing 727 on to Moscow four times weekly, with two of the flights continuing to Leningrad. Aeroflot has four weekly flights to New York, with two continuing to Washington.

The crucial difference is that the agreement now includes a revenue balancing mechanism which leaves Pan Am in a much stronger position commercially than before. Each carrier is allowed to retain full revenues for the first 12,000 revenue passengers it carries in either direction. Only after that number will revenue units, fixed at US\$175 per passenger, be shared with the other carrier.

Pan Am's senior vice-president of government affairs, Richard Mathias, says this mechanism, plus the change-of-gauge service, means the airline now expects the routes to be profitable. Before 1978 Aeroflot carried far more traffic than Pan Am, principally because Pan Am was prevented from selling tickets in the USSR and from "doing business on a regular basis," says Mathias. Pan Am still cannot sell tickets in the Soviet Union, although Aeroflot can now sell tickets in the US directly without having to sell through Pan Am. Hence the balancing mechanism.

"It's a sort of insurance policy that will allow us to operate with sufficient freedom so we can carry at least half of the market. Either airline will suffer significant financial losses if it is unable to capture a significant share of the traffic," says Mathias. "The real importance is to provide an incentive to Aeroflot and the Soviet Government to allow Pan Am to carry roughly a half share of total traffic. It's something both sides are comfortable with."

The more liberal commercial conditions of the US-USSR services are not the only benefit extracted from the Soviets. Pan Am also gained the right to overfly Soviet territory on seven scheduled services a week between Frankfurt and the Indian sub-continent. Mathias says Pan Am has



Aeroflot aircraft will return to American skies when scheduled services resume in April.

not yet completed its plans for these routes, but agrees that substantial fuel savings not far short of US\$500,000 a year will be made by abandoning the present much more westerly routings. The overflight rights were part of the overall package, and there was no item-by-item trade off in the negotiations.

Both Mathias and chief spokesman of the US Department of Transportation team at the negotiations, Ed Oppler, noted what they called a "greater receptiveness" on the part of their Soviet counterparts. Oppler is not happy that the US was forced into having the balancing mechanism, and adds that it would not sign such an agreement with any other country. But he agrees that it is a significant concession by the Soviets and Pan Am will benefit substantially from it.

"I think they were willing to take more of a commercial risk in the balancing mechanism because they knew our carrier was guaranteed a certain share. It was very important for them to get this service going again for a combination of reasons - economic, gaining hard currency, and showing the flag," says Oppler.

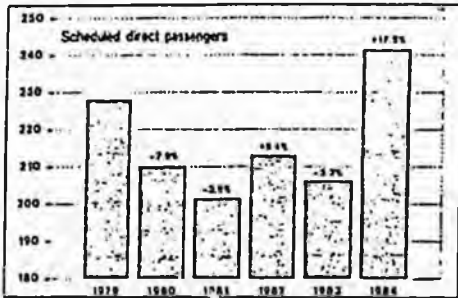
Negotiations between Japan and the Soviets for Japan Air Lines' rights for four non-stop Europe to Tokyo overflights a week took much longer than the US-USSR pact. The agreement was announced in February last year after discussions opened in 1981. But again in the end the agreement reached seems remarkably uncomplicated. JAL's regional manager UK and Eire, Takemi Tamaki, describes it as a simple exchange of traffic rights. "There were no politics involved, no trickery." JAL is starting with two direct trans-Siberia non-stop return flights a week from London and Paris from April 1. The flights will replace services which at present operate from the same destinations via a stop-over at Moscow. In return Tamaki believes Aeroflot gained cargo frequency between Moscow and Tokyo.

While JAL's traffic rights between Europe and Japan remain unchanged in terms of capacity and frequency, the Russian concession gives the airline a sharp commercial edge in a market it already dominates. Fares remain unchanged, but the substantially reduced flight durations compared with the routes via Moscow and Anchorage (see table), plus more attractive arrival and departure times, will help JAL corner the business travel market at which the non-stop services are principally aimed, says Tamaki. JAL is expecting load factors on the non-stop flights to be three or four points higher than those on its existing services, which average between 70 and 75 per cent. Substantial cost benefits include a fuel saving of some US\$450,000 a year at the present frequency compared with a Moscow stop, and savings in landing and ground handling fees at Moscow.

Why did the Soviets agree to this concession if they stood to lose foreign currency earned through JAL stopovers at Moscow? Tamaki believes the answer is to be found in Aeroflot's increased penetration and market share on routes from Moscow to Europe and Tokyo. The negotiations which allowed the first Europe-Moscow-Tokyo services in the early 1970s also spawned a pooling formula which meant that money continuously flowed from Western airlines to Aeroflot, then a vastly unpopular airline. That pooling formula still exists, says Tamaki, but under its terms the flow of currency is no longer one-way traffic. The Soviets, it seems, are satisfied with Aeroflot's performance on the route and did not view non-stop overflight rights as a lever to extract large concessions from Japan. And Japan, of course, was in the powerful position of being the single destination not only of Aeroflot's Tokyo flights, but also those from many European countries.

Full development of the non-stop trans-Siberia route is being held back at the

USSR



The strong traffic growth between London and Tokyo in 1984 is likely to have been repeated in 1985. Passengers up to May 1985 were 16.9 per cent up. Source: British Caledonian.

moment by Japan's bilateral partner, Britain, claims JAL. The British at present are only allowing JAL a single non-stop flight a week to London. JAL wants to operate all four services for which the Soviets have granted non-stop overflight rights from the British capital, but is being forced for the moment to fly just two, one of them from Paris.

At press time Britain's future on the non-stop route to Tokyo was awaiting the final outcome of a conflict between British Airways and British Caledonian. BCal has been granted three non-stop services a week from London-Gatwick, two continuing to the South Korean capital of Seoul. BA serves Tokyo six times a week via Anchorage, having added the sixth service in mid-1985 after BCal's application, and has indicated it wants to start a seventh service and to serve Seoul. But the UK-Japan bilateral allows only eight flights a week. BCal failed to have BA restricted to five, all via an intermediate point, and also failed to have London-Seoul deleted from BA's licence. If both airlines are to be satisfied Britain will have to negotiate with Japan for at least two more London-Tokyo flights a week, and may have to allow other Japanese airlines to serve London in return.

BCal's planning and corporate affairs director, Peter Smith, sees the issue as the first real test of the British Government's resolve to introduce more competition between the two British carriers. "We would expect BA to operate non-stop services, but if there are only a limited number available, BCal would expect to have them all."

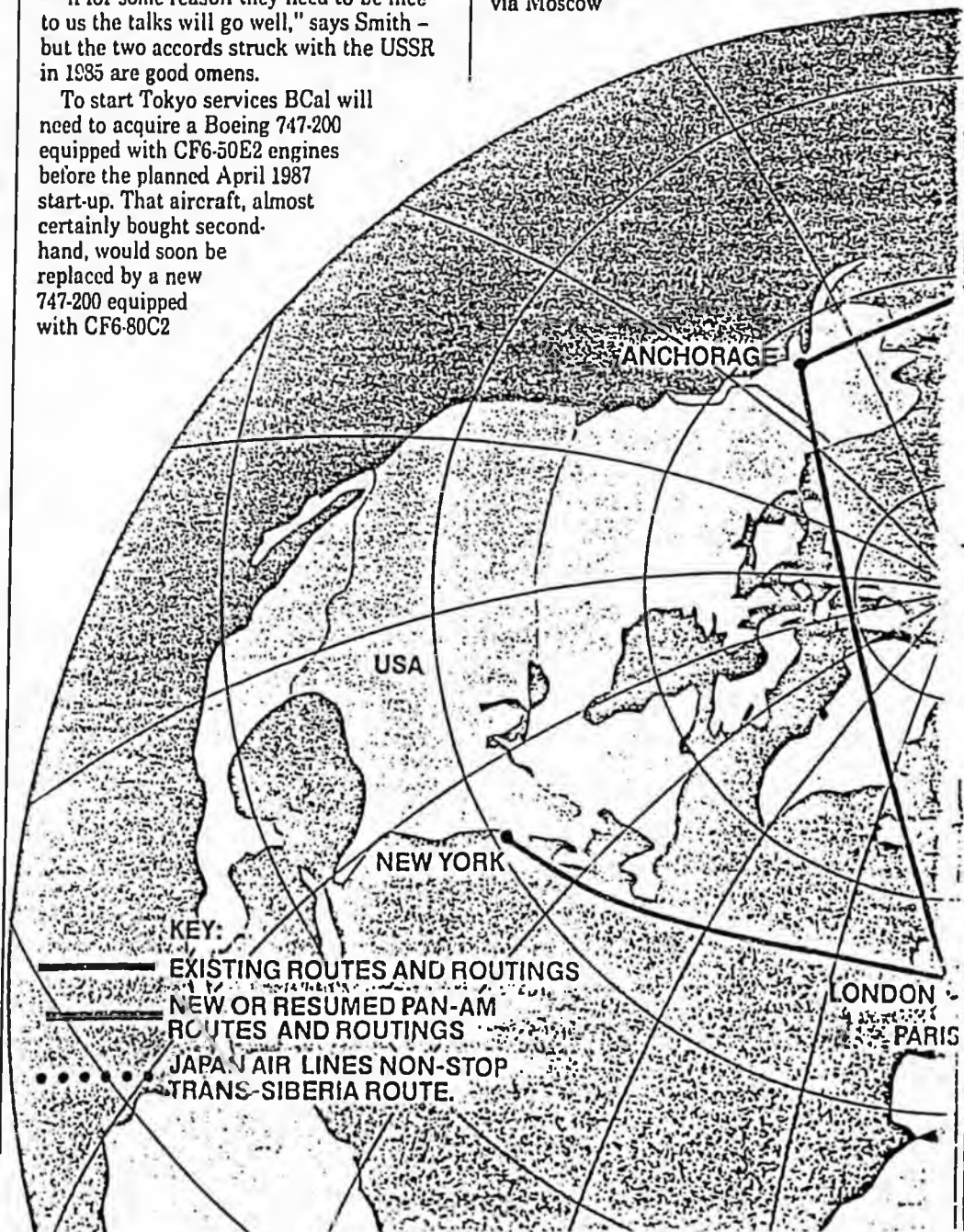
Right: The two recent agreements with the Soviets show a new willingness to grant commercial benefits to western airlines through their use of Soviet airspace.

Smith believes there are no insurmountable issues in the way of finalising overflight rights for Britain with the Soviets. "The benefits of securing this for the United Kingdom are very substantial." Britain's position in negotiating with the Japanese is complicated now BCal has approval for the routes, as two British carriers are now involved in the bilateral. But as Aeroflot already overflies Britain between 12 and 16 times a week on flights to Cuba, and needs the rights it presently holds to land through Heathrow, Smith believes Britain is in a powerful bargaining position. As is usual with the Soviets, timing could be important - "if for some reason they need to be nice to us the talks will go well," says Smith - but the two accords struck with the USSR in 1985 are good omens.

To start Tokyo services BCal will need to acquire a Boeing 747-200 equipped with CF6-50E2 engines before the planned April 1987 start-up. That aircraft, almost certainly bought second-hand, would soon be replaced by a new 747-200 equipped with CF6-80C2

engines, says Smith. But in the meantime, all such plans await the outcome of the negotiations with the Japanese, the Soviets, and the Koreans. The Soviets may not be happy about the flights going on to Seoul.

It remains to be seen whether the start of JAL's non-stop flights will generate a queue of European airlines knocking at the Soviets' door asking for similar rights. Air France is expected to begin non-stop services from Paris to Tokyo soon after JAL. But Lufthansa, which has had none too good relations with the Soviet Union and Aeroflot in the past, is biding its time. The West German airline suspended Tokyo flights via Moscow



in April 1983 after Soviet demands in return for permission for Lufthansa to change from Boeing 707s to widebody aircraft proved too expensive. Soviet demands for beyond rights from Frankfurt, and problems with ticketing in Moscow, were also believed to be behind Lufthansa's withdrawal. Lufthansa, and indeed JAL itself, believes JAL's start-up frequencies are too few to have a significant impact on overall market shares between Europe and Tokyo. Until a larger number of non-stop flights are operating it seems to be a case of "wait and see".

