

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10699 SENATE TRANSPORTATION

599

22-LS0621\C
Cook
3/20/01

CS FOR SENATE BILL NO. 111()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act providing for and relating to the issuance of general obligation bonds for the**
2 **purpose of paying the cost of construction and renovation of port and harbor facilities;**
3 **and providing for an effective date."**

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

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

7 **GENERAL OBLIGATION BONDS.** For the purpose of paying the cost of
8 construction and renovation of port and harbor facilities, general obligation bonds of the state
9 in the principal amount of not more than \$34,627,500, if authorized by the qualified voters of
10 the state, shall be issued and sold. The full faith, credit, and resources of the state are pledged
11 to the payment of the principal of and interest and redemption premium, if any, on the bonds.
12 The bonds shall be issued under the provisions of AS 37.15 as those provisions read at the
13 time of issuance.

14 *** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 PORTS AND HARBORS FUND. If the issuance of the bonds is authorized by the
3 qualified voters of the state, a special fund of the state to be known as the "Ports and Harbors
4 Fund" shall be established, to which shall be credited the proceeds of the sale of the bonds
5 described in sec. 1 of this Act except for the accrued interest and premiums.

6 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. The
9 amount of \$34,627,500 is appropriated from the Ports and Harbors Fund to the Department of
10 Transportation and Public Facilities to be allocated among the following projects for
11 construction and renovation of port and harbor facilities in the amounts listed subject to
12 reallocation between projects in accordance with AS 37.07.080(e):

13	PROJECT	AMOUNT
14	Ketchikan	\$ 7,876,000
15	Petersburg	3,729,000
16	Sitka	4,469,000
17	Wrangell	3,492,000
18	Klawock	896,000
19	Seldovia	2,628,000
20	Whittier	2,449,000
21	Valdez	3,212,500
22	Cordova	4,876,000
23	Nome	1,000,000

24 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 STATE BOND COMMITTEE. If the issuance of the bonds is authorized by the
27 qualified voters of the state, the amount of \$121,196 or as much of that amount as is found
28 necessary is appropriated from the general fund of the state to the state bond committee to
29 carry out the provisions of this Act and to pay expenses incident to the sale and issuance of
30 the bonds authorized in this Act. The amounts expended from the appropriation authorized by
31 this section shall be reimbursed to the general fund from the proceeds of the sale of the bonds

1 authorized by this Act.

2 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 ADVANCE PLANNING. The amount withdrawn from the public facility planning
5 fund (AS 35.10.135) for the purpose of advance planning for the capital improvements
6 financed under this Act shall be reimbursed to the fund from the proceeds of the sale of bonds
7 authorized by this Act.

8 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 LAPSE; REDEMPTION; REIMBURSEMENT. The unexpended and unobligated
11 balance of the appropriation made in sec. 3 of this Act lapses under AS 37.25.020 and is
12 appropriated to the state bond committee to redeem bonds sold under this Act. The amounts
13 expended from the general fund to pay the principal, interest, and redemption premium on
14 bonds issued under this Act shall be reimbursed to the general fund from the appropriation
15 made under this section to the extent that the money is not needed to redeem the bonds.

16 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 BALLOT QUESTION. The question whether the bonds authorized in this Act are to
19 be issued shall be submitted to the qualified voters of the state at the next general election and
20 shall read substantially as follows:

21 PROPOSITION

22 State General Obligation Ports and \$34,627,500
23 Harbors Bonds

24 Shall the State of Alaska issue its general obligation bonds in
25 the principal amount of not more than \$34,627,500 for the
26 purpose of paying the cost of ports and harbors?

27 Bonds Yes []

28 Bonds No []

29 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).



Peratrovich, Nottingham & Drage, Inc

Engineering Consultants

1506 West 36th Avenue, Anchorage, Alaska 99503, 907-561-1011, Fax 907-563-4220

March 15, 2001

PN&D: 01035

Chris Gates
Aleut Enterprise Corporation
840 K Street, Suite 202
Anchorage, Alaska 99501

Re: Adak Small Boat Harbor Upgrade Cost Estimate

Dear Chris:

Peratrovich, Nottingham & Drage, Inc. is pleased to provide a cost estimate and attached plan sheets (2) for the proposed Adak Small Boat Harbor Upgrade for the Aleut Enterprise Corporation. The information provided is a Rough Order of Magnitude preliminary cost estimate which will be refined as the design progresses and more information becomes available.

123 5574

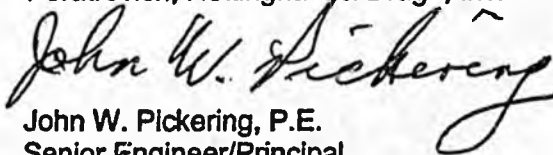
No.	ITEM	ROM COST EST (\$)
1	Site Mobilization & Demobilization	\$50,000
2	Demolition of Existing Floats	\$50,000
3	Floats	\$150,000
4	Piles	\$150,000
5	Engineering/Development	\$30,000
6	Miscellaneous	\$20,000
	Subtotal	\$450,000
	Contingency	\$50,000
	ROM Total	\$500,000

FN&D appreciates the opportunity to assist the Aleut Enterprise Corporation in upgrading the Adak Small Boat Harbor. We recognize the tremendous opportunity which exists for future development and expansion of marine facilities and services at this location and look forward to closely working with you in this and future projects.

Please call either Alan B. Christopherson or myself if there are any questions.

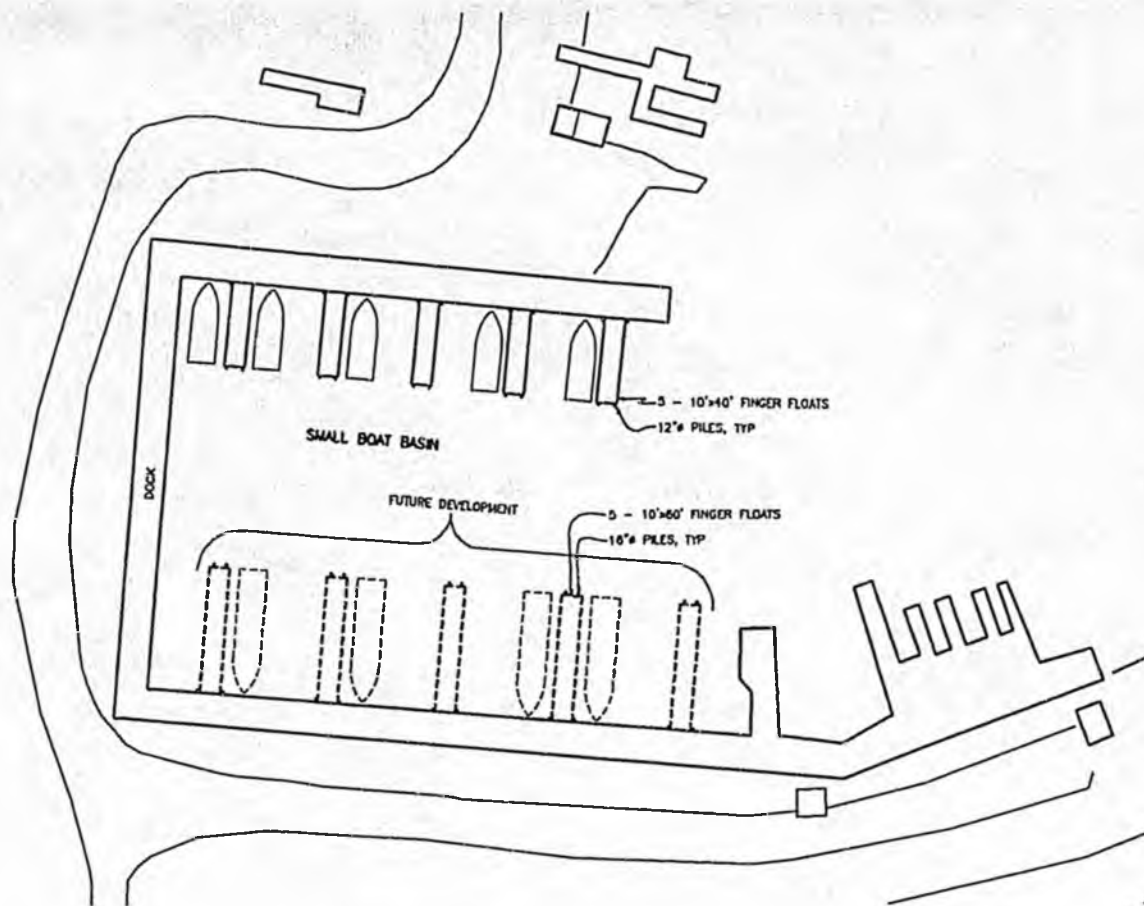
Sincerely,

Peratrovich, Nottingham & Drage, Inc.



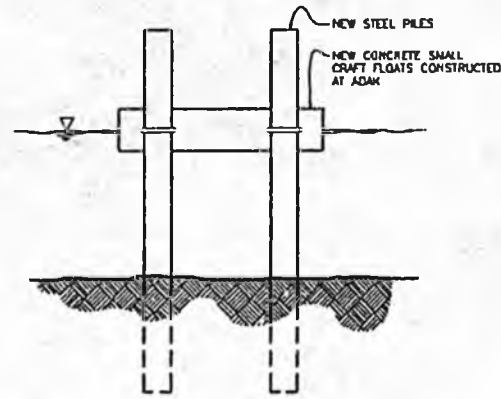
John W. Pickering, P.E.
Senior Engineer/Principal

Enc: 2 - plan sheets



PLAN

SCALE IN FEET



TYPICAL NEW FLOAT

ADAK SMALL BOAT HARBOR

Designed: JWP
 Drawn: R.C.
 Checked: _____
 Project No: 01012
 Date: 01/22/01
 Scale: _____

Peratrovich, Nottingham & Drage, Inc.
 Engineering Consultants

1804 West 34th Avenue
 Anchorage, Alaska 99503 (907) 561-1011 FAX (907) 943-4210

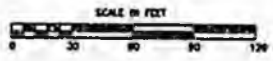
NEW FLOAT CONCEPT PLAN

Sheet
2 of 2

640 File: A:\2001\010123 Adak Small Boat Harbor\Small Boat Harbor - Preliminary.dwg



**ADAK SMALL
BOAT HARBOR**



Designed: J.P.
 Drawn: J.C.
 Checked: _____
 Project No. 2122

 **Peratrovich, Nottingham & Drage, Inc.**
 Engineering Consultants
 1508 West 38th Avenue,
 Anchorage, Alaska 99503 18071 565-1011 FAX 18071 565-4220

Date: 02/20/88
 Scale: 1" = 50'

EXISTING CONDITIONS

Sheet
1 - 2

500 PWS 2/10/88 11:03 AM SHS 8/10/88 11:03 AM

Adak Reuse Corporation

PORT OF ADAK SMALL BOAT HARBOR RECONSTRUCTION AND REPAIR ISSUE PAPER

FEBRUARY 2001

Adak Island is building a new and important economic base in the Western Aleutians of Alaska.

The reuse of former Naval Air Facility Adak is being accomplished by a small corps of enthusiastic city pioneers and a non-profit, regional, advisory team called the Adak Reuse Corporation. These entities have worked with federal granting authorities to develop an Economic Reuse Plan that confirms the common sense that the successful community reuse of former Naval Facility Adak will center around fishing, port, airport, fuel farm and other opportunities.

These opportunities are derived from Adak's fundamental attributes. These include having a very unique geographic position in the Western Aleutians of Alaska (useful to serve crew change and vessel support needs of an extensive international fishing fleet), a high quality installed and working community infrastructure, over 20,000 acres of developable land, the best jet airport in the Aleutians, over 3000 linear feet of deep draught dock facilities, over 2 million square feet of commercial buildings, readily available housing for 2000 people, and a state of the art fuel terminal that can efficiently and easily store and transship over 20 million gallons of petroleum products.

In spite of the impressive listing of possible opportunities, the most important part of the reuse of Adak concerns timing. The weather and elements on Adak are expected to more quickly deteriorate new commercial and industrial facilities than almost anywhere in the country. Adak is attempting to ramp up leases and reuse of facilities as soon as possible, to put good assets into commercial use before they are lost to the elements. To act quickly Adak is focusing its limited marketing and outreach efforts towards the fishing industry.

