

Dear Ms. Marquardt,

Though the financial situation in Alaska has changed significant since the whole legislature body granted funds to create the Alaska Class Ferries. The findings of SE Conference's Phase Two report, the Federal decision to not build a road out of Juneau and the State's current fiscal crisis only continue to highlight why both the M/S Tazlina and Hubbard should remain day-boats, with initial deployment to the Upper Lynn Canal if the M/V Fairweather is in fact taken out of commission, with future ferry funds designated towards a new mainliner.

Key findings from SE Conference's Phase Two Report includes:

- (1) Almost half (44 percent) of system operating revenues are tied to Bellingham embarkations or disembarkations.
Maintaining that service is critical.
 - *Future funds used towards ferries should be utilized for the replacement of a mainliner, not for the last-minute addition of crew quarters on to an already heavily planned and researched day boat.*
- (2) Non-resident travel accounts for 42 percent of AMHS operating revenues. **These revenues make it possible to offer a level of service to Alaskans that would not be possible in the absence of those revenues.** (82% come to Southeast, 46% come to Skagway, 35% come to Haines).
 - *The Upper Lynn Canal's tourist industry is continuing to grow significantly between cruise passengers, independent travelers and RVers. With reliable constant service between these communities, AMHS will be able to capture more of this market and increase profits.*
- (3) **AMHS should look for opportunities to partner with private freight carriers to maximize revenue and community service.**
 - *Skagway and Haines are the only two communities connected by road and Skagway is currently looking to increase trade between the Yukon and Alaska as well as with the interior of Alaska and Southeast. The ferry service, cost dependent, could have the opportunity to partner with a private carrier to increase supply service to Haines and Skagway as well as with these two communities to the rest of Southeast.*
- (4) Forward funding, which allows developing operating schedules up to 18 to 24 months in advance, would **enhance revenue generation**, especially in the non-resident tourism market where there is significant potential for growth. **This growth would bring economic benefits to the many Alaskan communities that depend on the visitor industry.**
 - *The Upper Lynn Canal is a key components of the increased non-resident tourism in Alaska with Skagway being part of the Golden Circle and the #2 cruise port in Alaska.*
- (5) Standardizing the fleet and replacement of "expensive to operate" vessels **will significantly reduce overall operating costs for the system.**
 - *Both the M/S Tazlina and M/S Hubbard were designed with this goal in mind and were to be the first step as AMHS moved in this direction.*

The benefits and increased revenues the AMHS system will experience by continuing to create two new day-boats are not limited to just these 5 points alone. Depending upon route choice, other benefits could include: job growth, new opportunities for adults and students, increased service to other rural ports, no interruption of service as well as better meeting the demands of schools, locals and visitors.

These ferries were well planned for with a number of different route deployment options established and others available to increase revenues and profits while better serving the rural communities that depend on it. We ask that without a rational means to back-up your request that supports the finances and goals of AMHS as a whole, you reservedly approach the idea of adding crew quarters to the M/S Hubbard.

Sincerely,



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