Both 1985 agreements with the Soviets were conditional on the implementation of

| Route | Time | Distance |
|---|--------------|----------------------------------|
| London/Heathrow - Tokyo/Narita Non stop via Moscow Polar route | 11 hr 35 min | 10,270 km |
| | 14 hr 10 min | 10,570 km (1 hr 20 min stopover) |
| | 17 hr 15 min | 12,906 km (1 hr 15 min stopover) |
| Tokyo/Narita - London/Heathrow Non stop via Moscow Polar route | 12 hr 20 min | 10,270 km |
| | 14 hr 55 min | 10,570 km (1 hr 10 min stopover) |
| | 16 hr 20 min | 12,906 km (1 hr 15 min stopover) |
| New York/JFK - Tokyo/Narita Non stop | 14 hr | 11,293 km |
| Tokyo/Narita - New York/JFK Non stop | 12 hr 20 min | 11,293 km |

safety measures for aircraft on North Pacific air routes, worked out between US, Soviet and Japanese officials in Washington in November last year. That agreement will have gone a long way towards reassuring those who remember the shooting down by Russian fighters of the Korean Air Lines Boeing 747 on August 31, 1983, after it strayed into sensitive Soviet airspace near the island of Sakhalin. Despite that shattering demonstration of what was seen as trigger-happy Soviet paranoia about its airspace, JAL sees no real marketing disadvantage in the fact that its non-stop flights spend so much time in Soviet airspace. Fear of overflying the Soviet Union has never harmed JAL services which fly the same route to the Moscow stop and will not harm

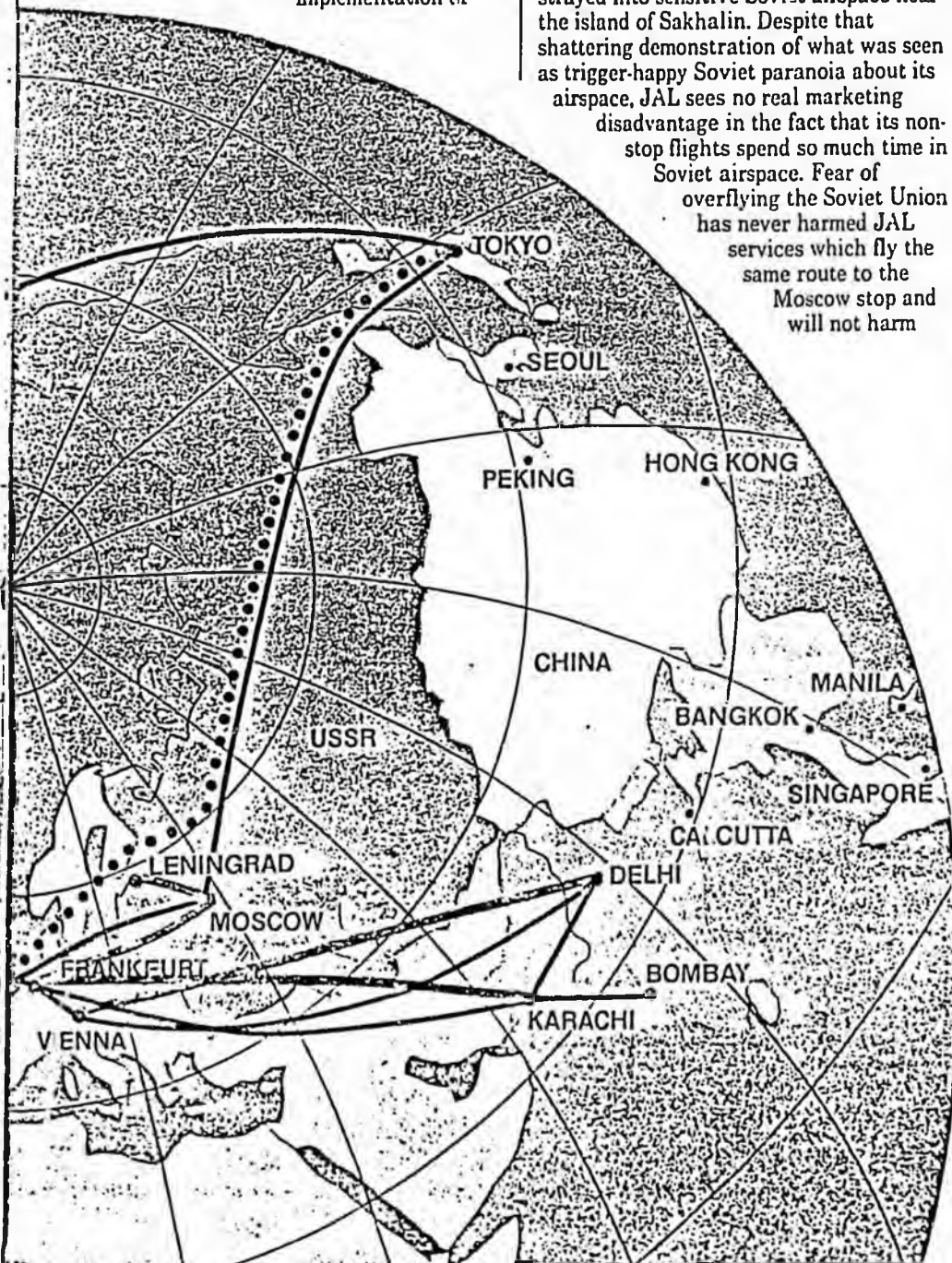
the non-stop service either, says Tamaki.

Some passengers are less happy, but for different reasons. One carrier with routes between Europe and South-East Asia reported that some companies, whose representatives frequently carry "sensitive documents", would only book with airlines whose routes avoided Russian airspace.

BCal's Smith believes there remains one further major prize to be won involving Soviet airspace - a direct route from Europe over the Soviet Union and China to South-East Asia. Cathay Pacific calculates such a route would cut almost two hours off its present non-stop London-Hongkong flight duration of 12 hours, but is unaware of any British initiative to secure such rights. Singapore Airlines, for which the time benefits would be much less, considers the political relationship between the Soviet Union and China makes the route too remote a possibility to be worth considering. "If we thought there was a prospect of being able to operate our Boeing 747-300s to London non-stop on a great circle route we wouldn't be considering the expense of buying a 400 series," says a SIA spokesman.

Smith disagrees. "It may not be possible at the moment, but at some stage I do see the route being established." Britain's withdrawal from Hongkong in 1997 will mean powerful commercial and political pressures from China, he says. "How long can Hongkong afford to be at a disadvantage to, say, Singapore and Tokyo? They are going to want that route to get the best air services between Hongkong and Europe, and there are already signs of a thaw between China and Russia."

In the meantime the new trans-Siberian services and Pan Am's overflight rights to India remain the latest routes to chip away at the vast blank space in the world's air routes that is the Soviet Union. That country's position as an enormous barrier between Europe and the Orient gives it a powerful bargaining position in air treaty negotiations. But the two new agreements do show that the barrier is not impregnable. And the apparent new-found willingness on the part of the Soviets to grant more overflight rights holds out hope that other prizes may be won.



Alaska's Economic High Flyer

By MARK HARRIS

Russia never would have sold Alaska to the United States had air transportation been a fact of life in 1867. A vast stretch of wilderness, Alaska has evolved into one of the world's key points in terms of commerce and military defense by air.

Alaska has the distinction of being the most important link in the Orient-North America-Europe air transport chain. It is the vital front line in the United States' northern hemisphere air defense system. Alaska also is the state most dependent on air service for supplying and distributing goods and moving people.

Alaska could not sustain a state capital in Juneau or oil industry operations on the North Slope without aviation services. Small rural communities could not prosper and grow without regular air cargo and passenger service. Mineral and forest development, tourism and even the state's vital fishing industry would be retarded without today's air services network.

Simply put, Alaska would be just another economic backwater — instead of an increasingly important player in national and world trade — without a well-developed domestic and international air-service system.

State and federal governments realize all this, as evidenced by the importance placed on airport construction, upgrades and maintenance funding in Alaska. The Department of Transportation and Public Facilities spent \$39 million on airport construction and improvements in fiscal 1986. Since the funding was mainly federal, fiscal 1986 here refers to the October-to-October federal fiscal year. The state spent another \$13.7 million on airport operations and maintenance in fiscal 1986 — the state's July-to-July fiscal year, that is.

The above figures pertain to rural airfields only. The state's two international airports, Anchorage and Fairbanks, are administered under a separate arrangement with improvements funded partially through revenues generated by airport operations.

AC&O estimates DOT/PF will spend \$30 million to \$35 million on airport-related construction and improvements in FY 1987.

The DOT/PF's ongoing six-year capital improvement program for airports is updated annually. Table 1 shows examples of airport construction projects currently planned through the third quarter of 1987. It should be noted that funding levels, priorities and project completion dates are in constant flux. For this reason, it is impossible to provide a full and accurate listing of upcoming projects.

A single airport construction or expansion project in rural Alaska can run between \$2 million and \$7 million, according to a 1984 DOT/PF study. (See Table 2, p. 11.) This assumes a gravel surface, 5,000-sq.-yd. apron and a 100-ft. by 50-ft. taxiway.

A lighting system could add another \$40 to \$50 per lin. ft. of runway, depending on lighting requirements and power source, according to the report.

A federal-state appropriation ratio of 96 percent to 4 percent makes the costly Bush airport construction program possible. However, this funding level is far from secure. Like federal highway funding, aviation fund money is apportioned to states on a formula constantly subjected to political attack by heavily populated states.

There are some 1,000 recognized airports and airstrips in Alaska, of which 162 are in the Cook Inlet basin population center. Most are little more than private gravel strips.

The Department of Transportation and Public Facilities controls and maintains 270 airports statewide and 23 in the busy Cook Inlet region. The state's airport/air service classification system places airports in nine categories with four main classifications:

- **International airports** — These are major international and interstate access points to Alaska. Anchorage International and Fairbanks International are the state's only international airports.

- **Regional centers** — These are primary intrastate access points to regional centers with populations above 1,000. The Juneau and Ketchikan airports would be examples.

- **Regional** — These are secondary intrastate access points within a region. Homer and Kenai have such airports.

- **Transport** — These are primary access points to medium-sized communities and, like the first three, are bases for private aviation served by scheduled carriers, air taxi, mail and

TABLE 1
DOT/PF Preliminary Schedule for
1987 Airport Construction-Improvement

| Project Description | Estimated Value |
|--|------------------------|
| Petersburg Airport Runway & Apron Repair | \$ 250,000 to 500,000 |
| Angoon Seaplane Basin | 1,000,000 to 1,500,000 |
| Haines Airport Improvement | 250,000 to 500,000 |
| Ketchikan Seaplane Basin | 250,000 to 500,000 |
| Mountain Village Airport Relocation | 2,000,000 to 3,000,000 |
| Grayling Airport Improvements | 1,000,000 to 1,500,000 |
| Kodiak Airport Lighting | 500,000 to 750,000 |
| Anchorage International Airport Ramp | 500,000 to 750,000 |
| Bethel Airport South Apron Paving | 750,000 to 1,000,000 |
| Birchwood Airport Improvements | 750,000 to 1,000,000 |
| Cold Bay Airport Resurfacing | 2,000,000 to 3,000,000 |
| Goose Bay Airport Lighting | 500,000 to 750,000 |
| Unalaska Runway Extension | 1,000,000 to 1,500,000 |
| Kotzebue Airport Improvements | 2,000,000 to 3,000,000 |
| Allakaket Airport Lighting | 250,000 to 500,000 |
| Golovin Airport Relocation | 2,000,000 to 3,000,000 |
| Tok Airport Improvements | 750,000 to 1,000,000 |
| Council Airport Improvements | 1,500,000 to 2,000,000 |
| Nome Airport N.S Runway Repair | 3,000,000 to 4,000,000 |
| Chalkyitsik Airport Improvements | 500,000 to 750,000 |

Source: Alaska Department of Transportation and Public Facilities

air cargo services. The Bethel airport is an example.