Fishing on Adak has the potential to repopulate the community, bring in new processors and fishermen as well create a host of supply and maintenance companies to serve the fleet and the industry. Fishing in the Adak area is great. Federal regulators have given Adak a small community allocation of commercially caught cod to help start a viable fish catching and processing industry.

Unfortunately, Adak's history as a large and active military base - with regard to small boat facilities - is not well suited to transitioning into a fishing community. While the Navy had operated a recreational-oriented small boat harbor over the years, the requirements for a full fledged Aleutian fishing community are much different, and not currently available on Adak.

The existing small boat harbor is not a functional fishing vessel services harbor. It will not facilitate the establishment of a day fishery, or service other boats and parts of the industry that are needed to take advantage of the resource and facilities around Adak. The reworking, reconfiguring, repair and expansion of Adak's small boat harbor is the single most important requirement to continue the establishment of a sustainable economic foundation for the community.

The current status of the small boat harbor is in disrepair. The facility has numerous life safety and code violation issues, and is non-functional for the types of vessels that need to fish in the area. In addition, it has no adjacent utilities or area for support services, and is configured for a "Tupperware" fleet with tight turning radii and shallow draught with approaches that can put small boats in conflict with tankers using the fuel facilities at the Port of Adak.

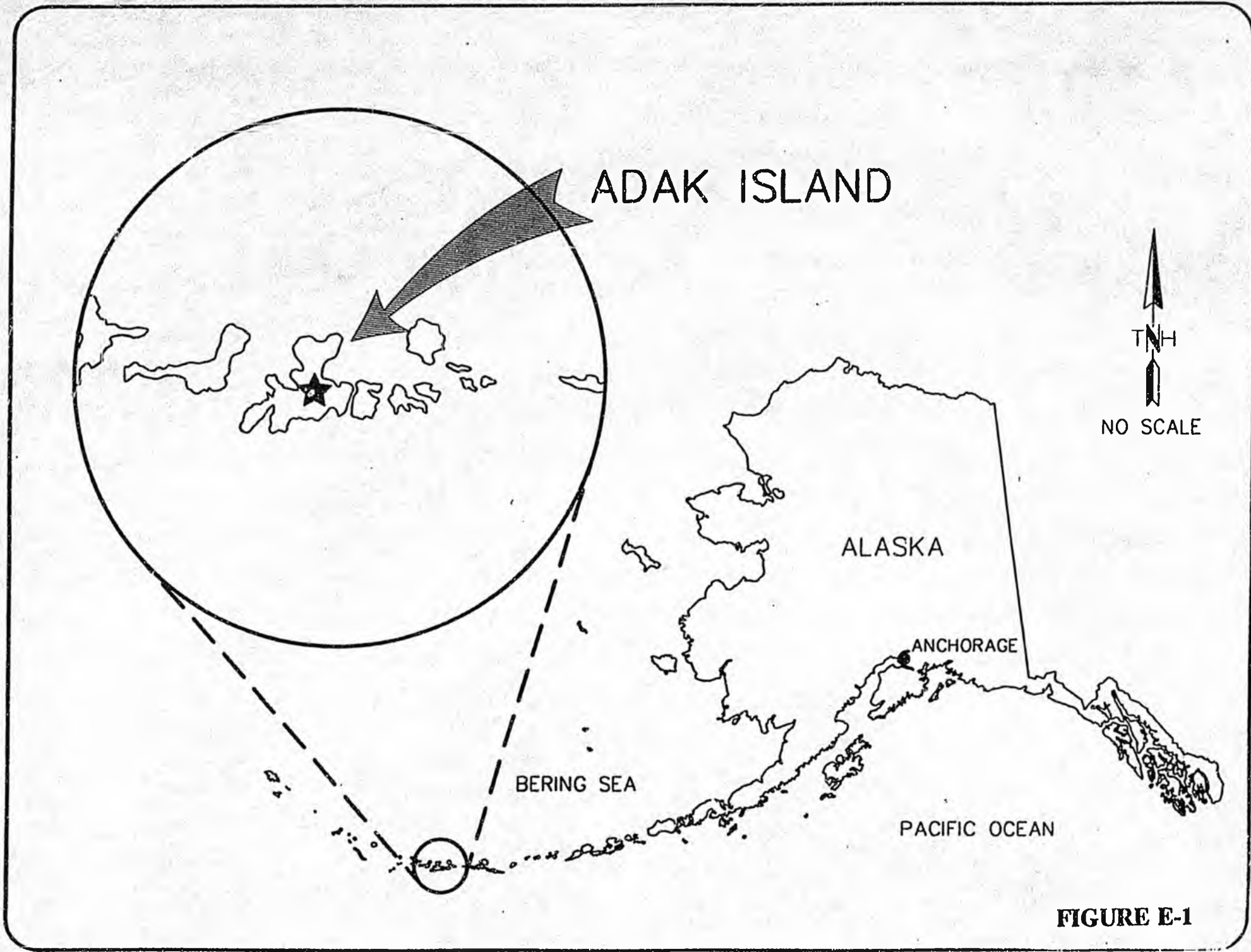
The Adak Reuse Corporation is seeking approximately \$500,000 (Five Hundred Thousand) in financial assistance to immediately provide a safe haven for fishing vessel who use the Port of Adak as their home port. Preliminary engineering and budget range verification is currently in process and will be available shortly. Additional funds will be secured through federal sources to address expansion needs.

The use of funds is projected as follows:

- Immediately complete 2001 repair-engineering to optimize the current small boat harbor to make it as useful as possible for the Adak day-fishing fleet;
- Immediately repair life/safety and code related violations;
- Perform emergency debris removal and maintenance dredging in the existing small boat harbor entrance channel and turning basin;
- Renovate and replace small boat harbor approach ramps, pilings, passenger access areas and floats that are currently non-functional and/or missing or broken; and
- Renovate and replace decking and bull rails.

The Adak Reuse Corporation has worked for over 3 years to establish a new City of Adak under existing state law. That process is nearing completion with a new community vote leading to formal incorporation scheduled for April of this year. Adak's transitional status has not allowed access to normal small boat harbor improvements funds from the US Department of Commerce Economic Development Administration. It has also missed out on fish revenue funds from the State of Alaska that would normally be available to a community that has provided the tax revenues for the State of Alaska. Lack of normal community port development funding has led to further deterioration of the fishing vessel support infrastructure over the last 5 years of Navy environmental remediation of Adak. These facilities must be immediately repaired and rehabilitated and then expanded as soon as possible.

The Adak Reuse Corporation, the Port and the future City appreciate your willingness to consider emergency rehabilitation and expansions support for the small boat needs of Adak. Please call Agafon Krukoff, Mayor of the "pre-incorporation" Adak Community Council, or Mr. Christopher Gates at 907 562-5444 if you have any questions and/or requests for information regarding the need to fix the small boat harbor facilities on Adak.



ADAK ISLAND

TNH
NO SCALE

ALASKA

ANCHORAGE

BERING SEA

PACIFIC OCEAN

FIGURE E-1

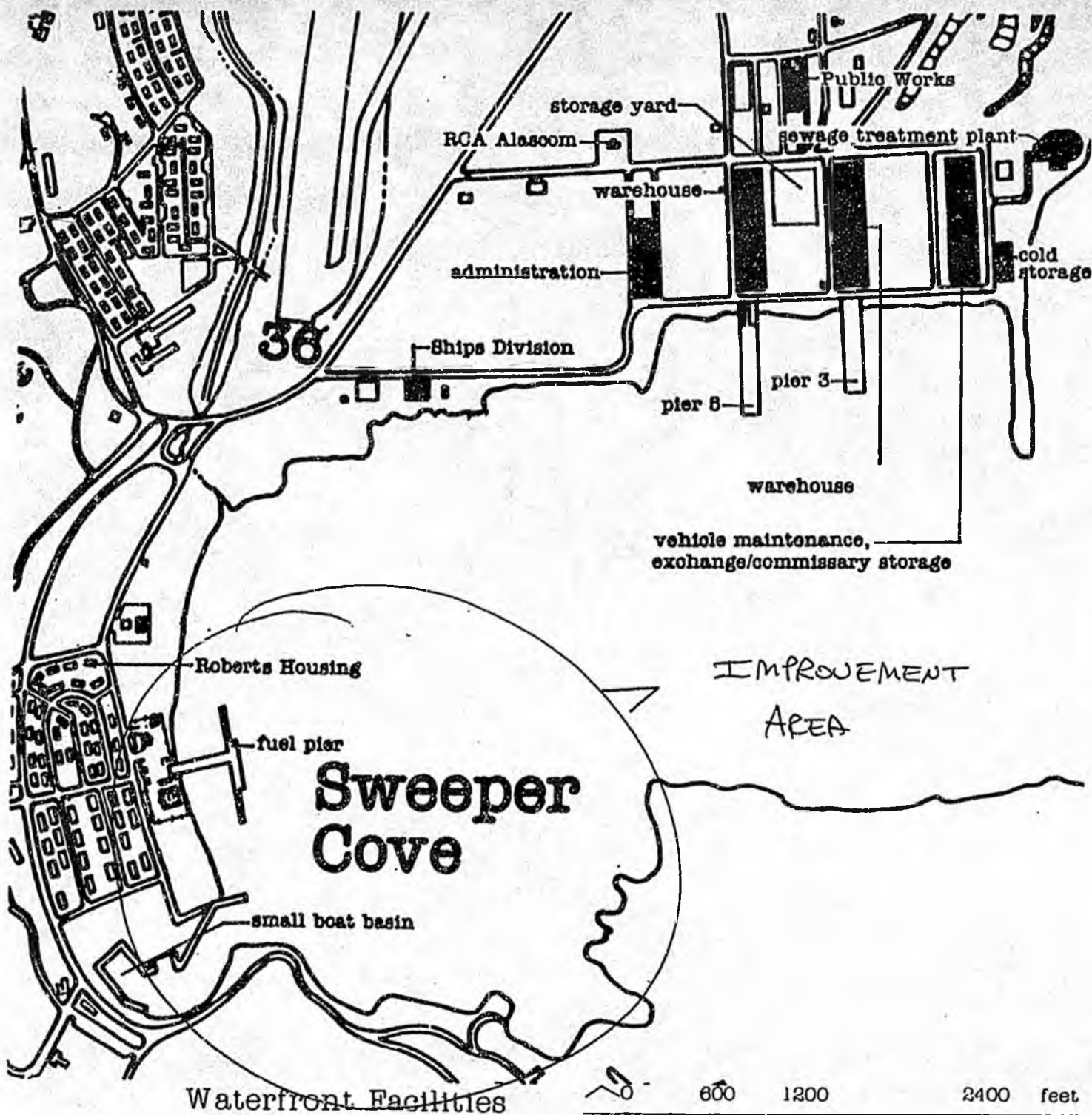


FIGURE IB-3.1

SITE: Mat-Su LIO

COMMITTEE: STRA

DATE: 03-22-01

SUBJECT OF MEETING:

SB 44

UPDATE #:

PLEASE SIGN IN

PLEASE PRINT:

NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

DO YOU WANT

TO TESTIFY?

Y or N

NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
Tim Anderson		MSB Mayor	SB 44 & 45 Y

AMENDMENT

To: CSSB 111()

Offered By: Senator Elton

Page 2

Amend Section 3:

Line 9: Delete "\$34,627,500" and in its place insert "41,746,500"

Line 23: Insert a new line beneath "Nome 1,000,000"
The new line will read "Juneau 7,119,000"

Page 3

Amend Section 7:

Line 22: Delete "34,627,500" and in its place insert "41,746,500"

Line 25: Delete "34,627,500" and in its place insert "41,746,500"

1 omel \$41,746,500 on line 9 pg 1

Alaska State Legislature

Chairman,
Judiciary Committee

Vice-Chairman,
Administrative Regulations
Revenue Committee

Member,
Transportation Committee
Resources Committee



Senator Robin L. Taylor

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

50 Front Street
Suite 203
Ketchikan, Alaska 99901
(907) 225-8088
Fax: (907) 225-0713

SPONSOR STATEMENT SB 111

Last year we passed legislation that provided for upgrading ports and harbors. Many municipalities were given the funds to upgrade their harbors. The municipalities listed in this bill were not. Before that legislation passed, it had been amended to make these municipalities responsible for issuing the bonding that would provide the funds necessary to make these improvements.