The vast majority of airports fall into the community and local categories. These are access points to small rural communities served by non-scheduled service and recreational or emergency airstrips, often privately owned.

Ironically, Merrill Field in Anchorage is classed as a community airport. The municipal airport has about 300,000 operations (take-offs and landings) a year, more than Anchorage International Airport.

A multi-year improvement program will wrap up at Merrill Field this summer. Wilder Construction Co. has nearly completed a \$4-million contract for work on aprons, perimeter roads, tiedowns, lighting, storm drains and landscaping. Rogers and Babler, an Anchorage company, will finish this summer a \$3.2-million project involving more apron work, tiedowns and storm drains. Both are Anchorage-based construction companies.

The Anchorage and Fairbanks airports are the key hub for international, interstate and intrastate air travel and commerce. Together they open Alaska to the world and comprise the Alaska Airport System, a fiscal entity all its own.

Anchorage International

Anchorage International Airport is the heart of the state's air circulatory system. It also is of great economic importance to the Anchorage economy.

A 1984 Department of Transportation and Public Facilities study showed that AIA had a direct and indirect economic impact of \$1.151 billion on the municipality in 1983. (See Table 3, p. 12.)

The study showed that transportation, visitor-related activities, freight forwarding and travel arrangements were of key importance to the growth of Anchorage. Within these four categories, 13,472 people were employed. Those people, about 12.8 percent of the total Anchorage area workforce, earned \$375 million in a year. That comes to more than \$1 million per day in payroll and \$4.1 million per day in economic benefit to the Anchorage bowl area.

While more current figures are not available, a look at fiscal 1986 airport operations statistics leads us to believe the overall economic impact of AIA has continued to grow.

In fiscal 1986 (ended June 30, 1986) AIA had 4,633,845 passenger boardings, deboardings and transfers. That's equivalent to moving the entire population of Washington state through the airport.

About 150,174 tons of freight entered or left the airport, and 72,034 landings also generated revenue. More than 37,500 commercial jet aircraft made use of the facility.

The airport also supports an Air National Guard base from which C-130 aircraft make about 2,600 takeoffs and landings a year.

The Jet Set

International travel is a mainstay of both the Anchorage and Fairbanks airports, even though Fairbanks serves no international flights. Revenue for both airports is channeled through the International Airports Revenue Fund, created by the Alaska Legislature in 1961. Of the fund's \$47.9 million in revenues during fiscal 1986, all but \$3.5 million was generated by Anchorage International Airport. About 57 percent of the revenue for both airports is generated by international traffic at AIA. Another 38 percent comes from domestic (interstate and intrastate) traffic at both airports, with the remainder generated by general aviation and other activities.

AIA is served by 36 airlines: 19 international carriers (cargo and passenger), nine interstate and eight intrastate airlines. It is strategically located to serve as a refueling stop for nine international cargo and passenger airlines and for 10 airlines that take on (enplane) and let off (deplane) passengers and freight. All these flights use the polar route between the Far East and Europe or routes linking the Lower 48 states with the Orient.

A flight from Paris to Tokyo, for example, must avoid Soviet airspace. So a dogleg route is used over Greenland to Anchorage then over the Pacific to Japan. Also, Anchorage is in a direct flight pattern for a flight from Tokyo to Chicago.

More than 1.5 million international passengers used AIA in fiscal 1986, and they spent more than \$15 million in the duty-free shops and other concessions. Another 27,700 people began their international trips from Anchorage, while 1.5 million more boarded domestic and instate flights.

By June 30 of this year, AIA will have served another 3.2 million domestic and international passengers. That number will grow by some 350,000 by the end of fiscal 1990, according to one consultant's estimate. The same forecast calls for 74,866 domestic, international and all-cargo aircraft departures from the airport by mid 1987 and 82,270 such departures in FY 1990. These figures may be optimistic and certainly don't reflect growth in every sector through the end of the century.

There is increasing concern that new aircraft now being ordered by international carriers will fly over Anchorage. The Boeing 747-400, for example, can carry up to 600 passengers and fly some 8,000 mi. non-stop. This will allow the

TABLE 2
Airport Construction Costs
by Runway Dimensions

| Runway Length X Width | Aircraft Capacity | Cost Estimate |
|-------------------------|---|--------------------------------|
| 2,100-2,500 x 50-60 ft. | Single & light twin-engine, some STOL turbo-prop (twin Otter, Skyvan), VFR operations. | \$1,900,000 to 2,850,000 |
| 2,600-3,400 x 75 ft. | Single and multi-engine, some larger STOL (DASH-7), VFR or non-precision IFR operations. | \$2,750,000 to 3,540,000 |
| 3,500-4,600 x 100 ft. | Small and medium turbo-prop, VFR or non-precision IFR operations. | \$3,353,000 to 4,400,000 |
| 4,700-7,500 x 100 ft. | Medium, large turbo-prop (C-130 Hercules, L188 Electra); precision or non-precision IFR and VFR operations. | \$4,000,000 to 6,830,000 |

IFR = Instrument Flight Rules

VFR = Visual Flight Rules

STOL = Short Takeoff and Landing Aircraft

Note: Construction costs include 10-percent design engineering and 15-percent administration and inspection costs.

Source: Cook Inlet Transportation and Resource Development Plan, 1984

aircraft to operate between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without the currently required refueling stop in Anchorage.

The city could lose more than 500,000 stopover passengers by 1990 plus the revenue gain from landing fees and re-fueling, according to a consultant's estimate. That is cause for alarm considering the millions of dollars in Airport System funding generated by international landing fees, fuel flowage fees and patronage of duty-free concessions by in-transit and Alaska destination passengers.

Concern about the potential loss of visitor revenue has led the Anchorage business community to call for greater airport marketing efforts by the state. The Legislature is under pressure to place \$3 million to \$5 million in the airport's FY 88 budget just for marketing promotion.

The idea of the Municipality of Anchorage or an independent authority taking over the airport also has gained new interest. Many feel the city could better administer and promote AIA to potential air carrier customers.

Building to Keep Up

The domestic and regional passenger sector is projected to grow as are the general aviation and air cargo sectors. (See Table 4.) This growth in activity calls for a corresponding growth in facilities. In 1986, AIA spent \$37.6 million on capital projects and will have spent another \$16.4 million by the end of FY 87.

Projects completed or in progress to date include construction and remodeling of a domestic terminal concourse, a 1,200-space parking garage, west apron reconstruction, remote refueling apron construction, installation of concrete hardstands (pads) for remote parking positions, installation of a ground radar system and demolition of the old airport post office building.

Anchorage airport officials have a \$28-million wish list for work to be done in FY 1988 en route to the Alaska Legislature. The full capital improvement spending plan for FY 88 through FY 93 calls for \$211.8 million in project, maintenance and equipment funding.

Key projects for 1988 include overlay and grove runway 6R/24L, \$2 million; structure for consolidating crash/fire/rescue operations, \$4 million; Phase III domestic terminal expansion, \$11 million; domestic and international terminal repair and rehabilitation, \$5 million; reconstruction of five taxiways,

\$1.4 million; concrete ramp surfacing, \$1 million; and general aviation paving, \$1 million.

Another \$11.6 million would be needed to move private aviation parking away from the congested international terminal area, relocate the gravel airstrip and enlarge Lake Hood to provide more floatplane slips. About 1,200 private aircraft operate out of AIA and Lake Spenard-Lake Hood.

Already under way is a \$13.2-million noise monitoring and abatement program. Coffman Associates Inc., an airport consulting firm with offices in Anchorage, is conducting the Airport Noise Compatibility Study in conjunction with an International Airport Master Plan update.

The master plan recommends building consolidated freight handling facilities on vacant land along the north-south runway. Air freight services and cargo handlers would lease airport-owned warehouse, office and apron space.

One 25,000-sq.-ft. apron, capable of accommodating a B-747 aircraft, has been constructed. An estimated 1.7 million sq. ft. of apron area will be needed during the next 20 years, according to Coffman.

A DOT/PF report states, "In 1983, 224,000 tons of enplaned revenue freight passed through the airport, ac-

ording to FAA statistics. That was fully one-half of the total tonnage of all the 36 medium-size hub airports in the United States combined, and only slightly less than the tonnage passing through the Los Angeles International and Kennedy International airports. By comparison, 72,200 tons of freight were enplaned at the Seattle-Tacoma International Airport that year."

The master plan further recommends moving the current airport maintenance storage area from behind the main post office to an area south of Runway 6R and west of South Air Park.

A new fuel tank farm also is suggested, possibly at the corner of West Northern Lights Boulevard and Post Mark Drive or on the west side of the airport. A Coffman report states, "Ultimately, the fuel system could be connected to the Nikiski Pipeline, thereby eliminating use of the Alaska Railroad for fuel transport from the Port of Anchorage to the airport." About 1.2 million gal. of fuel is pumped on an average day at AIA.

Fairbanks International Airport

The Fairbanks facility was designated an international airport in 1948. It has since played a key role in Interior growth and North Slope oil field development.

TABLE 3
Economic Impact of
Anchorage International Airport

| Impact Measure | Direct Impact | Indirect & Induced Impact | Total Impact |
|----------------|---------------|---------------------------|-----------------|
| Output (\$) | \$697,600,000 | \$453,500,000 | \$1,151,100,000 |
| Earnings (\$) | \$223,000,000 | \$151,600,000 | \$ 374,600,000 |
| Employees | 8,086 | 5,386 | 13,472 |

TABLE 4
AIA Operations Forecast

| Activity | 1985 | 1990 | 1995 | 2005 |
|---------------------------|----------------|----------------|----------------|----------------|
| Annual Operations: | | | | |
| Domestic and Regional | 92,802 | 101,200 | 131,800 | 165,200 |
| International | 26,030 | 26,000 | 27,400 | 33,900 |
| General Aviation | 700,340 | 231,520 | 267,330 | 308,570 |
| Military | 2,289 | 3,000 | 3,000 | 3,000 |
| Total Operations | 321,461 | 361,720 | 429,530 | 510,670 |
| Annual Passengers: | | | | |
| Enplaned | 1,391,470 | 1,775,400 | 2,189,200 | 2,632,700 |
| Transit | 1,573,905 | 1,240,000 | 1,000,000 | 1,000,000 |
| Air Cargo*: | | | | |
| Outbound | 189 | 241 | 281 | 363 |
| Inbound | 139 | 165 | 194 | 253 |
| Total Air Cargo | 328 | 406 | 476 | 652 |
| Based Aircraft: | 1,167 | 1,447 | 1,692 | 1,870 |

*In millions of lb.

Source: Coffman Associates for DOT/PF, January 1986

Classified as a small hub airport, FIA serves as a weather diversion airport for polar route traffic. It can accommodate 747-type aircraft, refuel them with 30,000 gal. and get them back in the air in less than an hour.

FIA handled about 600,000 passengers in fiscal 1985. About 260,500 of them boarded commercial flights at the airport. This was down from the peak of 301,288 in 1983. The number of people boarding flights in Fairbanks increased by about 10 percent a year between 1979 and 1983, but passenger traffic has been declining since.

About 25,000 tons of freight, of which 19,400 tons was enplaned freight, moved through the airport last year. This compares to 50,580 tons of enplaned freight in fiscal 1980.

With 80,000 takeoffs and landings annually, FIA is the second busiest domestic flight destination in Alaska, according to airport director Doyle C. Ruff. In 1986, there were 14,600 cargo and passenger airline revenue landings. This indicates the vast majority of flight operations are related to private aviation.

FIA operations are largely funded through the International Airports Revenue Fund. After deducting operating expenses, AIA showed \$19.8 million in operations income while FIA had a \$6.6-million loss. Consequently, Anchorage's larger traffic base was able to subsidize the smaller Fairbanks operation and show an IARF balance of \$13.2 million.

Capital projects at FIA, as at AIA, are funded largely through federal appropriations. In fiscal 1986, FIA had \$9.4 million in capital projects, \$5.1 million funded with federal dollars. About \$4.3 million in work is programmed for FY 87. Another \$5.1 million of work is on the drawing boards for FY 88.

Construction work over recent years has added a hydrant fuel system capable of handling aircraft serving international as well as domestic routes. Also, a terminal expansion and renovation project doubled the building's capacity to serve the traveling public.

Other work has included a 13-percent increase in apron area, a 41-percent increase in lane miles of road and a 35-percent increase in auto parking spaces. A 1984-85 project upgraded general aviation parking, aprons, runways and taxiways and added new taxiway and aircraft parking facilities.

A float plane pond was expanded to 6,300 ft. and the number of tiedown berths was doubled to 184.

In 1986, the airport's 10,300-ft. main runway was reconditioned and grooved, a parallel taxiway resurfaced and the runway lighting system upgraded.

Fairbanks International is in the enviable position of not needing major capital project financing as it enters a new five-year planning period. However, an airport is never "finished."

New projects on the books include an extension of the main aircraft parking apron, perimeter vehicle road construction and crash/fire/rescue building upgrades.

As noted, DOT/PF operates the two

international airports separately from the network of smaller airfields and landing strips around the state. Yet all the state's air travel and commerce facilities are interdependent.

Alaska is the flyingest state in the union and the one most dependent on air service for daily living and economic growth. Continued long-term planning and timely facility repairs and upgrades, coupled with a sustained capital projects program, translate into a healthy air transport industry — something Alaska will need long after all the oil is gone. □

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Anchorage International Faces Uncertain Times Ahead

Concerns range from the present domestic traffic drop-off from the oil industry's slump, to the future effects of longer-range aircraft that won't need to refuel at Anchorage. An occasional moose on the runway is just part of the job.

By Bruce Johnson

Anchorage—International flight stopovers, Alaska's dependence on air transportation and the deregulation of the domestic airline industry all are making Anchorage International Airport a much busier place than the area's population of about 250,000 persons would suggest.

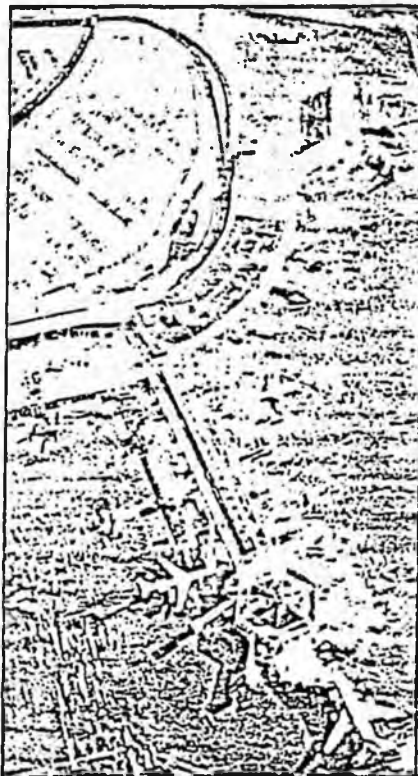
Among the nation's 36 medium-sized air traffic hubs, Anchorage ranks second in number of revenue passengers. Indeed, last year more than 4.6 million passengers were handled at the airport.

But unlike in many communities as large as or even much larger than that of the Anchorage vicinity, there is real meaning behind the "international" portion of the Anchorage airport's name. Of its 4.6 million passenger total last year, more than 1.6 million were classified as through passengers—largely visitors to the airport during refueling/reprovisioning of aircraft flying between the Orient and Europe. No less than ten international carriers have stopover operations at Anchorage International. The latest to join the list is Swissair, operating between Tokyo and Zurich.

Because of Anchorage's central position between Europe and Asia on the polar route, Anchorage International ranks seventh in the United States in terms of international operations. Flights take about nine hours between Anchorage and Europe and about seven hours between Anchorage and Tokyo. The longest nonstop flight between Anchorage and Asia is flown by China Airlines to Taiwan—almost 10 hours.

"We average 40 to 55 widebody aircraft per day here," said Guy Russo, airport director. "Most of those widebody visits involve international stopovers, including freighters."

In order to more effectively accommodate this heavy international side of the business, the airport authority recently added five remote fueling pits. The airport now has eight such parking positions—all dedicated to international



With prices so low, at least half of the oil industry's Alaska exploration activity has been halted, resulting in a reduction of personnel and freight moving through the Anchorage airport.

stopovers. In addition, three years ago the airport completed construction of an international terminal that serves passengers while their planes are being refueled and reprovisioned. The terminal contains a duty-free shop that Russo unabashedly claims is "one of the nicest in the world."

The airport's main terminal—dedicated to domestic traffic—accommodates intrastate commuter operations as well as the half-dozen airlines that link Anchorage with the "Lower 48," primarily through Seattle-Tacoma International Airport.

"We run around 6000 seats a day going south from here," Russo said. That capacity includes a daily United Airlines flight direct to Chicago and a Northwest Airlines flight to Minneapolis.

Extremely air-dependent

Deregulation, as well as this giant northern state's extreme dependence on air transportation, is responsible for a marked increase in the number of seats (and decrease in rates—see separate story) being experienced in the Seattle-Anchorage corridor, in particular.

In March, AirCal extended its regional operations to Anchorage and quickly expanded the schedule there to four flights daily. Another newcomer is TWA, with one domestic flight per day out of Seattle.

Anchorage International—state-owned and the largest airport in the state—serves as the main hub for persons flying to or from most places in Alaska, which has a total population of little more than twice that of the Anchorage area. In-state destinations include Fairbanks (which has the second largest airport, also state-owned) in the interior, the Prudhoe Bay oil field area on the North Slope, and remote fishing and other communities in the Kenai Peninsula, Gulf of Alaska mainland, Kodiak Island, western Alaska and the Aleutian Islands areas.

The popular tourist region of Southeast Alaska, also containing the state capital of Juneau, is served directly out of Anchorage as well as from Seattle.

Traffic tied to oil

Although Lower 48 domestic and in-state commuter business remains strong this summer at Anchorage International, the airport is likely to see a

An airport economic impact study last year revealed that airlines paid for nearly 69,000 hotel rooms in Anchorage due to crew and unscheduled passenger layovers.



greater-than-normal drop in business this fall and winter following the summer peak season of tourists, fish processors and fishermen. This is due to the dramatic downturn earlier this year in world crude oil prices. With prices so low, at least half of the oil industry's Alaska exploration activity has been halted, resulting in a reduction of personnel and freight moving through the Anchorage airport.

Also beginning to adversely affect air travel, particularly of business people, is a downturn in North Slope oil revenues flowing into the state government coffers, and the adverse spinoff impact that this is starting to have on Alaska business and individuals in general.

The dominant carriers in the highest-volume portions of the intrastate markets are MarkAir, a relatively new carrier that is solely an in-state operator, and Alaska Airlines, which also is the highest-volume scheduled carrier between the Lower 48 and Anchorage. In addition, United, Northwest, AirCal and TWA compete, as does Western Airlines, a veteran, high-volume operator of the Lower 48-Anchorage trade.

Russo is a longtime Western hand. The airport's director, who has been working in Alaska since 1955, retired as Western's Alaska regional director in January 1983. A year later, he was appointed director of Anchorage International.

Weakening stopovers

During his many years at Anchorage, Russo has seen a dramatic increase in international stopover business. In 1973,

he recalled, the airport logged little more than 700,000 international passengers. "That segment of the airport's business surpassed the one-million-person mark for the first time in 1978," he noted.

International stopovers are good business for the Anchorage community. Besides refueling (32.5 million gallons last April, for example) and provisioning, fresh flight crews are accommodated for two to four days at a time at Anchorage, depending on flight and personnel schedules. Indeed, an airport economic impact study conducted last year by Applied Economics Associates (AEA), revealed that airlines paid for nearly 69,000 hotel rooms in Anchorage due to crew and unscheduled passenger layovers.

Unfortunately, this lucrative international stopover business is showing signs of weakening somewhat.

Because Asians appear to be traveling to Europe as well as other destinations

in increasing numbers, the slight slowdown in Anchorage's international business does not appear to be linked to the terrorism-caused falloff in American travel to Europe. Rather, the slight weakening of Anchorage's international activity could be related to a rise in increased competition from the Asia-Europe route via northern Siberia.

The AEA report noted that at least two international carriers—JAL and SAS—have exercised transit rights through Soviet airspace and that some other carriers are contemplating route changes via Russia.

Of longer term concern at Anchorage is the possible adverse effect on international stopovers that Boeing Co.'s development of the longer-range 747-400 will have.

"We're now in a unique position, I guess, similar to what Gander was during the prop aircraft days across the Atlantic; but I suppose we're going to be faced with some loss of business when the Boeing 747-400 comes on line," Russo reflected.

He observed that the 747-400 will be capable of flying 8000 statute miles—enough to fly the plane nonstop between Asia and Europe via the American and Canadian airspace polar route.

"Not all of the airlines of Europe are going to afford the luxury of having a 747-400," Russo reasoned, but he admits that "some" 747-400-caused deterioration of international stopover business is anticipated during the next decade after the new model enters service.

Reacting to the recent downturn in Alaska's economy caused by the collapse of crude oil prices, the state is intensifying its efforts to attract tourists—international as well as domestic visitors. As part of these efforts, it is focusing increased attention on marketing Alaska as a destination—not just a stopover—for Asian and European tourists. Presently, only about 25,000 international passengers disembark each year at Anchorage to spend some time in Alaska.

"We get quite a few (big-game) hunt-

In 1983 Anchorage International handled half of total tonnage flowing through all of the nation's medium-sized airports—an air freight volume only slightly less than that passing through LAX or JFK.



Alaska Airlines carries highest Alaska-Lower 48 volume.

ers from Austria, Germany and other European countries, and the Japanese like to fish," Russo observed. But he said there is considerable untapped potential for attracting international visitors on the basis of Alaska's spectacular scenery of mountains, glaciers and fjords as well as its cultural and other attractions.

"The long-haul seats are what the airlines are going to fill first," Russo acknowledged concerning the superior revenues generated by Asia-Europe traffic as opposed to Asia-Alaska or Europe-Alaska traffic. But because of the state's international promotion efforts, he is optimistic that more international passengers will disembark at Anchorage.

Heavy traffic, plus floats

Anchorage International, which had 36,738 jet aircraft landings last year, has three 11,400-foot runways—two of which are parallel east-west runways that are instrumented. The third, a north-south runway, is not instrumented. Simultaneous landings and takeoffs occur routinely at the airport. Because of prevailing winds, landings usually are from west to east and takeoffs are from south to north.

Air traffic is heavy in the Anchorage area. Not only do the northerly takeoffs encroach on military plane approaches at Elmendorf Air Force Base, but Anchorage International itself has a large general aviation facility for both wheeled and float planes.

The FAA-operated tower at the airport coordinates commercial and general aviation traffic, each of which has separate traffic patterns.

One of the more interesting aspects of the Anchorage International operation is its base for float planes. Two natural lakes—connected through dredging—are located adjacent to the airport and are ideal for float plane operations. In addition, next to one of the lakes is a general aviation dirt strip.

"We have at least a thousand, maybe 1200, general aviation airplanes around the airport here," Russo related. "People jump into their airplanes here on weekends like people in the Lower 48 jump into their cars."

As far as airliner operations are concerned, the only congestion occurs when, as the airport director puts it, the planes are scheduled to "fly out of here in formation."