This legislation corrects that provision. These harbors have been neglected by the state and were rated high on the state's deferred maintenance list. They had been on DOT's list time and time again and were always moved to the deferred maintenance list.

It is time to make these municipalities whole. For the last year they have pondered their plight as a result of the old bill, their ports and harbors have continued to deteriorate. This is not responsible management of our ports and harbors. We need to fund the work on DOT's deferred maintenance list and turn these ports and harbors over to the municipalities. We should not be in the ports and harbors maintenance business.

District A:

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

SB

119

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 119 (SSSB119)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title: William R. Wood Fairbanks Int'l Airport BRU: Fairbanks Int'l Airport
Passenger Vessel Coastal Protection Program... Component: _____
 Sponsor: Sen. Wilken, Kelly, Therriault, Pearce, Leman, et al.
 Requester: Transportation Component Number: 619

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
FUND SOURCE	0.0	0.0	0.0	0.0	0.0	0.0
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Paulette Wille, Business Manager Phone 465-3959
 Division: Fairbanks International Airport Date/Time 3/8/01 11:00 AM
 Approved by: Joseph L. Perkins, Commissioner Date 03/08/2001
 Agency: DOT&PF

For distribution information, call the Governor's Legislative Office



OFFICIAL BUSINESS

Alaska State Legislature
Senate
Office of the Secretary

STATE CAPITOL, ROOM 213
JUNEAU, ALASKA 99801-1182
(907) 465-3701
FAX: 465-2832
EMAIL: senate_secretary@legis.state.ak.us

FOR YOUR IMMEDIATE ATTENTION

DATE: March 13, 2001
TO: Transportation Committee
(Senator Cowdery – Room 101)
FROM: Office of the Senate Secretary
SUBJ: Sponsor Substitute

A Sponsor Substitute has been introduced for the following bill/resolution pending in your Committee:

RETRIEVE

SENATE BILL NO. 119

"An Act naming the Bill Wood Fairbanks International Airport; and providing for an effective date."

Please pull this bill/resolution folder from your files and give to the page. The bill/resolution may be returned to you with the Sponsor Substitute.

Thank you.

ALASKA STATE LEGISLATURE
SENATE COMMITTEE ON TRANSPORTATION

Interim:
716 West 4th Ave.
Anchorage, AK 99501
Phone: 907-269-0222
Fax: 907-269-0223
Toll Free: 1-888-269-3879



Session:
State Capitol Bldg., Suite
101
Juneau, AK 99801
Phone: 907-465-3879
Fax: 907-465-2069
Toll Free: 1-888-269-3879

Anchorage Legislative Information Office
Room 220
Friday – February 23, 2001
1:30 p.m.

Chairman – Senator John Cowdery
Vice Chairman – Senator Jerry Ward
Member – Senator Gary Wilken
Member – Senator Robin Taylor
Member – Senator Kim Elton

Senate Transportation Committee
Meeting Agenda

Tuesday, March 13, 2001

- SB 119 An Act naming the Bill Wood Fairbanks International Airport
 *Sponsor substitute to be presented
- SB 59 An Act relating to awards of federal funds to municipalities for road projects
- HB 83 An Act relating to construction of highways by the Department of Transportation and Public Facilities
- SB 100 An Act relating to the regulations of aeronautics and communications and to civil liability relating to aircraft runways, airfields, and landing areas

Thursday, March 15, 2001

No meeting Scheduled

Butrovich Room 205
1:30 p.m. – 3:00 p.m.

GARY WILKEN

SENATOR
Districts 29 & 30
West Fairbanks

Senate Standing Committees

Member: Finance
Member: Health, Education, &
Social Services (HESS)
Member: Legislative Budget & Audit
Member: State Affairs



During Session:
State Capitol Building
Juneau, Alaska 99801-1182
Tel: (907) 451-5501 (in Fbks area)
Tel: (907) 465-3709 (outside Fbks)
Fax: (907) 465-4714
Website: www.garywilken.com
E-Mail: Senator_Gary_Wilken@legis.state.ak.us

Interim:
1851 Fox Ave.
Fairbanks, Alaska 99701
Tel: (907) 451-5501
Fax: (907) 451-0438

SPONSOR STATEMENT

Senate Bill 119 William R. Wood Fairbanks International Airport

Senate Bill 119 will name the Fairbanks International Airport in honor of a true visionary and leader for Alaska, Dr. William Ransom Wood.

Dr. Bill Wood arrived in Fairbanks, Alaska in 1960 with his wife Dorothy Jane, son Mark and daughter Karen, to serve as the fourth president of our University of Alaska. After thirteen years of leading the University and shaping it into a world class institution, he retired from University service and, with his family, decided to remain in Fairbanks.

Though he retired from the University, he never stopped serving his community. Dr. Wood was committed to making the place where he lived a better place than when he found it. He fulfilled that belief everyday of his 94 years. Even on his final days, he was offering words of wisdom and urging national, state, and local leaders to begin or to finish community projects.

Over the years, Dr. Wood was a leader to many, including being the Mayor of Fairbanks, Chair of Fairbanks Area Community Hospital Foundation, founder of Festival Fairbanks, founder of Fairbanks Industrial Development Corporation, and 1985 Alaskan of the Year. He was very active in Rotary International, serving as his club's President, District 5010 Governor, and receiving Rotary's highest honor - the Service Above Self Award.

Dr. Wood's message was that we, as Fairbanksans, live in a special place in this world. With the naming of the Fairbanks International Airport after Dr. Wood, fellow Alaskans, and our visitors, will be reminded not only of his contributions to our past, but his vision of our future.

I respectfully request your support of this legislation.

Home of the
University of Alaska

Alaskan Life of William R. Wood

- ✓ University of Alaska President – 1960-1973
- ✓ President Emeritus of the University of Alaska – 1975
- ✓ Mayor of Fairbanks – 1978-1980
- ✓ Founder of Fairbanks Industrial Development Corporation
- ✓ First Chairman of the Greater Fairbanks Area Community Hospital Foundation – 1967
- ✓ Founder of Festival Fairbanks whose mission is to support community projects.
- ✓ Festival Fairbanks Executive Director (a non-monetary position) from its inception in 1981 – 2001.
- ✓ Creator & Visionary of Golden Heart Plaza - 1984
- ✓ Opinion columnist for Fairbanks Daily News-Miner – 1981-2001
- ✓ 1985 Alaskan of the Year
- ✓ Rotary District 5010 Governor – 1985-1986
- ✓ Established Wood Nanook Varsity Talent Search and Grant Endowment with the University of Alaska Fairbanks – 1998
- ✓ Rotary International Service Above Self Award – 2000
- ✓ Published a trilogy of poetry – *Not From Stone* (1983), *Legacy of Dreams* (1993), and *Nanook* (2000)

Daily News - Miner

"Independent in All Things . . . Neutral in None"
Established in 1903

CHARLES L. GRAY
Publisher Emeritus

MARILYN F. ROMANO
Publisher

KELLY BOSTIAN
Managing Editor

BRIAN O'DONOGHUE
Editorial Page Editor

'Just a little better'

It was a thunder that moved the heart.

U.S. Army howitzers boomed in military salute to Dr. William Ransom Wood at the community memorial to the man at the University of Alaska Fairbanks Patty Center on Saturday afternoon.

The thunder was felt, more than heard, inside the university gym.

It was an unseen salute that in many ways mirrored the life of the man. Dr. Wood worked countless hours invisible to most in this community, though his efforts continue to touch our lives and, indeed, move our hearts.

He lived from 1907 to 2001 and this community had the pleasure of his company from 1960 to just a week ago today. For 20 years, he wrote a column for this very page.

In a 1983 News-Miner article, Dr. Wood was quoted as saying he would want to be remembered "as an individual who left the place a little better than he found it."

Add to that philosophy his penchant for progressive ideas and you have a remarkable man of vision. He forwarded so many ideas that sometimes those around him—people one would suppose had younger and fresher minds—had a hard time keeping up.

Predictably, such a man could not accomplish so much with everyone liking every idea. He was criticized for his support of Project Chariot, a government plan born in the late 1950s in search of "peaceful use of the atom." This idea would have used an atomic blast to create a port off Alaska's northwest coast. The thought sounds ludicrous in this new millennium, but in its day it was an example of the vision exercised by progressive thinkers.

Some still exercise their powers of hindsight to criticize. Thank God that Dr. Wood exercised his considerable powers of forethought to touch this earth far beyond the scope of his mortality.

How many thousands will enjoy Golden Heart Park for years to come, walk across the yet-to-be-built Centennial Bridge or hear the chimes of the Rotary clock tower without having known the man responsible for these landmarks?

Indeed, his vision lives beyond the physical monuments. We can't overlook a dynamic family that continues to call Fairbanks home. We also can't name a community leader who has not been influenced in some way by experience with Dr. Wood or his wife, Dorothy Jane, who preceded her husband in death just last year.

They lived their lives as shining examples and mentors to many.

In his 13 years at the university, he stood upon a solid foundation laid by his predecessors and was the engineer who created much of the institution we enjoy today.

His community service mirrored his university career in many ways. He came along to build and to keep us looking forward. What is even more remarkable about his community work is the inestimable hours spent day after day, year upon year, for no recompense but to satisfy his want to make things "a little better."

For decades to come, Fairbanks will see the mark of Dr. Wood, the Midwest farm boy, the sailor, the scholar, the husband, the father, the teacher, the university president, the mayor, the statesman, the grandpa who chose to make Fairbanks his home.

If on some serene afternoon by chance you are down by the Chena River and you hear the sweet chimes of the clock tower, let the moment carry your vision forward and imagine what you might do to honor the memory of a man who left this place much better than he found it.

**STATEMENT OF SENATOR TED STEVENS
MEMORIAL SERVICE FOR DR. BILL WOOD
SATURDAY, MARCH 3, 2001
FAIRBANKS, ALASKA**

Fairbanksans will remember William Ransom Wood each time they use the Centennial Bridge which will bear his name. After I had discussed this bridge with Dr. Wood, he wrote to me his feeling about it. He said:

"The Centennial Bridge is to be a memorial to the early day folk who built a modern town in a remote place during a century of outwitting the hazards and the odds. The hardy and courageous folk who did what had to be done merit a lasting salute. From the ordinary they created the extra-ordinary. They put in place the basics for an enjoyable community for a very diverse assortment of individuals to live and work together.

"Once considered the end of nowhere, Fairbanks in a hundred years has become more than a hub city for the vast region of Interior Alaska -- it is a focal point of activity for the advancing knowledge of the global great North of Asia, Europe, and North America.

"The Centennial Bridge is a reminder to remember and respect the builders of the Twentieth Century. It is also a memorial to the brave folk, the indigenous people, who came before and persisted through multiple hardships, generation after generation. Their legacy and cultural contributions are never to be overlooked or forgotten. The Centennial Bridge is a tribute to their stamina and ability to cope with changing times."

Bill's life in Alaska could not be summarized better -- he described himself.

From the first day I met Bill Wood until the last day I saw him I had the feeling of being with a Master -- a person who viewed his role of a teacher with great feeling -- who never told me what to do, but when I left him I had no question in my mind about what he wanted me to do. Now, I have a sense of real loss. But, I know that he is where he wanted to be -- with his beloved Dorothy Jane.

S B

1 2 3

Subject: SB 123 Public Testimony

Date: Thu, 22 Mar 2001 14:10:18 -0900

From: brooks chandler <bkhc@v-mmp.gci.net>

Reply-To: bkhc@gci.net

To: Kristy_Tibbles@legis.state.ak.us, allgbos@girdwood.net

Chairman Cowdery and other members of the Transportation Committee:

My name is Brooks Chandler. I am the chair of the Girdwood Board of Supervisors, however, these are my individual comments. The earliest our board could take an official position on SB 123 would be after our April meeting.