Anchorage International has the usual morning (7:30 to 9) and late afternoon (4 to 6:30) peaks in traffic. But in a departure from the norm, the airport also has a peak period between midnight and 2 a.m. This is due to the desire of many passengers wanting red eye flights to Seattle for catching early morning Lower 48 flights there.

Because the airport is getting close to

"We're now in a unique position, I guess, similar to what Gander was during the prop aircraft days, but I suppose we're going to be faced with some loss of business when the Boeing 747-400 comes on line."

gate capacity during those three periods, continued redevelopment and expansion of terminal facilities is being planned.

Extensive changes coming

The airport, which went on line in 1953 in part to accommodate international refueling stopovers between Europe and Asia, has been undergoing extensive facility changes in recent years.

Last September, a commuter carrier wing was added at Concourse C, and domestic carrier gates were added and renovations were accomplished at Concourse B—at a total cost of about \$25 million. Anchorage International now has eight widebody gates at the international terminal and 20 domestic and five commuter gates at the main terminal. Concourse A has eight gates, but only three are equipped with jetways because of extensive use of combi planes (with freight forward) into Anchorage. Newly renovated Concourse B has 12 gates, all with jetways. Seven of the airport's domestic gates handle widebody aircraft.

In order to keep up with market demand, construction is underway on a \$25 million, 1200-vehicle parking garage with an underground connection to the terminal building lobby. In addition, plans are being made for demolishing the original, 1953-vintage section of the terminal and building another concourse that will be designed for eventual development of a wing stretching between the domestic and international terminals.

When this new building—Concourse

"We have at least a thousand, maybe 1200, general aviation airplanes around the airport. People jump into their airplanes here on weekends like people in the Lower 48 jump into their cars."

C—comes on stream several years from now, there will be a major reassignment of gates at the airport. Said Russo, "Operating efficiency will be enhanced significantly. All commuter flights will be consolidated in one area, narrow-body planes are moved into their own area, and widebody domestic flights will be accommodated out of the new and enlarged Concourse C."

Although state owned and operated, Anchorage International has not shared in the spending spree for capital improvements and other projects undertaken by the state government, whose coffers became swelled with oil revenues. All of Anchorage International's expenditures have been supported by operational revenues, Russo reported.

"We didn't benefit from the (state government financial) upturn, and we're not getting hurt by the downturn," he observed.

Freight—the airport's ace

Besides being an important hub for passengers, Anchorage International is a major factor in the movement of air freight.

In fact, the facility ranks first (among the nation's 36 medium-sized air traffic hubs) in the amount of revenue (freight handled). Last year alone the airport logged nearly 316.8 million pounds of freight. In 1983, the AEA economic impact study noted, Anchorage International handled a half of total tonnage flowing through all of the nation's medium-sized airports and that the air freight volume at Anchorage was only slightly less than that passing through LAX or JFK that year.

Lots of time-sensitive general freight flows into or through Anchorage airport as belly and freighter traffic from the Lower 48. Most of the freight flow is one way, although fresh fish is a strong backhaul during summers.

Interestingly, the Anchorage airport traditionally has more departing air freight than arriving air freight. This is mainly due to certain freight arriving on express steamship services operating between Washington state and the Port of Anchorage, from where the freight is trucked to the airport for fast distribution by air to in-state destinations.

Milder than Minneapolis

To someone on the "outside"—a term commonly used in Alaska to denote the Lower 48—Alaska is seen as a state plagued with heavy snow and intense cold. But Anchorage, adjacent to saltwater at the head of Cook Inlet, usually has milder winter weather than is often experienced by cities in the northern tier of the Midwest and the Northeast, Russo observed.

Two feet of snowfall is about average during the winter at Anchorage. Usually, the snow comes only a few inches

at a time, although snowstorms—including an 18-inch snowfall last March—are not uncommon. Twenty degrees below zero is about the coldest the temperature gets at Anchorage, with zero being the usual low temperature during the winter, according to Russo. Average low temperatures in the winter are 15 to 20 degrees.

With winter weather usually being milder than at Minneapolis, for example. Anchorage International does not experience abnormal snow removal problems. The airport authority has about 100 pieces of equipment that can be used for snow removal, including graders, grader-towed sweepers, blowers and trucks, plus front-end loaders for hauling snow to remote areas of the airport.

Even during heavy snowfalls, "we're able to keep at least one runway open at all times," Russo said. "It takes us 45 minutes to an hour to get a runway totally clean and back in operation."

Visitors: VIPs and moose

Actually, moose—not snowfalls—create the biggest runway operation problem at Anchorage International.

"A big concern is keeping moose off the runways in the fall and spring,"

"A big concern is keeping moose off the runways in the fall and spring; they're capable of going through the fence or they can jump over the fence."

Russo said. "They're capable of going through the fence or they can jump over the fence."

The airport perimeter has an eight-foot-high chain link fence topped with barbed wire, but each year eight to 10 moose—which Russo terms "very stubborn animals"—either are detected near the fence or have broken through or jumped over the fence.

"If we can't herd them out, we have permission from (state) Fish and Game to destroy the moose," Russo said. "We give the meat to a charitable organization."

Besides patrolling for moose, airport security personnel occasionally have extra work to do because of stopovers by international dignitaries, whose planes are being refueled. Japan's Prime Minister Nakasone is a frequent visitor.

Also a familiar personality is Great Britain's Margaret Thatcher.

The international terminal has a VIP lounge to accommodate those and certain other international visitors, but frequently international dignitaries desire a trip to and from downtown Anchorage—little more than four miles from the airport.

Russo noted that the U.S. Secret Service has personnel based at Anchorage and that Secret Service people from West Coast states are flown north when necessary to augment the Alaska contingent.

The eruption last Easter weekend of Mt. St. Augustine, a volcano about 150 miles from Anchorage, also has made life interesting lately for Russo.

"We never closed the airport, but some of the carriers chose not to come in," he said. "They were concerned about volcanic ash in the air and the effect it would have on jet engines."

So, for several days while the wind blew some ash into Anchorage, flight schedules were seriously disrupted. During that time, the airport lost about 75 percent of its overall traffic load. Ironically, that disruption was far greater than the airport has ever experienced from winter weather. ■

Protecting the future of Anchorage

Editor's note: this column is excerpted from remarks made by Sheffield Enterprises president Al Parrish to the Dec. 18 membership luncheon of the Anchorage Convention and Visitor's Bureau. Mr. Parrish is chairman of the Anchorage Business Council's airport subcommittee.

ANCHORAGE International Airport, as a state-owned facility, began in the early 60's as a principal transfer point for travelers making connections to points within and outside Alaska. In addition, the airport was a refueling and an entry and exit point for international flights, principally on routes between Europe and the Far East.

Today, 26 years later, Anchorage International still serves those primary functions. The plant, however, has grown to include two passenger terminals encompassing 295,000 square feet of total floor area, three runways, extending up to 10,900 feet, 36 aircraft gates, and six baggage claim areas. All of this is contained within approximately 2,600 acres. The airport is serviced by 16 major carriers, nine of which are international, five commuters and approximately 25 non-scheduled airlines.

According to a Department of Transportation study conducted in 1983, the airport contributes more than \$1.5 billion to the Anchorage economy. Over 13,000 residents counted on the airport's operation for their jobs, earning a total of \$375 million dollars.

HOW WOULD you like your business to have a financial statement like this: In FY '86, the airport took in \$45 million dollars, showing a profit of \$21 million. Let's take it one step further: imagine having a business that made a profit of \$21 million a year, and that it achieved this profit without any advertising, any public relations, or any marketing studies whatsoever!

Anchorage's strategic location could easily enable it to serve as a platform for business between Europe and Asia. The possibilities are limitless. For example, if Anchorage were to become a foreign trade zone, goods from around the world could be stored here, processed, used in manufacturing other items, exhibited, repackaged, sold or handled in numerous ways. Imports could be used with domestic parts to manufacture new items within the zones — all without paying any customs duties or excise taxes. It would be a tremendous catalyst for development within our business community.

In addition, by expanding the duty free zone at the airport to allow foreign shoppers a much wider range of retail exposure than just gifts and liquors, we could create, in essence, regional shopping centers for stop-over travelers. They could tour duty free trade complexes and showrooms without the necessity of having to go through customs.

More and more, we're seeing international airports taking an active role in marketing their facilities

Comments

by Al Parrish



and services. For example, Seattle-Tacoma Airport, together with the Port of Seattle, which owns the airport, has developed an aggressive campaign to attract the expanding transpacific market, the international tourist market and the air cargo industry.

They've produced numerous brochures and an audio-visual presentation. They have a staff of marketing representatives which actively calls on transpacific clients, touting Sea-Tac's excellent international services on the airport premises, such as banks, customs brokers, freight forwarders, warehouses, foreign consultates, plentiful terminal space, excellent ground access, ample runway capacity and minimum environmental concerns.

Sea-Tac's programs and policies have helped to establish it as one of the top 20 airports in the United States for passenger-traffic volume. In 1982, over 9.2 million passengers and 148,000 metric tons of air freight were handled by Sea-Tac. By 1985, the number of passengers at Sea-Tac increased to 11.5 million passengers, up 25 percent. Freight went up to 210,000 metric tons, up 42 percent.

THE NEED, then, to is going to become inc years ahead. And not ju it. At this time, Ancho very critical challenge ment of aviation technol

I'm sure most of you Boeing 747-400 series a adva. ced version of the Anchorage International years. However, the new two-person flight crew, crew members required able to carry between 4 will be able to fly appr stop. This will allow ti Tokyo and Frankfurt. Hong Kong and Londo chorage.

OUR WINDOW of op and we can't afford to w age International as a p on their route schedule sengers, cargo or simp direct way to go about i keting campaign, prom vices to the world.

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One good example c developed by the Port . new Jersey for passens three major airports: K ark International and L Your Way Over, Stopov one-night hotel at a ch VIP shopping service a with language assistar theatre tickets, a welc

insights

f. Anchorage's international airport

THE NEED, then, to make our presence known is going to become increasingly important in the years ahead. And not just because others are doing it. At this time, Anchorage International faces a very critical challenge, that being the advancement of aviation technology.

I'm sure most of you have heard about the new Boeing 747-400 series aircraft. This aircraft is an advanced version of the B-747's which have served Anchorage International Airport for the past 15 years. However, the new 400-series requires only a two-person flight crew, compared with the three crew members required on all other 747's. It will be able to carry between 400 and 600 passengers, and will be able to fly approximately 8,000 miles non-stop. This will allow the aircraft to fly between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without refueling in Anchorage.

OUR WINDOW of opportunity is slowly closing, and we can't afford to wait. We need to sell Anchorage International as a place the airlines will want on their route schedules — whether it be for passengers, cargo or simply refueling. And the most direct way to go about this task is to mount a marketing campaign, promoting our plant and its services to the world.

Funds for marketing the airport are already available. Revenues from the airport's operation go into a reserve account. The money is there.

Once a line item dedicated to marketing the airport is budgeted by the state, a cooperative effort can be developed, whereby funds from private and public sources would be combined to develop a generic campaign. We believe it will take approximately \$3-\$5 million to develop and implement a comprehensive marketing plan for the airport. This seems like a reasonable amount to launch a program to reach the world's markets.

Which revenue streams need to be protected and developed?

Obvious ones are, of course, those passengers who are stopping over in Anchorage, on their way to or from a primary destination. Our research shows that 84 percent of those on flights stopping over in Anchorage would be interested in a stay of four to seven days. One-half of those would have stopped on the trip they were on if they would have known they could.

One good example of a stopover program was developed by the Port Authority of New York and New Jersey for passengers transitting through the three major airports: Kennedy International, Newark International and LaGuardia. They call it, "On Your Way Over, Stopover." The package includes one-night hotel at a choice of hotels, sightseeing, VIP shopping service at Macy's or Bloomingdales with language assistance, a choice of Broadway theatre tickets, a welcome kit, etc., all at a low

package price. They've advertised this program in periodicals all over Europe.

Other international passengers of great interest to us are those on either end of the transpolar route who could be persuaded to use Alaska as a visitor destination. New research by the state of Alaska shows that the potential for Japanese and German visitors selecting Anchorage as a visitor destination nearly equals the potential for visitors coming from the U.S. If we do our job right in selling our destination, it is possible that we could attract an additional 200,000 visitors a year from Germany and Japan, or a 50 percent increase in vacation or pleasure travel.

WHILE PASSENGERS are important, air freight offers even greater potential for growth. By increasing freight handling at AIA, we would see an increase in landing revenues (which are based on the gross takeoff weight of the aircraft) and fuel revenues for the airport.

International air freight is a rapidly growing market. In recent years, international air cargo shipments have increased at twice the rate of passenger travel.

The most cost-effective freight for air transportation is low-volume, high-value, and relatively low-weight products, such as electronic components, mini-computers, and precision instruments. Other less obvious air freight products are those with time-sensitivity, such as high-fashion apparel, pharmaceuticals, animals, produce, seeds and flowers. These markets need to be actively developed.

I mentioned fuel fees, and I'd like to stress that fuel is an important revenue stream. The airport operates a fuel storage farm and many operators have underground storage tanks. On an average day, approximately 1.2 million gallons are pumped. This means approximately \$24,000 a day, or \$9 million annually in fuel flowage fees.

Who is backing the plan to market the International Airport? This idea was further advanced by the Anchorage Business Council's Airport Committee, which I happen to co-chair, and others. The council, by the way, was formed by Mayor Tony Knowles with the mission of spurring economic development in Anchorage. Both the municipality and the Anchorage Business Council have endorsed our committee's recommendation. The Greater Anchorage Chamber of Commerce has since given the idea its full support, along with the Anchorage Convention and Visitors Bureau.

We'd like to invite your support as well, because as residents of Alaska and users of the airport, you have a stake in its future operation. We presently have the lead time to plan for the decade ahead. But we can't afford to wait. We need to plan for the 21st Century now.



Seattle-Tacoma of Seattle, which had an aggressive transpacific market and the

brochures and an have a staff of actively calls on Tac's excellent in-rt premises, such ight forwarders, plentiful terminal ample runway cal concerns.

s have helped to airports in the volume. In 1982, 3,000 metric tons Tac. By 1985, the increased to 11.5 Freight went up t.

HOUSE COMMITTEE REPORT

3/20

(7)

Date referred: 2/13/87

FURTHER REFERRALS:

Transportation
Finance

DATE: 3/19/87

The Labor & Commerce Committee has considered SCR 5

Relating to promotion and marketing of the state-operated international airports.

RECOMMENDS:

- replace with _____ 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 2/3/87
- zero with analysis

SIGNING DO PASS:

Dave H. Douley

Th. Ellist

Cliff Davidson

Cont. [unclear]

W. Furnace

[unclear]

[unclear]

SIGNING OTHER RECOMMENDATIONS:

Dave H. Douley
Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
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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

H. TRANS.

5-4-87

1:30 P.M.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/20/87

FURTHER REFERRALS: Finance

DATE: May 4, 1987

The Transportation Committee has considered SCR 5

Relating to promotion and marketing of the state-operated international airports.

RECOMMENDS:

- replace with _____ 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 2/3/87
- zero with analysis

SIGNING DO PASS:

Bette Cato

Bill Hulse

Ed A. Bunker

Kevin Spry

SIGNING OTHER RECOMMENDATIONS:

Bette Cato

 Chairman's signature



Official Business

COMMITTEE:

House Transportation Committee

DATE: May 4, 1987

SIGN-IN

Subject of meeting:

*HJR 33: Relating to the shipping of Alaska oil.

SCR 5: Marketing of International Airports.

HB 213: Allocation of Federal Highway Funds

NAME Please include title **ADDRESS** Please use full address. Please include zip. **PHONE** **REPRESENTING** **DO YOU WANT TO TESTIFY?**

| | | | | |
|-----------------------------------|---|------------------|-------------------|--------|
| Jim Palmer Majr Govn't Affairs | STANWARD AVE. BOX 196612 Alaska Production/Processing Anch 99519 | 6612 564-5403 | | HJR 33 |
| <i>Chief</i> Vincent Wright | Research Section Taxation | 465-2173 | Dept of Revenue | HJR 32 |
| MARK HICKEY | DOT/AF | | DOT/AF | HB 213 |
| Sen. Sturgulewski | The Alaskan State Leg. Pouch II Juneau 99811 | 465-4989 | Sponsor of SCR 5 | |
| Rep. Hoffman | " | 465-4453 | Sponsor of HB 213 | |
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* indicates first public hearing

SCR

g

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. John B. "Jack" Coghill, Vice Chairman
Sen. Mitch Abood
Sen. Bettye Fahrenkamp
Sen. Tim Kelly

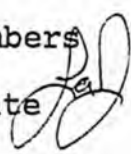


P.O. Box V
Juneau, AK 99811
907-465-4921

Senate Transportation Committee

MEMORANDUM

TO: House Transportation Committee Members

FROM: Senator Lloyd Jones, Chairman Senate Transportation Committee 

DATE: March 7, 1988

SUBJECT: CS for SCR 9, Relating to levels of service by the Alaska Marine Highway System.

SCR 9 asks the Governor to maintain a consistent level of Alaska Marine Highway service from year to year. In doing so, the Governor would ensure that all Alaskans who rely upon winter "roads" to support their local economies would have continued, reliable service.

All too often the Alaska Marine Highway is considered a special case, a subsidized tourist ship, rather than what it is for many Alaskans, their only highway. By geographic circumstance conventional highways are often cost prohibitive. Alaskans in many areas have foregone conventional roads because of the high costs or the impossibility of building roads. This has been the case in most areas of Southeast Alaska, some areas of Southcentral Alaska, and most areas of Southwest Alaska.

The effect of a reduced winter schedule would cause a ripple effect which would be felt by all Alaskans. The marine highway system is utilized by trucking firms to ship items from Seattle to Southeast, Southcentral, and Interior Alaska. There is also a growing amount of intrastate commerce, as fishmeal from Seward is shipped to Southeast hatcheries, and bait herring is shipped from Southeast to Southcentral Alaska for example. It has also been estimated that 40% of Marine Highway users traveling between Seattle and Haines are destined for the Southcentral, Interior, and other regions of the State.

I would appreciate your support of this resolution.

AMENDMENT

to CS SCR 9

Page two, line one: delete "the proposed further"

5-0601L ✓
Utermohle
3/4/88

Original sponsors: Jones, Coghill,
Duncan and Eliason

1 IN THE SENATE BY THE TRANSPORTATION COMMITTEE
2 HOUSE CS FOR CS FOR SENATE CONCURRENT RESOLUTION NO. 9 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 Relating to levels of service by the
6 Alaska Marine Highway System.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS interstate highways play an integral role in the commerce of
9 the state and the United States; and

10 WHEREAS the Alaska Marine Highway System is used by residents of the
11 Southeastern, Southcentral, Interior, and Southwestern Regions of the state
12 as an interstate and intrastate highway; and

13 WHEREAS the residents of Southeastern and Southwestern Alaska have
14 assented to a less convenient manner of transportation due to the high cost
15 of constructing roads and the limitations, imposed by geographic circum-
16 stances, upon road construction; and

17 WHEREAS the Alaska Marine Highway System is used by shippers to trans-
18 port produce and other essential goods from Seattle to the Southeastern,
19 Southcentral, and Interior Regions of the state, thus providing retailers
20 and consumers with these goods in the most timely manner possible; and

21 WHEREAS, in the winter months, approximately 40 percent of the users
22 of the Alaska Marine Highway System traveling between Seattle and Haines
23 are destined for the Southcentral, Interior, and other regions of the
24 state; and

25 WHEREAS the closure of, or reduced service on, a highway during winter
26 jeopardizes the tenuous winter economy of communities in the state; and

27 WHEREAS the Alaska Marine Highway System already operates at a reduced
28 level of service during the winter when compared to the level of service
29 during the summer; and

1 WHEREAS reductions in the winter schedule of the Alaska Marine Highway
2 System could severely damage the economy of communities dependent upon the
3 Alaska Marine Highway System for the reliable and continuous supply of
4 produce and other essential goods and for transportation services;

5 BE IT RESOLVED that the Alaska State Legislature respectfully requests
6 the Governor to direct the Department of Transportation and Public Facil-
7 ities to maintain the operation of the Alaska Marine Highway System at the
8 same level of service as during the last fiscal year.

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FISCAL NOTE

REQUEST:

Revision Date: 03/07/88
Title: "Relating to levels of service
by the Alaska Marine Highway System"
Sponsor: Senate Trans. Committee
Requestor: Representative Gato

Agency Affected: DOT&PF - AMHS
BRU: Marine Operations
Components: Southeast and Southwest
Vessel Operations and Overhaul

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|---------|---------|---------|---------|---------|
| PERSONAL SERVICES | | 2,481.4 | 2,481.4 | 2,481.4 | 2,481.4 | 2,481.4 |
| TRAVEL | | 47.2 | 49.5 | 52.0 | 54.6 | 57.3 |
| CONTRACTUAL | | 592.9 | 622.5 | 653.7 | 686.4 | 720.7 |
| SUPPLIES | | 675.6 | 709.4 | 744.9 | 782.1 | 821.2 |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 3,797.1 | 3,862.8 | 3,932.0 | 4,004.5 | 4,080.6 |
| CAPITAL | | 1,100.0 | -0- | -0- | -0- | -0- |
| REVENUE | | 1,800.0 | 1,872.0 | 1,946.9 | 2,024.8 | 2,105.8 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|---------|---------|---------|---------|---------|
| GENERAL FUND | | 3,797.1 | 3,862.8 | 3,932.0 | 4,004.5 | 4,080.6 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | 3,797.1 | 3,862.8 | 3,932.0 | 4,004.5 | 4,080.6 |

POSITIONS:


| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

(See Attached)

Prepared by: George W. Davidson, System Director
Division: Alaska Marine Highway System

Phone: 465-3950
Date: 03/07/88

Approved by Commissioner: 
Agency: Department of Transportation & Public Facilities

Date: _____

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

CS FOR SENATE CONCURRENT RESOLUTION NO. 9 (Trans)

FISCAL NOTE ANALYSIS

The proposed legislation would request an increase in the level of direct public service provided by the Alaska Marine Highway System (AMHS) to that provided during FY86. In FY89, the cost of this additional service is estimated to be \$3,797.1. On the assumption that this increased level of service would continue beyond FY89, the additional expenditure authorization would be continued, with a 5% annual inflation factor applied to travel, contractual services, and supplies. Personal services costs are assumed to remain at a constant level.

It should be noted that in FY89, FY90, and FY91, the M/V TURTUMENA will be undergoing major refurbishment during her out-of-service periods. This would leave the southwest portion of the AMHS with only the only the M/V BARTLETT on-line for a longer than normal period during the winter. Therefore, the costs of contracting with a private carrier to reduce the period of single ship service to a normal level are included.

The capital costs shown are to construct and modify terminal facilities at Metlakatla and Hollis to accommodate the M/V CHILKAT. The M/V CHILKAT can no longer call at Metlakatla as a result of recent docking facility improvements and was removed from service beginning December, 1987. The Hollis facility is in need of modifications due to its deteriorating condition.

The expanded service will result in \$1,800,000 in additional revenues in FY89. Offsetting these revenues against the expenditure appropriation of \$3,797,100, the net cost of providing the additional service is \$1,997,100. A combination of traffic and tariff increases will result in a 4% annual revenue.

FEBRUARY 25, 1988

THE PRINCE OF WALES ISLAND COMMITTEE FOR IMPROVED FERRY SERVICE
REPRESENTING THE COMMUNITIES AND RESIDENTS OF THE THIRD LARGEST
ISLAND IN THE UNITED STATES, RESPECTFULLY SUBMIT THIS DOCUMENT
FOR YOUR CONSIDERATION AND ACTION.