Please accept this written testimony in support of SB 123 with a suggestion that this bill be combined with Senator Cowdery's SB 51. These two bills serve complementary if not identical public policy goals- bringing significant decisions of the Alaska Railroad that will impact Alaska residents for decades under some oversight of publicly elected officials. This oversight is needed and is appropriate. Decisions regarding railroad expansion need to consider the state-wide interests of Alaskans. Policy goals of the railroad need to be meshed with state and regional transportation goals. Past railroad decision making has failed to accomplish this. A change in the current manner in which the railroad operates is needed. Legislative action such as SB 123 and SB 51 will sensitize the railroad to the need to look beyond their own parochial interests when making building decisions. These two pieces of legislation are equally important and should be combined perhaps by including the minimum dollar value in Sen. Pearce's bill with the land acquisition feature of Sen. Cowdery's bill. Thank you for the opportunity to comment.

Placed in each Senator's packet

Linda C. Anderson

From: Linda C. Anderson <lindaa@gci.net>
To: <kristy_tibbles@legis.state.ak.us>
Sent: Wednesday, March 21, 2001 10:25 AM
Attach: SB 123(Trans), ARRC by Pearce.doc
Subject: SB 123 amendment

Hi Kristy. Thanks for getting this to Drue. I took the liberty of including it in the existing bill as follows:

1) Title amendment to add "and railroad realignment projects"

2) add new subsection "(7) begin the design or construction of a new railroad line, realignment project and railroad corridor through an existing community having an estimated cost greater than \$10,000,000."

I'm not sure is railroad corridor is defined so I don't know if this is the language that legal would use but it probably works fine. I think this is in line with Drue's preference to not require legislative approval for "routine" realignment projects.

I understand John Binkley is coming to town for this hearing tomorrow also. I would be absolutely thrilled if Drue requested a CS for adoption at the committee rather than an amendment. Let her know that I did talk to Cowdery and we had a positive conversation. He was receptive.

Thanks Kristi. Please let me know what you can do.
Linda Anderson

3/21/01

Interim:
716 West 4th Ave.
Anchorage, AK 99501

Phone: 907-269-0222
Fax: 907-269-0223



Senator
John J. Cowdery

Session:
State Capitol Bldg.
Juneau, AK 99801

Phone: 907-465-3879
Fax: 907-465-2069
Toll Free: 1-888-269-3879

FAX COVER

DATE: 3/22/01 TIME: 9:30 10:30

TO: George Utermole

FAX: 2029 PHONE: _____

FROM: _____

FAX: _____ PHONE: _____

NUMBER OF PAGES: (INCLUDING COVER) _____

NOTES: _____

George

Senator Pearce's Office

has asked that a CS be

prepared

We're considering SB 123

at 130 today in committee

Sorry for the short notice

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State Capitol
Juneau, Alaska 99801-1182
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Fax (907) 465-3872

Senator Drue Pearce

MEMORANDUM

Date: March 13, 2001

To: Senator John Cowdery, Chair
Senate Transportation Committee

From: Senator Drue Pearce 

Re: Hearing Request for Senate Bill 123

I respectfully request a hearing for Senate Bill 123 in the Senate Transportation Committee. SB 123 requires the Alaska Railroad Corporation to obtain legislative approval for the design and construction of facilities having an estimated cost greater than \$5,000,000.

I have introduced SB 123 in response to the ARRC's rail station project at the Ted Stevens International Airport, which, in my opinion, lacked an adequate public review process before it was funded. Requiring the ARRC to obtain legislative approval for future projects will help ensure that those Alaskan residents affected will be informed and have the opportunity for a review process in a timely manner.

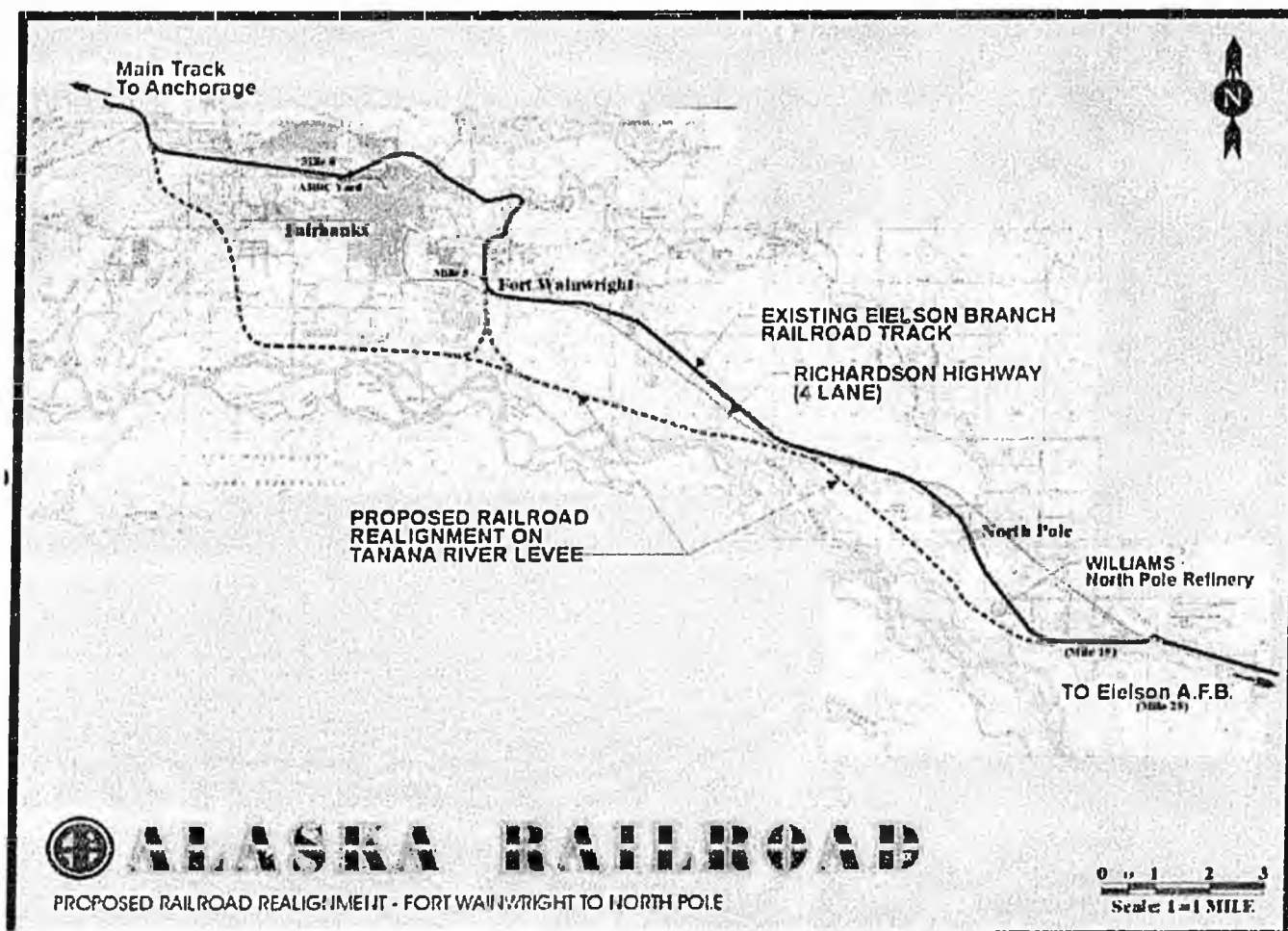


Fairbanks Bypass Reconnaissance Study



Proposed Project:

The Alaska Railroad Corporation (ARRC) proposes to re-locate its mainline from Sheep Creek Road to the median of the Parks Highway and continue down the median until just East of the University Avenue/Parks Highway Interchange. The new alignment will move onto the Tanana River Dike and stay on the dike to Moose Pass Road Interchange.



Purpose and Need:

This project will eliminate 48 at-grade road/rail crossings. The current track alignment parallels the four lane Richardson Highway and crosses this major highway twice. It also includes many other road crossings constructed over the past several decades. Road crossings include one of the main gates to Ft. Wainwright (one of the two military bases this track serves), a main downtown road in the City of North Pole, and the primary access to North Pole High School.

Benefits:

- Closure of 48 road/rail crossings
- Safety
- Easier maintenance of the dike. A railroad will allow fill materials and rip rap to be moved inexpensively to maintain the dike.
- Improvement to the North Pole community. Removing the railroad from downtown resolves conflicts with noise, pedestrian and school foot traffic, and emergency response vehicles.
- Improved efficiency and speed of service to Ft Wainwright and Eielson Air Force Base

Status:

- Reconnaissance study awarded September 6.
- Work completed by local Fairbanks firm in December, 2000.
- Project concept cost estimated between \$80 to \$95 million

[Send Alaska Railroad your Public Comments - public_comment@akrr.com](mailto:public_comment@akrr.com)

updated 03/05/00

Executive Summary

The *Market Analysis for ARRC Anchorage International Airport Rail Station* presents the results of a study of potential benefits of the new rail station at the Anchorage International Airport (AIA), the various markets that could support the station, and the marketing requirements necessary to take full advantage of the station. Appendixes to the report contain detailed information on equipment options and copies of a commuter rail survey conducted as part of the study.

The number of available markets and potential size of each market suggest that the Alaska Railroad Corporation (ARRC) can determine the amount of airport-station-related ridership by developing the necessary infrastructure, providing adequate levels of service, and marketing the service. Marketing efforts would include negotiations with primary customers such as cruise lines and tour companies, and efforts to attract independent travelers and area residents. The user groups exhibit differences in terms of frequency of service and destination. Necessary infrastructure includes port improvements and facilities to serve commuters and tour groups. The ARRC is already addressing many of these items.

Total airport-station-related ridership could exceed 200,000 passengers per year by 2004 and grow to more than 500,000 by 2024. The market with the most immediate potential is the cruise market, in which passengers require transportation between cruise ships and the airport. Rail ridership for cruise-related services could be more than 60,000 passengers per year in 2004 and exceed 75,000 per year by 2024 (assuming that 3 train sets with a capacity of 250 passengers per train are dedicated to this service). Other markets such as providing related services to tour-and-charter visitors and serving area residents traveling to the airport offer even greater potential, but marketing efforts and additional infrastructure are needed before this potential can be realized.

Airport station related ridership could exceed 100,000 travelers in the independent tourists, tour group, and charter categories in 2004. In addition, the demand for rail service to the airport by area residents could exceed the expected use by cruise passengers if the necessary infrastructure and adequate levels of service were in place.

Revenues generated by transporting cruise passengers between the airport and cruise ships could exceed \$750,000 in 2004 and \$1 million in 2024. Revenues generated by other markets cannot be estimated until critical decisions related to facilities, equipment, and levels of service have been made and more is known about the markets.

The new AIA rail station should be viewed as a vital part of the transportation infrastructure in Southcentral Alaska and could be a catalyst for increased and improved tourist activity in the area. However, not all of the benefits associated with improved infrastructure can be assigned to the AIA station. Shorter travel times between cruise ships (or other places) and the airport, improved travel experiences, and other benefits are associated as much with track changes and other rail system improvements as with the AIA station itself.

The AIA station would help to promote a variety of benefits such as reduced roadway congestion, improved air quality, and postponement of the date when future roadway improvements are needed. Once the ARRC makes decisions regarding new equipment and various system improvements, revenues and other benefits can be compared with the estimated annual cost of \$300,000 for maintaining and operating the new station. In the meantime, the station can be viewed in the context of the broad tourist industry. Anchorage Convention and Visitors Bureau (ACVB) statistics show that in 1998 the travel trade brought roughly \$72 million to the Anchorage area, and conventions resulted in a positive economic impact of \$59 million. To the extent that the new rail station adds incrementally

1 Introduction

The Alaska Railroad Corporation (ARRC) is evaluating the construction of a \$28-million intermodal rail station at the Anchorage International Airport (AIA). This report is a first step in understanding the potential benefit and marketing requirements necessary to take full advantage of the new station. The State of Alaska's \$230-million AIA Redevelopment Plan and accompanying road improvements offer ARRC the chance to combine construction of the new rail station with other physical changes at the airport and to locate the station next to the main airport terminal.