Waunita Pannell

CHAIRMAN--Waunita Pannell

Percy Frisby

VICE-CHAIRMAN--Percy Frisby

PRINCE OF WALES ISLAND

SOUTHEAST ALASKA

COMMUNITIES ON THE PRINCE OF WALES ISLAND

| | |
|-----------------------|------------------------|
| <i>Cape Pole</i> | <i>Nichen Cove</i> |
| <i>Coffman Cove</i> | <i>Point Baker</i> |
| <i>Edna Bay</i> | <i>Port Alice</i> |
| <i>Happy Harbor</i> | <i>Port Protection</i> |
| <i>Hollis</i> | <i>Smith Cove</i> |
| <i>Hydaburg</i> | <i>Thorne Bay</i> |
| <i>Kasaan</i> | <i>Twelve Mile Arm</i> |
| <i>Klawock</i> | <i>View Cove</i> |
| <i>LaBouchere Bay</i> | <i>Waterfall</i> |
| <i>Long Island</i> | <i>Whale Pass</i> |
| <i>Naukati</i> | <i>Winter Harbor</i> |

POPULATION:

Approximately 6000 year-round residents

Approximately 8000 plus, during seasonal activities

ROAD SYSTEM:

700 plus miles

20 miles (.028%) paved; 80 miles (1%) gravelled; 600 miles (85%) narrow dirt road with little or no maintenance.

VEHICLE POPULATION:

3500 plus vehicles estimated year-round

OVERVIEW

The Prince of Wales Island road system is the most extensive of any in Southeast Alaska. It includes a network of over 700 miles with all the primary routes integrated into the Alaska State Highway Marine System.

The only access to Prince of Wales Island is by airplane or boat. The Alaska Marine Highway System provides a convenient and necessary link to other locations within the state and out of the state.

The recreational opportunities are among the greatest that the State of Alaska enjoys. There is easy access to Historical Sites, Fishing, Hunting, Camping and Wildlife viewing.

Boyer Freight Lines operates as as-needed barge service irregularly to the Island and is used largely to transport large equipment, flammables and large shipments of wood products that cannot be accommodated on the ferries.

Alaska Outport serves the Island approximately once a month with barge service for its members only.

The Island residents depend on the weekly Alaska Ferries from Seattle to Ketchikan to bring their perishables as well as much of their other freight to the Island.

Presently, seafood products are being shipped from the Island via the Alaska Marine Highway System. If there were more regularly scheduled sailings from the Prince of Wales Island, these freight shipments would be increased.

IN CONCLUSION, WE THE PRINCE OF WALES ISLAND COMMITTEE FOR
IMPROVED FERRY SERVICE ASK THAT YOU THOUGHTFULLY REVIEW OUR
REQUESTS AND PROVIDE THE SAME CONSIDERATIONS ENJOYED BY OTHER
AREAS OF THE STATE OF ALASKA.

THANK YOU FOR YOUR TIME AND YOUR CONSIDERATIONS.

Waunita Pannell

CHAIRMAN-Waunita Pannell

Percy Frisby

VICE-CHAIRMAN-Percy Frisby

FACTS

- FACT I. We the Prince of Wales Committee for Improved Service to the Island. Would like to make the suggestion that there be a meeting of all Captains of the Motor Vessels in usage for the purpose of informing the Department of Transportation, Division of Maintenance in charge of the scheduling, of their input as how to better improve the present mode of scheduling the entire system.
- FACT II. Klawock City School's cost in transporting students to school sponsored activities is over five (5) times the cost. Presently it costs \$65.00 RT to travel from Hollis to Ketchikan by plane. The cost per student on the ferry RT is only \$12.00 The weekend of March 4 and March 5 we will need to send 20 students to Ketchikan. Air cost will be \$1300.00. If the ferry were operating the cost would be \$240.00 Klawock will be joined by Hydaburg, Craig, and Thorne Bay in paying these higher transportation costs due to lack of ferry service at appropriate times.
- FACT III. Revenues now being infused into the Alaska Marine Highway System are in great danger of being placed into the hands of private enterprise. This statement is backed by the facts that there are now private barge services being offered to the container traffic areas that now are trying to make use of the Ferry System, but are unable to do so, because of the present system of scheduling.
- FACT IV. The people of Prince of Wales Island are now being forced to use a more expensive mode of travel because of the very poor scheduling of the Ferry System. Many find air travel and/or overnighiting in Ketchikan with families too costly for their budgets. The Ferry System is a State Highway connecting Prince of Wales and Ketchikan and should be usable at more convenient times. Air travel during much of the year is uncomfortable, frightening or impossible because of inclement weather, besides being cost prohibitive.
- FACT V. Clark Bay is in the process of being improved so as to accommodate the MV Taku and/or her sister ships. This has been a great improvement to the port of Clark Bay terminal, at times, directly ahead of the Aurora, causing a doubling up of the ferries from the same port at about the same time, with the same port of destination.
- FACT VI. Legislative bill #HB377 was passed in 1986 requiring that handicapped access be provided on our ferries. It was backed by appropriations in 1986 and 1987. The equipment for chair lifts on the stairs of the LeConte and the Aurora were ordered. When were they ordered, and as both of these vessels have been in dry dock this winter, why were they not installed?
- FACT VII. Other highway systems in the State of Alaska are obtaining funding for improvements, maintenance, repair, policing, etc. The areas only serviced by the State's Marine Highway System should have the same access of state funding, to maintain and improve the service.

FACTS

- FACT VIII. The staging area is most unsatisfactory as passengers and vehicles vie for space with the freight services. It is not only dangerous and conducive to accidents, it is difficult especially for the elderly and handicapped to traverse the area to get to the ferry terminal. The previously appropriated funds for the improvement of the facility have not been used.
- FACT IX. We appreciate the improved service scheduling for the summer months, however, it still is not adequate for the tremendous traffic during this period.
- FACT X. Word has been received that the Seattle ferry may be discontinued in a rescheduling effort to try to make an efforts at a budget-saving plan. We find this solution to the scheduling efforts not an acceptable conclusion to the problems. Transportation of freezer/cooler products to Southeast as well as exports of seafood products to the lower 48 states depend on this scheduled run and would be in serious jeopardy were this to happen.
- FACT XI. The Department of Transportation spends \$2,500.00 for every mile of land highway, (gaining nothing from passenger revenue) while only \$73.00 per mile of actual travel by the Alaska Marine Highway System. (recouping some of the revenue in the form of fares). The Prince of Wales Committee would like to suggest to the Department of Transportation, the possibility of equalizing these expenditures between the land system and the marine system.

PROPOSAL

WHEREAS, The Prince of Wales Committee for improved service to the Island via Alaska Marine Highway System.

WHEREAS, The island population is approximately 4700 to 5200 persons and the embarking - dis-embarking statistics of the Alaska Marine Highway usage for 1986 was above and comparable to larger ports.

WHEREAS, Our present schedule (especially during winter months) does not meet the direct needs of the people of Prince of Wales Island.

WHEREAS, The lack of daily schedules hinder the people from using the services of Physicians, Medical facilities, Attorneys and other professionals without the additional expense of having to make use of the airline services rather than the ferry system.

WHEREAS, The ferry does not allow for travelers who would like to utilize the weekend in Ketchikan to do so without loss of time from work.

WHEREAS, Ketchikan City and Borough and the State of Alaska are losing daily revenue, as money is being spent on mail order services, that would otherwise be directed to the city.

WHEREAS, With a regular daily schedule there would be more participation on the Marine Highway between families of Prince of Wales and Ketchikan. also, the possibility of added tourism to the island.

WHEREAS, With the daily schedule the school systems of Prince of Wales would be able to participate in more activities to benefit the students and also increase ridership rather than being forced to utilize the airline system, which is sometimes cost prohibitive and impossible due to weather conditions.

WHEREAS, An early haul-out of the M.V. Aurora (during the winter months) causes an extra burden on those leaving for the winter, or taking vacations during the holidays.

WHEREAS, The handicapped do not have access to special care and handling such as elevators for the ill, aged or wheel chair confined.

WHEREAS, this committtee is aware of the endeavors of the ANB-ANS Grand camp and the city of Hydaburg towards the same effort.

WHEREAS, This committee would like to have this petition draw special attention to their efforts.

THEREFORE, Be it resolved that the Prince of Wales Committee for Improved Service to the Island via Alaska Marine Highway system urges the Department of Transportation and the Legislature to upgrade and improve the present service to the island in accordance with the above mentioned items to ensure regular guaranteed scheduling that the people of Prince of Wales can rely upon.

SCR

40



Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

May 2, 1988

COMMITTEE CALENDAR:

SCR 40: Relating to the revision of Title 2 of the Alaska Statutes.

SJR 11: Urging the repeal of certain portions of the Merchant Marine Act of 1920.

8) FOR THIS MEETING, EACH MEMBER HAS BEEN GIVEN:

a folder on SCR 40 that includes:

- item #1: CS SCR 40
- #2: statement - Senator Halford
- #3: fiscal note - Senate Finance Committee
- #4: memo from David Dierdorff, Revisor of Statutes
- #5: AS 02 table of contents

a folder on SJR 11 that includes:

- item #1: SJR 11
- #2: statement - Sen. Coghill
- #3: background information
- #4: fiscal note - Dept. of Revenue
- #5: position paper - DOT/PF
- #6: impact of Jones Act on Alaska

Senator Rick Halford



Senate District 1
Chugiak, Eagle River, East Anchorage, Fort Richardson

Senate Finance Committee
Co-Chairman

April 29, 1988

MEMORANDUM

TO: House Transportation Committee Members

FROM: Senator Rick Halford, Co-Chairman
Senate Finance Committee

SUBJECT: SCR 40, Relating to the Revision of Title 2

A handwritten signature in cursive script that reads "Rick Halford".

I introduced Senate Concurrent Resolution 40 at the request of the Revisor of Statutes, David Dierdorff, who informed me that AS 02 (Aeronautics) was scheduled for routine replacement in 1988. It was his belief that many of the provisions in the title are very old and haven't kept up with changes in the field of aviation, avionics and federal regulation.

Legal Services does not believe its staff has the technical expertise to do the job. Since the Code Revision Commission's primary duty is to revise statutes, the Transportation Committee version of the resolution assigns the task to the commission.

It is my understanding that \$14,000 will be requested in Legislative Council's budget for Legislative Affairs to cover the costs associated with the assignment. As a result, there is a zero fiscal note.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS SCR 40 (Trsp)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: February 18, 1988
Title: Revision of Title 2 of
Alaska Statutes
Sponsor: Senator Halford
Requestor: Senate Finance Committee

Agency Affected: All
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |

| CAPITAL | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|---------|-------|-------|-------|-------|-------|-------|
| | | | | | | |

| REVENUE | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|---------|-------|-------|-------|-------|-------|-------|
| | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUND | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

It is expected that the costs incurred by the Code Revision Commission in the rewrite of Title 2 be incorporated into the Legislature's FY 89 operating budget.

Prepared by: *Rick Halford*
Division: Senator Rick Halford, Co-chairman
Senate Finance Committee

Phone: 465-4958
Date: February 18, 1988

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 1800


LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

January 19, 1988

SUBJECT: AS 02 (Aeronautics)

TO: Senator Rick Halford
Co-chair, Senate Finance Committee

FROM: David R. Dierdorff 
Revisor of Statutes

I recently completed routine editorial work on AS 02, which is scheduled for replacement in 1988. In going through the title, it became apparent that many of the provisions (particularly those in AS 02.10, AS 02.15, AS 02.30, and AS 02.35) are very old and that they probably haven't kept up with changes in the field of aviation, avionics, and federal regulation. It also appears that the title could stand some reorganization to make it more readable and useful.