The intermodal station is one of numerous projects that are being undertaken to dramatically improve the Southcentral Alaska transportation system. Concurrently, long-range plans are being initiated for expanding commuter options into Anchorage from Girdwood and the Matanuska-Susitna Valley, and market opportunities for linking rail to other modes are emerging. The new station is expected to give cruise ship passengers "port-to-airport" service, provide future commuter rail services a direct link from the main Anchorage rail terminal to the airport, and generate new opportunities for tour-and-charter companies.

Such changes would create a transportation system in Anchorage similar to systems being planned in cities around the world. A recent article in *Railway Gazette International* (June 1998) noted that there are approximately 62 airport rail links currently operating around the world, and at least 116 being built, planned, or considered. Currently there are airport rail links in London, Hong Kong, and Brussels. Links under construction include new stations in New York; San Francisco; and Sydney, Australia. These links represent a growing business in the air travel industry and reflect the growing need to connect different transportation modes.

The *Railway Gazette* article also stated that airports around the world are struggling to meet the growing demand for space and improved services. As airports become more congested, there is incentive to expand. However, the cost of expansion can be prohibitive, and airport authorities have begun to consider new ways to accommodate passengers. One alternative is remote check-in for passengers and baggage. For example, remote check-in at rail stations can reduce the demand for space at airports and reduce waiting times at ticket counters. Airport rail links also offer air travelers an attractive transportation option. Certain passengers arriving at AIA may be more accustomed to rail travel than to auto or bus. Passengers from other countries may prefer to purchase a rail ticket at a multilingual kiosk rather than exchange currencies and rent a car.

In short, the new AIA rail station is the result of market opportunities, the timing of other Southcentral Alaska transportation projects, and the need to improve the transportation system in Alaska. The station will benefit ARRC, Anchorage, AIA, and business all along the rail corridor, as well as the visitors and residents who will use it.

1.1 Purpose and Organization

This report presents the results of a market identification study for the new intermodal rail station and preliminary observations regarding the extent to which the markets can support the station. ARRC contracted with Northern Economics, Inc., in November 1998 to conduct the necessary research and analysis. The consultant team includes HDR Alaska, Inc.; and Klugherz & Associates. The purpose of the report is to provide information that will be useful to ARRC in its decisions for marketing priorities and related equipment needs for the new station. The report includes analyses of potential markets, a preliminary benefit-cost analysis for the station, observations on the station's financial feasibility, a discussion of issues that ARRC may wish to consider in its near-term marketing strategy, and an appendix containing information on equipment options for serving these markets. Available data was

CORRECTION

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State of Alaska

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to these values or helps increase retention of travel-related money in the Anchorage area, the value of the station could be quite significant.

In summary, ARRC decisions regarding level of service, marketing effort, and the rate at which new infrastructure is put in place are the critical factors in generating significant use of the AIA rail station. If the ARRC is sensitive to the demands of the various market segments and aggressive in meeting those demands, then passenger volumes and related revenues should be sufficient to support the new station.

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supplemented by interviews with visitor industry representatives, and a survey was conducted to allow commuter rail forecasts.

The consulting team considered markets that would be available in the near term—by working with the cruise industry—and markets that could be developed in the future—for example, by offering a rail shuttle between AIA and downtown Anchorage and by offering connections with commuter rail lines.

The major market categories are the cruise industry, tour-and-charter opportunities, and commuter services. The report includes a separate analysis for each of these categories, with forecasts of potential ridership for the years 2000 through 2024.

Specific markets are identified and evaluated within each market category. For example, within the cruise industry category, there are potential markets for service between AIA and Seward or Whittier (direct connections between cruise ships and the airport), between cruise ships at Seward or Whittier and downtown Anchorage, and involving both cruise operators and smaller, established tour companies.

The following paragraphs briefly outline the report organization.

Cruise Industry Markets

The cruise industry is the first market category discussed because of the primary role it will have in supporting the AIA rail station in the near future (Section 2). When a large cruise ship docks in Seward, more than 1,500 people may need to be transported directly from the ship to AIA. Cruise lines currently use motorcoaches to transport these passengers and have expressed interest in working with ARRC. Other markets will take more time to develop and do not offer a comparable volume of potential ridership originating or ending at the AIA station.

Tour-and-Charter Industry Markets

The analysis of tour-and-charter opportunities focuses on opportunities that might have a relationship to the new AIA rail station in the near term (Section 3). Numerous opportunities exist for ARRC to work with existing tour-and-charter groups, and opportunities may exist for ARRC to design its own tour packages. In time, group tour vendors may work the AIA rail station into different tour package options.

Opportunities that do not have a clear connection (now or in the near future) to the AIA rail station are not included in this section. It may be important to note the distinction between the cruise industry and tour-and-charter opportunities. While there is some overlap between the cruise market and tour-and-charter market, there are enough differences in terms of how reservations are made, the number of passengers involved, transportation requirements for passengers, and other factors to view these markets as separate.

Commuter Rail Markets

The discussion of potential commuter rail markets in Section 4 incorporates a broader perspective than the analysis of more immediate markets. It is easy to envision a day when residents of the Matanuska-Susitna Valley, Girdwood, and Seward consider the train a viable or attractive option for getting to and from the airport, but it is difficult to know when that day might come.

A regional commuter rail network needs to be established before residential demand for rail service to the airport can be considered a dependable market. Without an established commuter rail system, it is virtually impossible to analyze potential ridership or willingness to pay for rail service to the airport.

For this reason, the discussion of commuter rail markets begins with an analysis of commuter rail potential in general and then focuses on subsets of the commuter market that would relate to the AIA rail station. For example, one subset includes easy access to AIA for military base personnel and commuter services from area communities to Fort Richardson and Elmendorf Air Force Base.

Equipment Options

Equipment options are summarized and detailed technical information about these options is provided in Appendix A. The discussion shows the service items ARRC could offer on different routes with different equipment, explains how running times on different routes would vary with different equipment, and identifies other strengths and weaknesses of different options. This information is designed to help ARRC in future decisions regarding equipment purchases.

Benefit-Cost Analysis

The benefit-cost analysis takes a broad perspective to include all parts of the ARRC mission. The primary mission of ARRC is "to provide high-quality, cost-effective freight, passenger and real estate services" for its customers.¹ As a state agency, ARRC is also given the responsibility of fostering and promoting "the long-term economic growth and development of the state," and developing and implementing "plans for a transportation network."² The information available at this time does not support a detailed benefit-cost analysis. However, there are sufficient data to support an outline of major issues and identification of critical factors. These issues and factors are discussed in Section 5.

Marketing Issues

Section 6 outlines the major marketing issues related to the visitor industry markets discussed in this report. In particular, it highlights marketing strategies ARRC might consider as it moves into new market areas and expands services in existing markets. The commuter rail market is not addressed in the marketing plan outline suggested because it would not be a marketing target until a commuter rail system is implemented, and is therefore not viewed as a near-term market.

1.2 Modeling Issues and Underlying Assumptions

The forecasts for rail ridership presented in this report are based on assumptions about growth in the cruise industry and the tour-and-charter industry, acceptance of rail for regular commuting between Anchorage and the neighboring communities, and other factors. Forecasts for rail ridership in the cruise market are based on illustrative scenarios. The scenarios take into consideration a wide range of factors, including the considerable uncertainty associated with looking 25 years into the future. The scenarios were designed to show the impact on rail ridership of different potential ARRC policy decisions as well as factors beyond ARRC control. Forecasts of commuter rail passenger volumes are based on survey results.

It should be emphasized that in all cases forecasts are based on assumptions that can be considered plausible rather than simply conceivable.

Cruise market forecasts are based on scenarios that account for high, medium (base-case), and low growth rates in the Alaska cruise industry, different train set sizes, and different train utilization rates. The consultant team developed these scenarios to facilitate discussion regarding ARRC equipment

¹ From ARRC Mission Statement, as presented in ARRC RFP 98-17078.

² Alaska Statutes 42.40, Section 1, Legislative Findings and Purpose, as cited in ARRC RFP 98-17078.

purchases, ARRC operations decisions, and future cruise industry decisions. Rail ridership forecasts are presented in 5-year increments for the 25-year planning period. Multiple forecasts of rail ridership can be cumbersome when discussing the implications of different passenger volumes, because the forecast associated with each scenario must be discussed separately. Still, this burden is necessary given the degree of uncertainty associated with a 25-year planning horizon.

The approach used in this report may have resulted in conservative estimates—higher forecasts could be supported with particular assumptions and alternative scenarios. However, it should be emphasized that a goal of this report is to describe what ARRC is most likely to encounter and not just what might happen. The following items discuss reasons for this approach.

- Recent trends may not be valid over the 25-year planning period. For example, the growth rate in the number of independent travelers to Alaska has been more than 5 percent per year in the recent past. Forecasts in this report call for a growth rate of 2 to 3 percent over the next 25 years. This average allows for higher growth in the short term, but slower growth in the future because growth can be expected to slow as the market matures. In addition, on the national level the last 8 years have been unique in terms of economic history. The U.S. economy has grown steadily, inflation has not been significant, and many markets have seen unprecedented growth. Forecasts based on trends from this period should not be considered likely because the economic conditions of the last 8 years are not expected to continue. In fact, because of the length of the planning period used in this study, a recession should be considered likely sometime during the 25 years, and the effects of a recession on tourist activity taken into account.
- Forecasts for commuter rail ridership in this report are based on survey responses and estimated population growth rates. It is possible that people may be more likely or willing to use a mass transit system once they have seen the system in operation, understand how the system works, and gain confidence that they can use the system to fit their needs. No attempt has been made in this report to account for these possible behavioral changes.

The markets discussed in this report are related directly to the new AIA rail station or are part of the larger rail system and can be viewed as complementary to the new station. Where possible, the links between the markets and the new station have been explained and passenger use of the new station estimated. It should be emphasized that in all cases passenger forecasts are based on the best evidence available and are intended to provide ARRC with numbers for planning purposes—numbers that ARRC can view as dependable and other researchers should be able to duplicate.

1.3 Market Analysis Summary Table

Table 1 provides a brief encapsulation of the rail ridership forecasts developed in sections 2, 3, and 4 of this report. The table focuses on potential ridership using the AIA rail station.

The cruise market estimates are based on an assumption of two train trips per vessel call. If the ARRC were to purchase additional equipment to provide more trips, the cruise market ridership estimates would be higher. The tour and charter market is composed of several segments including cruise-and-tour, other package and inde-package, and independents. Interviews with industry representatives provide widely varying opinions on the potential use of rail by the tour and charter market. The range of estimates for the other package and inde-package market segments suggests that the ARRC might be able to capture 10 to 30 percent of these visitors for rides on the rail system. Industry representatives anticipate that the ARRC could capture 10 to 20 percent of the independent travelers to Southcentral Alaska on travel to and from Seward or otherwise using the AIA rail station. Approximately 5 to 10 percent of the conventions and meetings held in Anchorage could result in bookings destined to or from the rail station. The cruise-and-tour market can provide additional

ridership between the AIA and Seward or Whittier, but train capacity may not be adequate to transport the cruise passengers that are likely to use the rail, so the potential ridership associated with the cruise-and-tour market segment is not included in Table 1. If additional capacity were available, the cruise-tour segment could account for about 10,000 passengers in 2004, ranging to almost 70,000 passengers in 2024.

There is a considerable amount of uncertainty associated with the estimated number of residents that might travel to the airport from the Matanuska-Susitna Valley and Girdwood. Residents of those areas provided information on the number of trips they make to the airport, but information was not sought on the price they were willing to pay for rail service or the preferred time of travel. Table 1 assumes that rail service could capture 25 percent of trips to the airport that respondents make. The total number of passengers using the AIA rail station is anticipated to range between approximately 240,000 and 370,000 in the early years of operation and increase over time.

The commuter estimates reflect a regional rail commuter system between the Matanuska-Susitna Valley, Girdwood, and the rail depot near Ship Creek in Anchorage. The estimates reflect ridership levels with a one-way trip fare of \$5.00. Commuter passengers represent the largest portion of future rail ridership.

Table 1. Base-Case Rail Ridership Summary by Major Market Category

Market	Rail Ridership by Year (Number of Passengers in Thousands)				
	2004	2009	2014	2019	2024
Cruise	62	72	77	77	76
Tour-and-Charter	100-230	120-280	140-330	160-380	170-440
Resident Travel to AIA	80	90	100	120	130
Total AIA Related Ridership	242-372	282-442	317-507	357-577	376-646
Commuter	1,200	1,350	1,550	1,770	2,010

Note: The cruise estimates are based on a train capacity of 250 passengers.

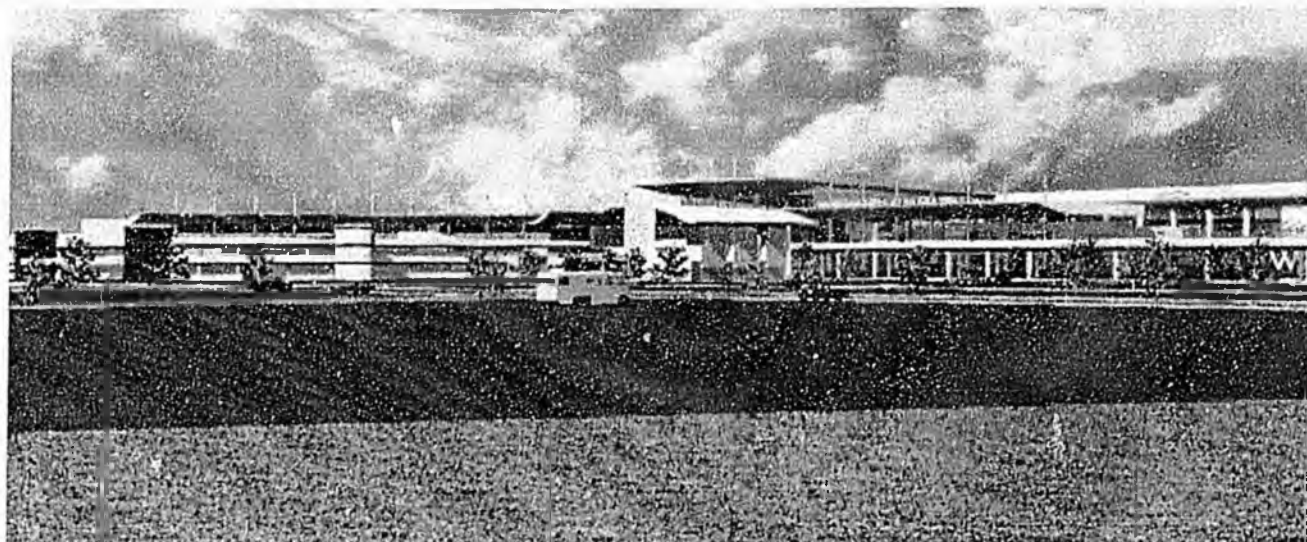


Anchorage International Airport Expansion and Rail Passenger Station

AKRR

Corp

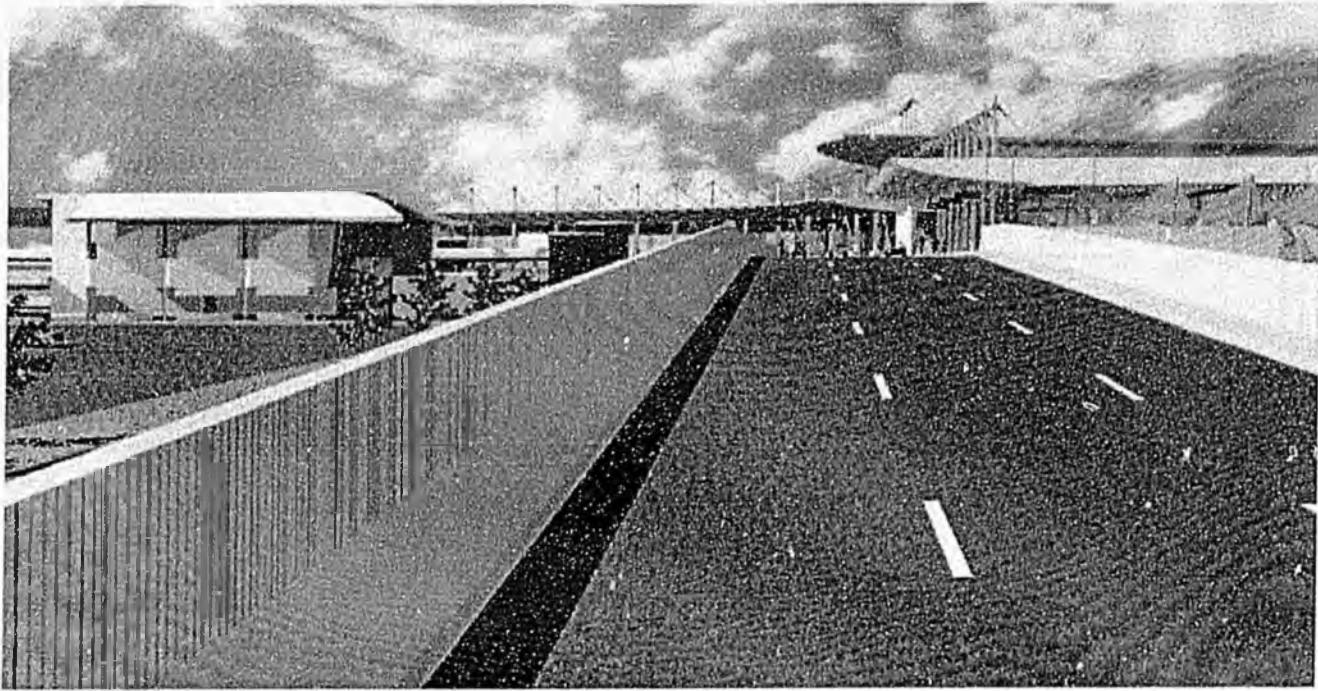
Plan H



Renderings throughout this page are courtesy of Mike Carlson of McCool Carlson Green.

Project Scope:

This project includes construction of a new rail terminal located north of the existing parking garage at Ted Stevens Anchorage International Airport. The 17,300 sq. ft terminal will provide a second-floor passenger assembly area, offices and lease space on the ground floor, and a public access underground pedestrian tunnel connecting with Concourse C. Railroad tracks will be elevated on a concrete trestle over parking lots and access roads below, and will meet with the terminal at a covered elevated pedestrian platform. The project further extends within the ARRC rail right-of-way on earthen fill, providing full clearance over the Airport's outbound lane and South Aircraft Drive. East of South Aircraft Drive, the tracks will taper down approximately 1200 ft to meet existing ground elevation near West 50th Avenue.



Status

- Environmental permitting, lease agreements, and final design have been completed.
- Unit Company has been awarded construction contract. Notice to proceed issued February 1, 2001.
- Construction of the underground pedestrian tunnel shell was included with DOT&PF Phase I Landslide Civil Improvements project, prior to construction of approach roads immediately above, and is complete.
- DOT&PF Phase II is underway (outbound lanes and parking improvements). ARRC project will bridge over new construction.
- Substantial completion of project construction scheduled for Fall 2002.



Frequently Asked Questions

Airport Web Cam

Status

Environmental Permitting

- Submitted to HDR Alaska, Inc
FHWA February
2000, transmitted

	to FRA March 2000, now complete.	
Preliminary and Tunnel Shell Design	• Complete	<u>McCool Carlson Green & RISE Alaska</u>
Terminal Design	• 100% Complete	<u>Kumin Associates. Inc.</u>
Tunnel Shell Construction	• 99% Complete	<u>Kiewit Construction Co.</u>
Terminal Construction	• Begins mid-March 2001	<u>Unit Company</u>

Public Involvement:

30 Day Public Notice, Lease Option	7/20/99 - 8/20/99
30 Day Public Notice, Environmental	9/15/99 - 10/15/99
Public Meeting	9/29/99
Open House, Anchorage	2/16/00
Open House, Fairbanks	3/16/00
Regional Community Council Meeting, North Star elementary	7 - 9 pm 4/11/00
Regional Community Council Meeting, Taku Elementary	7 - 9 pm 4/18/00
Federation of Community Councils, City Hall	6 pm 4/19/00
Turnagain Community Council	7pm 5/4/00
AIA Community Advisory Council	7pm 5/16/00
Taku/Campbell Creek Community Council	7pm 5/24/00
ARRC Open House	4 - 7pm 1/24/01

* More Community Council meetings are scheduled for Fall and Winter 2000/2001

Contacts:ARRC

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Wendy Lindskoog, Director of (907) 265-2498

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Kumin Associates. Inc.

Jon Kumin, Principal in Charge (907) 272-8833

jkumin@kumin.alaska.com

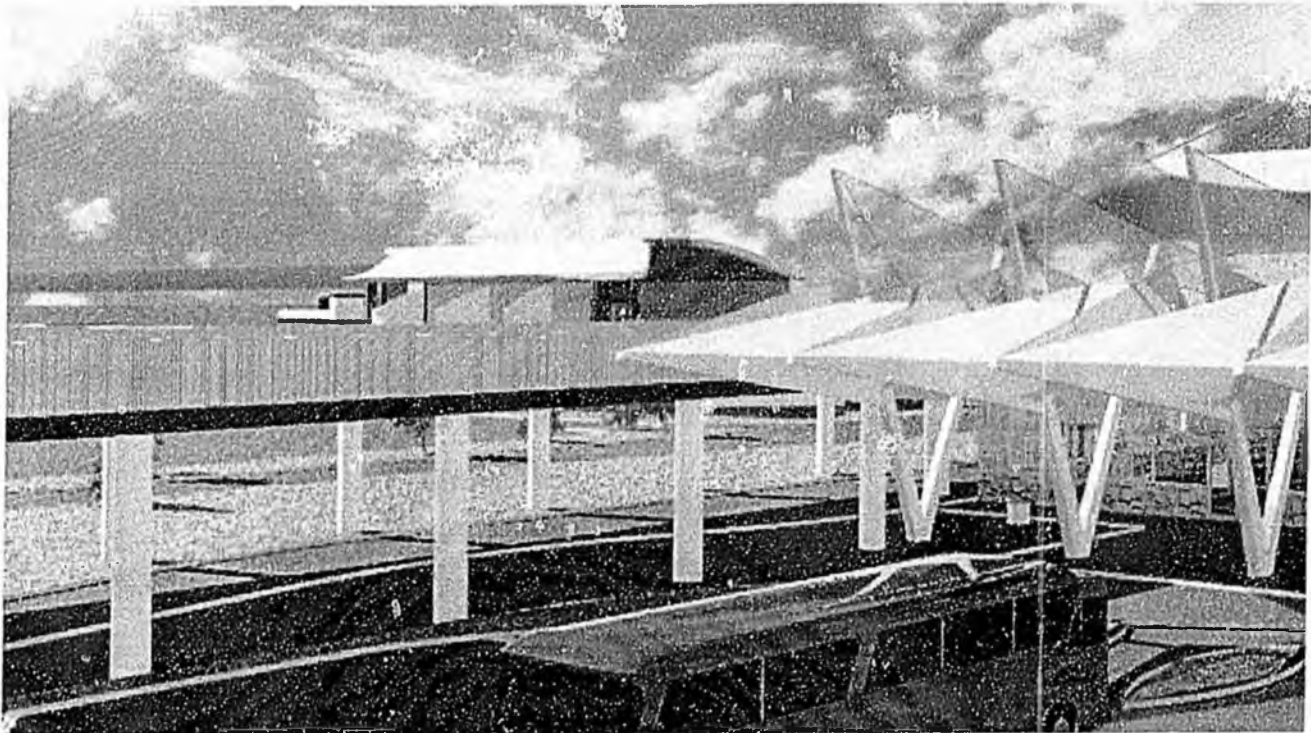
Chip Banister, Project Manager (907) 272-8833