I discussed this matter with Tam Cook, and she agreed with me that the technical nature of many of the provisions requires a level of expertise not available in our office for an adequate substantive review of the title. She suggested that I ask you to consider asking, by resolution or temporary law, the Department of Transportation and Public Facilities, to conduct a review of AS 02 during the upcoming interim, with the goal of bringing it up to date and reorganizing it as necessary. Our office would be happy to work with DOT/PF and draft any legislation that the review might recommend.

If you agree that this would be a worthwhile project, please let Tam or me know, and we will prepare an appropriate resolution or bill draft for your further consideration.

DRD:bb
WKB1/072

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

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

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

H. TRANS.

5-2-88

1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/9/88

FURTHER REFERRALS:

DATE: 5-2-88

The Transportation Committee has considered CSSCR 40(Trsp)
Relating to the revision of Title 2 of the Alaska Statutes.

RECOMMENDS:

- replace with _____ 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 2-18-88
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Irue Torance
Ed A. [unclear]
Bill [unclear]
Kevin [unclear]
Butte [unclear]

Butte [unclear]
Chairman's signature



Official Business

COMMITTEE:

House Transportation Committee

DATE: May 2, 1988

SIGN-IN

Subject of meeting:

SCR 40: Relating to the revision of Title 2 of the Alaska Statutes.

SJR 11: Urging the repeal of certain portions of the Marine Merchant Act of 1920.

| NAME <small>Please include title</small> | ADDRESS <small>Please use full address. Please include zip.</small> | PHONE | REPRESENTING | DO YOU WANT TO TESTIFY? <small>which</small> |
|--|---|----------|--------------|--|
| J. COFFEY | PO BOX 2 JUNO. | 465-2951 | DOT & PF | IF ASKED SJR 11 |
| Theresa Maser | Sen. Halford Rm 516 | x4958 | Sen. Halford | SCR 40 |
| | | | | |
| | | | | |
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resolution

SCR

55



Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

April 11, 1988

COMMITTEE CALENDAR:

HJR 56: Requesting the U. S. Forest Service to upgrade Resurrection Creek Road in the Chugach National Forest.

SCR 55: Suspending Uniform Rules 41(b), 24(c), and 35 of the Alaska State Legislature concerning Senate Bill No. 298.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HJR 56 that includes:

- item #1: HJR 56
- #2: fiscal notes - Office of the Governor
Dept. of Natural Resources
- #3: statement - Office of the Governor, Div. of
Governmental Coordination, OMB
- #4: letter requesting the resolution

a folder on SCR 55 that includes:

- item #1: SCR 55
- #2: fiscal note - Senate Transportation Committee
- #3: uniform rules
- #4: SB 298
- #5: statement from Sen. Coghill

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SCR 55
PUBLISH DATE: 3/15/88
3/23/88 *Senate*

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: _____
Title: Suspend Uniform Rules, Concerning BRU: _____
SB 298
Sponsor: Senate Trans. Committee
Requestor: _____ Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Senate Trans. Comm. Staff Phone: 465-3743
Division: Legislature Date: 3/21/88
Approved by Commissioner: *[Signature]* Date: 3/21/88
Agency: _____

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

UNIFORM RULES

ALASKA

STATE LEGISLATURE

ADOPTED 1981

by the

TWELFTH LEGISLATURE - FIRST SESSION

AS AMENDED 1985

BY THE

FOURTEENTH LEGISLATURE - FIRST SESSION

Legislative Affairs Agency

deleted from the bill. The fact that a bill contains a section which changes a court rule shall also be noted in the title of the bill.

(f) If a bill or portion of a bill contains material which has an effective date other than the date which is 90 days after the bill becomes law, the bill must contain a section or sections setting out the proposed effective date or dates. The section or sections relating to the effective dates must be approved by an affirmative vote of two-thirds of the full membership of each house. If a section setting out an effective date fails to receive the required two-thirds vote in either house, the section is void and without effect and is deleted from the bill. The fact that a bill contains a section which sets out an effective date shall also be noted in the title of the bill.

(g) A bill may be recommitted any time before passage.

COURSE OF BILLS

RULE 40. COURSE OF BILLS. When a bill has passed the house in which it originated and has been certified as properly engrossed by the clerk or secretary and photographed for duplication (if changes have been made), it shall be signed by the presiding officer and the clerk or secretary. The clerk or secretary shall transmit the original and committee copies of the bill on receipt to the other house. When the second house receives the message accompanying the engrossed bill and reporting its passage, the bill shall be read by the clerk or secretary for the first time and then referred by the presiding officer to one or more committees for subsequent action by that house.

AMENDMENTS IN OTHER HOUSE

RULE 41. AMENDMENTS IN OTHER HOUSE. (a) When a bill, resolution, or citation passed in one house is amended in the other house, the bill, resolution, or citation with certified amendments is returned to the house of origin requesting concurrence. The vote on concurrence in amendments is taken by the calling of the roll and the recording of the yeas and nays in the journal. Adoption requires a majority vote of the full membership in each house. If concurrence is had the clerk or secretary notes the concurrence in the journal, informs the other house of the concurrence, and proceeds to have the bill or resolution enrolled for certification and transmittal to the governor.

(b) An amendment to a bill introduced in the other house is not in order if the amendment requires a change of the bill title other than a clerical or technical change.

CONFERENCE AND FREE CONFERENCE COMMITTEES

RULE 42. CONFERENCE AND FREE CONFERENCE COMMITTEES. (a) If one house refuses to concur in the amendments of the other it so notifies the amending house and requests that it recede from its amendments. The vote on receding from amendments is taken by the calling of the roll and the recording of the yeas and

request to committee members and the public; committee minutes, tapes and other materials of research value shall be delivered by the committee at the end of each session or each legislature to the legislative reference library for appropriate disposition;

(4) may make available to the Legislative Affairs Agency a copy of all minutes of committee meetings during the session for entry of the minutes as a data base on the legislative computer system.

COMMITTEE REFERRAL AND ACTION

RULE 24. COMMITTEE REFERRAL AND ACTION. (a) A committee acts on all bills referred to it and reports its actions and recommendations to the house as soon as practicable. Committee reports must be in writing and the report must be signed by a majority of the members of the committee. The report will note the recommendation of each member signing the report.

(b) When a bill is reported back by a committee without at least one "Do Pass", unless the bill has a subsequent referral or referrals of record, the presiding officer shall put the question "Shall the bill be referred to the Rules Committee for placement on the calendar for second reading notwithstanding the report of the committee(s)?" If the bill has a subsequent referral or referrals of record, the question shall not be put until the last committee has reported and unless all reports are without at least one "Do Pass". The question is debatable and if a majority of the membership of the house votes in the negative, the bill is lost.

(c) If a committee has more than one bill on the same subject or if it finds it necessary to revise a bill substantially, it may report out a substitute bill and recommend that the substitute be accepted for second reading in the place of the original bill. A committee of the second house may not report a committee substitute for a bill or an amendment to a bill that requires a change in the title of the bill, other than a clerical or technical change, as the title was enacted in the house of origin. Substitute bills are duplicated and distributed when they are reported out by the committee. Committee substitute bills carry a notation of the source or sponsor of the original bill in the manner prescribed by the drafting manual unless the sponsor objects to the name so appearing.

(d) All bills involving appropriations, revenues or bonding must be referred to the Finance Committee before they can be advanced to second reading.

COMMITTEE OF THE WHOLE

RULE 25. COMMITTEE OF THE WHOLE. When the house forms itself into a Committee of the Whole the presiding officer vacates the chair and calls upon a member to preside. The Uniform Rules are observed in the Committee of the Whole but no member shall be recognized a second time until every member wishing to speak has spoken. When a bill is considered in the Committee of the Whole it shall be read and debated by sections and amendments adopted shall be noted on paper separate

officer shall then direct the clerk to record the vote. The clerk shall then transmit the result to the presiding officer, who shall announce the vote. The result shall be recorded in the daily journal.

(4) Copies of voting records. The clerk or secretary shall retain one copy of the voting record on each question in the file of the house and provide one copy for the press room file and the files of the Legislative Affairs Agency.

(5) Voting stations. A member may vote only when at the member's desk. When a member other than the regular presiding officer is presiding, the presiding officer, if present, and the other member may direct the chief clerk or secretary to indicate their votes.

(6) Misuse of voting station. A member may not vote for another member. A person may not cast a vote for a member except as otherwise provided in these rules. A member who votes for another member may be punished in a manner the house determines. A person voting for a member when not authorized by this rule is barred from the floor of the house and may be further punished as the house considers proper.

AMENDMENT

RULE 35. AMENDMENT. A motion or proposition on a subject may not be admitted under color of amendment if the subject matter is different from that under consideration. A motion or proposition on a subject that requires a change in the title of the bill as enacted in the house of origin, other than a clerical or technical change, is not in order in the second house. An amendment may not be considered by the house unless submitted in writing and read aloud by the clerk or secretary. Amendments offered by a committee shall be included in its written report and attached to the original bill. A bill in second reading is subject to amendment and is treated section by section. An amendment may not be made to a bill in its third reading, but the bill may be returned to second reading by a majority vote of the full membership of the house for the purpose of specific amendment. When action on a specific amendment in second reading is completed, the bill automatically advances to third reading. Except as provided in this rule, a title may be amended or a change of sponsor made in third reading or after passage by a majority vote of the members present, but the title amendment or sponsor change must be accomplished before the measure acted upon has been enrolled. When amendments to the body of a bill affect the numbering of sections, or passage or failure of the effective date clause affects the title, the clerk or secretary may accomplish the necessary changes without formal motion, and the changes shall be noted in the journal. Resolutions may be amended in the same manner as a bill.

PREFILING OF BILLS

RULE 36. PREFILING OF BILLS. (a) Bills or proposals for bills may be prefiled with the executive director of the Legislative Affairs Agency at any time

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 480-0862



M E M O R A N D U M

TO: Representative Bette Cato, Chair
House Transportation Committee

FROM: Senator Jack Coghill

DATE: April 11, 1988

RE: SCR 55 and SB 298

SB 298 as originally titled, An Act naming bridge number 1146 at milepost 240 on the George Parks Highway, was intended to honor Gary Crabb by naming the bridge (crossing the Nenana River at the south boundary of McKinley Park which is also proximate to Crabb's McKinley Village community) as "Crabbie's Crossing".

SB 298 passed the Senate and went to (H) Transportation. After leaving the Senate, my staff discovered the bridge designated in the bill's title and text was already named and was not the intended bridge; possibly miscommunication with DOT.

I wish to correct this bill's title and text. This requires a Senate Concurrent Resolution requesting that uniform rules be suspended regarding changes to the title of a bill. Affirmative action by the House will be appreciated.

Thank you.

STATE OF ALASKA
THE LEGISLATURE

POUCH 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

H. TRANS,

4-11-88

1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/28/88

FURTHER REFERRALS:

DATE: 4-11-88

The Transportation Committee has considered SCR 55

Suspending Uniform Rules 41(b), 24(c), and 35 of the Alaska State Legislature concerning Senate Bill No. 298.

RECOMMENDS:

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

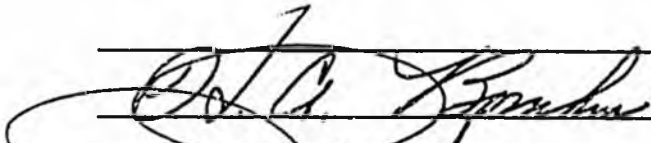
ADOPTS: _____ letter of intent

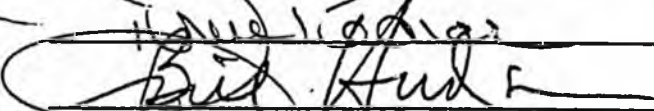
ATTACHES NEW FISCAL NOTE(S):

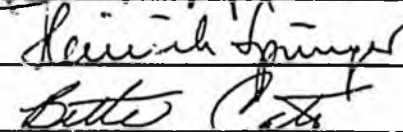
- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 3-23-88
- zero with analysis


SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:









 Chairman's signature