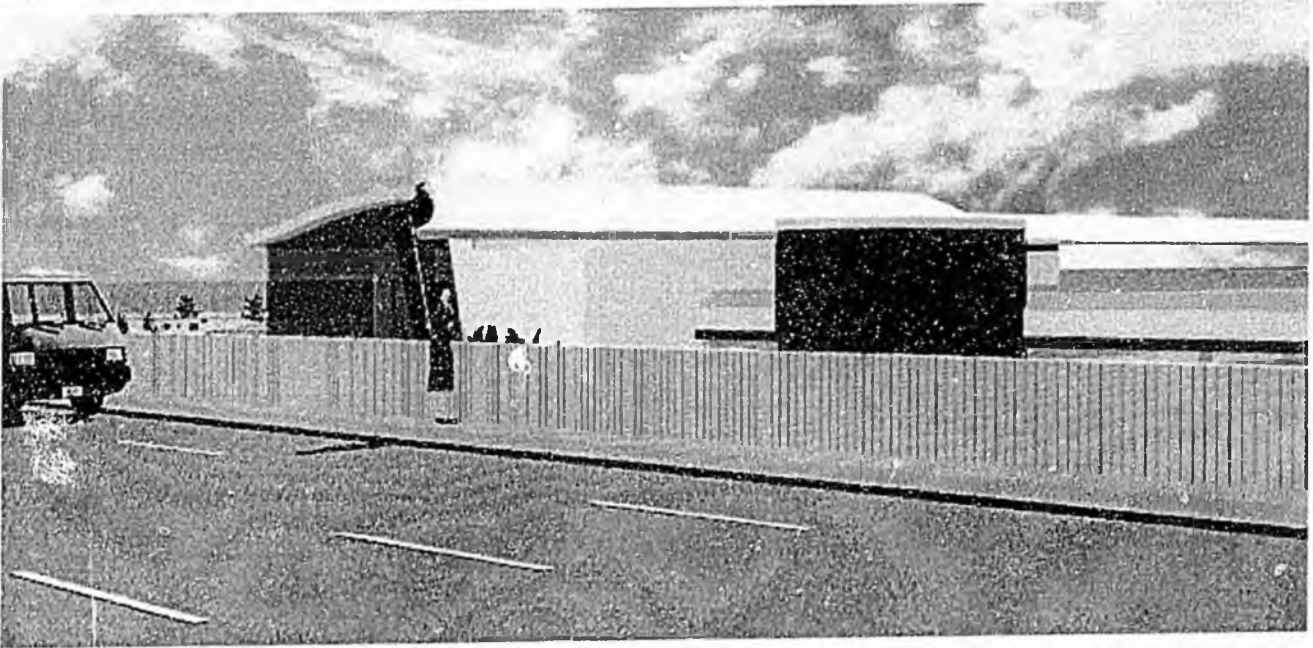
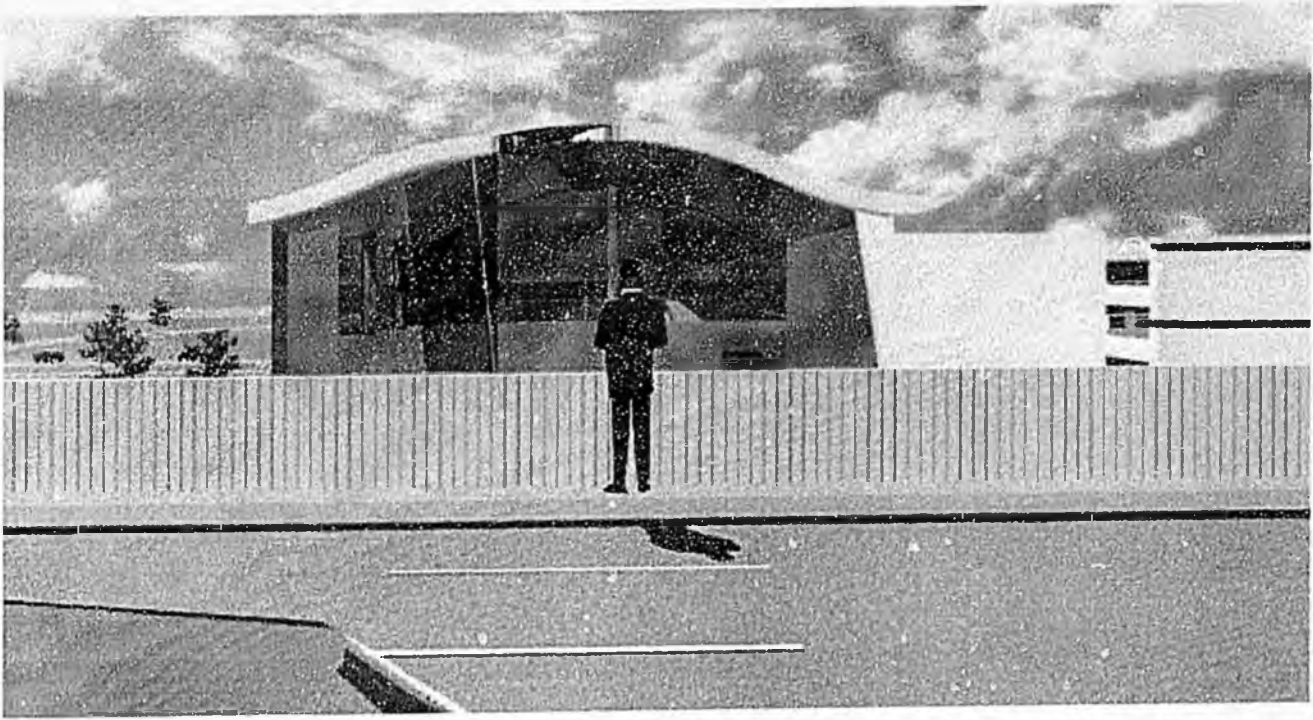
cbanister@kumin.alaska.com

Locher. LLC

Jim Dokoozian, Program Manager (907) 258-2200

jdokoozian@locherinterests.com





[Send Alaska Railroad your Public Comments - public_comment@akrr.com](mailto:public_comment@akrr.com)

Last Updated 02/16/01

Alaska State Legislature

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Anchorage, Alaska 99501-2133
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During Session: (Jan. - May)
State Capitol
Juneau, Alaska 99801-1182
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Senator Drue Pearce

SPONSOR STATEMENT

SB 123: Legislative Approval For Railroad Facilities

Senate Bill 123 requires the Alaska Railroad Corporation to obtain legislative approval for the design and construction of facilities having an estimated cost greater than \$5,000,000.

SB 123 has been introduced in response to the Alaska Railroad Corporation's multimillion dollar rail station project at the Ted Stevens International Airport. The ARRC received direct federal appropriations for the project. There was no input or coordination with the Alaska State Legislature prior to the design of this project. More importantly, there was no public review process prior to the appropriation.

The rail station project will impact a large number of Anchorage residents. Many Anchorage residents are opposed to the depot because the ARRC will need to realign and elevate the railroad tracks near their neighborhoods. They will be greatly impacted by the increase of train traffic and noise. There are also serious concerns about the feasibility and economic practicality of the project. Lastly, federal highway funding may well be necessary to finish the project and realign the tracks to access the airport which may necessitate that the legislature to set back other road projects.

Because of the concerns with the Anchorage rail station project, requiring the ARRC to obtain legislative approval for future projects will better ensure that those Alaskan residents affected will be informed and have the opportunity for a review process in a timely manner.

RESOLUTION 01-03
SAND LAKE COMMUNITY COUNCIL

SUBJECT: RESOLUTION IN FAVOR OF SENATE BILL NO. 123

Whereas, we, the Sand Lake Community Council Executive Board support the orderly development of the Sand Lake area:

Whereas there needs to be a public process on large capital improvement projects by the Alaska Railroad that impact neighborhoods and roads;

Whereas the Alaska Railroad needs to be accountable to the citizens for the money it spends on capitol improvement projects;

NOW THEREFORE BE IT RESOLVED THAT: The Sand Lake Community Council Executive Board whole-heartedly supports Senator Drue Pearce in the eventual passing of Senate Bill No. 123.

Adopted on the 20th day of March, 2001, at Anchorage, Alaska, by the Sand Lake Community council Executive Board.

President
Sherri Jackson

Secretary
Becky Roth

March 20, 2001

TO: Representative Andrew Halcro

FROM: Michael and Rose Marie Citti
4641 Edinburgh Drive
Anchorage, Alaska 99515

Good Morning Representative:

It was good to hear Senator Pearce and you on KENI RADIO this AM. We are writing in support of SB 123. We feel that it is important that oversight of the Alaska Railroad take place.

Sincerely:



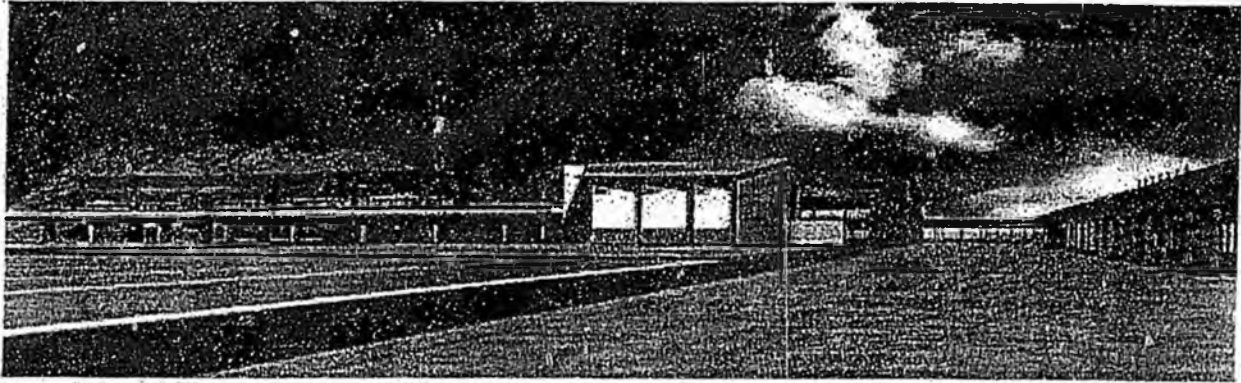

Subject: Bill 123 dealing with the Alaska Railroad
Date: Wed, 14 Mar 2001 21:40:22 -0900
From: "Mike Miller" <biggame@alaska.net>

To: <Senator_Drue_Pearce@legis.state.ak.us>

We support bill 123. The railroad own by the State of Alaska should have to go through the process of legislation before developing any projects over 5 million dollars. These railroad projects must have public input and acceptance it must be for the better of all and not just for the better of the railroad.

Mike Miller, President
Portage Valley Community Council
783-2025 phone
783-2370 fax

Rail Station at Ted Stevens Anchorage International Airport



Project Scope:

This project includes construction of a new rail terminal located north of the existing parking garage at Ted Stevens Anchorage International Airport. The 17,300 sq ft terminal will provide a second-floor passenger assembly area, offices and lease space on the ground floor, and an underground pedestrian tunnel connecting with the airport's newly constructed Concourse C. Railroad tracks will be elevated on a concrete trestle over parking lots and access roads below, and will meet with the terminal at a covered elevated pedestrian platform. The project further extends within the Alaska Railroad right-of-way on earthen fill, providing full clearance over the Airport's outbound lane and South Aircraft Drive. East of South Aircraft Drive, the tracks will gradually descend approximately 1,200 ft to meet existing ground elevation near West 50th Avenue.

This project is the center piece of the ARRC's rail improvement plan from Klatt road to Wasilla. It will help service the increased cruise ship passengers coming from Seward and Whittier and will help make the proposed commuter service between Girdwood and Wasilla more viable.

Status:

- Tunnel shell construction is complete and final design completed by Kumin Associates.
- Construction bids open January 11, 2001. Contractor to be on-board in February. Construction will proceed through fall, 2002.
- \$28 million budget for design, construction, and project administration. Funded in full by Federal Railroad Administration. Total construction budget is \$21 million.

=====
Airport station is runaway idea

Article Date: Monday, January 01, 2001
Page: B6
Section: Metro
By Rep. Andrew Halcro

The Alaska Railroad Corp.'s plan to build a \$28 million train depot at the Ted Stevens Anchorage International Airport raises serious concerns about ridership and the financial projections. The railroad's project analysis references a recent article in the Railway Gazette that notes there are dozens of rail links operating in other cities and more planned for the future. What is not mentioned is the overall disappointment of the rail-link experience. In a Wall Street Journal story entitled 'Airport Rail Links Misconnect With Fliers,' a recurring fact was how in many cities the thought of racing to the airport in a speeding train has become only a dream. It says that problems from slow trains, too many stops, not enough stops, the need for bus connections, poor baggage space and infrequent service have made most of the links unattractive to travelers. Philadelphia, a city with a population 15 times that of Anchorage, has service only once every half-hour, which makes waiting for the train longer than the drive from downtown. The ARRC assumes that the main supporter of the \$28 million project will be cruise ship passengers. However, cruise-line companies will tell you that motor coach transfers are the cheapest and most efficient way to transport passengers due to their volume and varying flight times. A letter from one company states, 'the existing ARRC depot at Ship Creek is not adequate for collecting cruise passengers and their baggage,' which means in addition to the \$28 million for the airport spur, the ARRC will have to invest millions more in improvements to handle cruise passengers. All of this for a market that exists for only five months of the year.

The report further states that by the year 2004, a total of 80,000 residents will be using the rail to get to the airport annually. It is assumed that these passengers would buffer the winter months to make up for the absence of summer cruise ship or charter traffic. This number represents approximately 6,600 residents per month utilizing this service. The report fails to identify how and why these 80,000 local residents are going to use airport rail service. In fact, the report goes so far as to mention that although 8,200 people work at the airport, "it appears that the schedules of workers and the locations where they live are not conducive to mass transit."The problem lies in the fact that not all of the 8,200 people work at the terminal. Most of these employees would have to find some way to get from the depot at the airport to the front door of their businesses, some of which are located a considerable distance from the terminal. So if not employees then whom? How about the family of four heading off for a week vacation? Once again the analysis raises questions. The Origin and Destination Study mentions that residents make an estimated 36,000 one-way trips to the airport each week. It goes on to state, "However, a vast majority of these trips originate from neighborhoods or districts that are distant from rail lines and depots (existing or planned)."The analysis concludes by stating, "airport employees travel to and from the airport at different times and live in many different areas, suggesting that ridership on any commuter line would be low at any given point in time." If you inserted the words "local residents" in place of "airport employees," the conclusion remains the same. Additionally, the \$28 million price tag pays for only the rail station at the airport. Area tracks and roads would still need

to be re-aligned for rail traffic accessing the airport. At a recent public hearing, the railroad laid out options for the track running down International Airport Road to the airport. This portion alone will require another \$18 million in improvements. This is not the time to be building speculative projects. This rail station is not economically practical and will actually inconvenience travelers. The construction of the airport depot will result in a loss of valuable short-term parking spaces that will cause travelers to park at greater distances from the terminal. Unfortunately, all of the evidence in the world that casts serious questions on the practicality and profitability of this proposed project is probably not enough to stop the poor use of \$28 million in taxpayer dollars.

Airport Rail Links Misconnect With Fliers

By DANIEL MACHALARA

Staff Reporter of THE WALL STREET JOURNAL

Like many travelers, Tom Hoen of Baltimore dreams of racing to the airport aboard a fast train.

His reality: crawling to the airport aboard a slow trolley. Extended to Baltimore-Washington International Airport a couple of years ago, Baltimore's airport trolley lumbers through city streets, mixes with traffic and waits at sections of single track for trains traveling in the opposite direction to pass. Mr. Hoen, a vice president of BT Alex. Brown, could drive from his house to the airport in half an hour but prefers public transportation, which can take almost twice as long. "It's hardly a bullet train," he says.

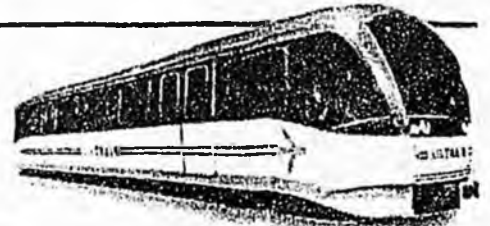
Mr. Hoen's frustration is common among passengers of the nation's airport rail links. "Compared to the potential, the American experience with air-rail links has often been quite disappointing," says Matthew Coogan, a transportation consultant in White River Junction, Vt., and a former undersecretary of transportation in Massachusetts. "Many of the systems have been cobbled together and fail to deal with the unique needs of air travelers."

Most airports were built in remote areas far from downtown and were easily reached by new highways. But the surge in air travel, airport expansions and urban sprawl changed all that, resulting in clogged roads to, from and within the airports and putting airport parking at a premium. Instead, travelers are told to park their cars at distant satellite lots and board shuttle buses to the terminals.

The rail links were envisioned as an antidote for all that, but that hasn't been the

The Trains to the Planes

New York's planned Airtrain to Kennedy Airport, shown at right, is being heralded as cheap and quick, but critics have emerged



CITY	ADVANTAGES	DISADVANTAGES
Atlanta	Fast, frequent rides to downtown	Rail doesn't reach some suburbs
Baltimore	Direct links to downtown; new trolleys	Slow trip downtown
Boston	Station near airport, frequent service	Bus connection required
Chicago	Centralized station location at airport	Frequent local stops
Cleveland	Direct airport-rail link	Limited rail network downtown
Philadelphia	Three stations at airport	Infrequent service
St. Louis	New trains	No rail links to suburbs
Washington D.C.	Fast frequent service	No special provisions for luggage

case very often. Many of the systems follow indirect routes, share tracks with local trains or require a switch to another train or bus. In Boston, for example, travelers have to board a bus between the subway station and airport terminals.

Few of the systems make special provisions for luggage. What's more, some airports that derive revenue from their parking lots do little to encourage the links. As a result, the trains often tap less than 5% of the market of travelers going to or from airports.

"I think a rail link to the airport is a great idea," says David Gunn, who heads Toronto's transit system and ran transit systems in Philadelphia, New York and Washington. "But it's very

difficult to make it work."

Proponents insist that airport trains are often faster than autos and cabs, especially during commuting times when highways are jammed. And the trains are economical, with fares ranging from \$1.50 to \$5 a ride, compared with \$25 or more for a taxi. To demonstrate the potential of air-rail links, transit planners point to successful systems in London and Hong Kong, which include features like airline counters at downtown train stations, nonstop service and luggage racks on the trains.

Among U.S. systems, the one linking Washington, D.C., and Ronald Reagan Washington National Airport is considered among the most effective. Travelers used

Please Turn to Page B4, Column 5

Few Fliers Use Airport Rail Links

Continued From Page B1

to complain about: having to walk through parking lots from the terminal to the train station—a distance of more than 1,000 feet. But in 1997, a new airline terminal serving most carriers was completed adjacent to the station, making the connection between plane and train among the most convenient in the country.

The Washington system also boasts frequent trains and an extensive rail network to downtown locations. "It has them all beat," Ken Bird, a manager at an industrial-controls company in Illinois, says of Washington's airport trains. "You can walk right from the plane to the train and get a clean, quiet and fast ride downtown."

The system linking Chicago with O'Hare International Airport also wins praise for its convenience, although it travels along a line used mainly by local riders, with frequent stops and crowded cars.

More typical is Philadelphia, where commuter trains were extended to the airport in 1985 but haven't made much headway with the traveling public. For budgetary reasons, service is confined to one train every half hour. The result: Travelers often wait longer for a train than the time it takes to drive downtown.

The Philadelphia system carries about 2,500 people a day to or from the airport—about a fifth of its capacity. "Airline travelers are accustomed to stepping out to the curb and flagging a cab," says Stephan Rosenfeld, a spokesman for Philadelphia's transit system. "We haven't been able to break that habit."

That may change. Philadelphia Airport officials, who manage neither the airport nor gain revenue when most people drive there, haven't promoted the trains in the past. A separate authority operates the trains and collects fares. But airport officials say they are now encouraging more travelers to use the train in an effort to ease airport traffic congestion. The airport has added bigger signs directing travelers to the trains and is spending \$5.5 million to build new passageways from the baggage-claim area to train platforms.

Despite the problems many cities have encountered with airport rail systems, New York, San Francisco and Portland, Ore., are developing new links. The Port Authority of New York and New Jersey's plans to spend \$1.5 billion to build "Airtrain" to Kennedy International Airport are already drawing fire, because they require passengers to change trains.

The Airtrain plan has also stirred opposition from airlines, which object to the

Port Authority's use of a \$3-per-passenger airport departure tax. To qualify for the funds, which are designed for on-airport improvements, the Port Authority plans to annex Airtrain's track right of way and make it part of the airport.

The drawback: Airtrain will take passengers to nearby rail stations, where travelers transfer to other trains. "They are building a second-rate system that dumps you at a remote transit hub only 20% of the way to the center city," contends George Haikalis, a transportation consultant in New York.

Port Authority officials say the system will be cheaper, faster and more reliable than from Manhattan than cabs. They dismiss concerns about the inconvenience of changing trains. "How are you going to make something perfect for eight million people who don't live in one place?" says Port Authority spokesman Mark Hatten. "We are trying to create the best system that serves the most people."

Meanwhile, improvements to other systems are on the way. Atlanta wants to install a baggage drop-off counter at the airport train station. And in Baltimore, officials say they are addressing the problem of delays and plan to install special signals to give trolleys priority over cars and buses.

Baltimore has also considered making space available on its trolleys for luggage. But Wayne Jubb, a deputy director of Baltimore's transit system, says there is no rush: Trolleys to and from the airport are 70% empty. "There's plenty of room for those vehicles, even if people set the luggage behind them," Mr. Jubb says.

GLAXO WELLCOME PLC

Unsuccessful Partner Search Leads to Phaseout of Unit

Glaxo Wellcome PLC said it will discontinue funding for HealthMatics Inc., citing an unsuccessful search for a venture partner. HealthMatics is a Cary, N.C., health-care information systems and services company. Glaxo, a British drug maker, said HealthMatics will begin phasing out operations immediately under a plan that continues to support existing customers through 1999. The decision will affect 100 employees, according to Glaxo. HealthMatics was created in 1994 as a joint venture by Glaxo and Physician Computer Network Inc. Glaxo acquired Physician Computer Network in December 1998 and said at the time it would seek another partner.

SB

130

Alaska State Legislature



Chairman,
Judiciary Committee

Vice-Chairman,
Administrative Regulations
Revenue Committee

Member,
Transportation Committee
Resources Committee

Senator Robin L. Taylor

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

50 Front Street
Suite 203
Ketchikan, Alaska 99901
(907) 225-8088
Fax: (907) 225-0713

SPONSOR STATEMENT SB 130

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

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

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

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

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

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

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

District A:

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

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

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

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

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

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

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

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

PHONE: (907) 465-3900

December 10, 1997

RECEIVED

DEC 11 1997

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

Dear Senator Torgerson:

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

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

Answers to your specific questions are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

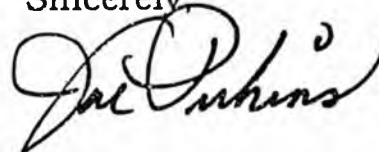
No single person has the answer to the many issues facing the AMHS. We need to rely on the expressed needs of communities and businesses and the collective expertise of the AMHS employees to revitalize the marine highway. The Southeast Transportation Plan, currently being developed with the help of the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

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

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

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

Sincerely,



Joseph L. Perkins, P.E.
Commissioner

Enclosures

DRAFT

Operating Plan
1998-1999

Revision 99.4
November 15, 1997

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

LEGEND

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

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

Mainline Vessels 158.2
Feeder Vessels 84.1
Southwest 69.6
Total Operating 311.9

DRAFT OPERATING PLAN 1998-1999
December 9, 1997

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

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

* Southwest vessel shoreside activities are identified to specific vessels.

FY98 ESTIMATE M/V MALASPINA LYNN CANAL SERVICE

M/V MALASPINA Lynn Canal Service Only - 4.7 WEEKS

(May 29 thru June 30, 1998)

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

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

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

Net GF Requirement (174,395)

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

FY99 ESTIMATE M/V MALASPINA LYNN CANAL SERVICE

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

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

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

Net GF Requirement (1,764,443)

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

AMHS FUND SUMMARY

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

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

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

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

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

Re: M/V MALASPINA NORTH LYNN CANAL SERVICE

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

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

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

| *

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

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

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

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

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

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

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

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

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

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

Rule 12 -- Rule 12 is amended as follows:

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

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

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

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

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

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

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

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

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