



Agenda Statement

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**Title:** Approval of \$10,000 Contribution to the Alaska Marine Highway System Reform Sponsorship Program

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**Attachments:** 1. Transportation SEC AMHS Sponsorship Letter Valdez.pdf, 2. Transportation AMHS Reform Sponsorship.pdf

Date	Ver.	Action By	Action	Result
10/4/2016	1	City Council		

**ITEM TITLE:**

Approval of \$10,000 Contribution to the Alaska Marine Highway System Reform Sponsorship Program

**SUBMITTED BY:** Lisa Von Bargaen, CEDD Director

**FISCAL NOTES:**

Expenditure Required: \$10,000  
Unencumbered Balance: \$15,000  
Funding Source: 001-5400-48500 Economic Development Contingency

**RECOMMENDATION:**

Approve \$10,000 contribution to the Alaska Marine Highway System Reform Sponsorship Program

**SUMMARY STATEMENT:**

Given the State's financial crisis, continuing to underwrite the massive subsidy required to operate the Alaska Marine Highway System is no longer a viable option. As a way to investigate potential solutions the State of Alaska has agreed to partner with Southeast Conference (the Alaska Regional Development Organization (ARDOR) in Southeast Alaska) on a system-wide assessment. The State has committed \$250,000 to the project. SE Conference is raising the remaining funds for the assessment through contributions from stakeholder communities and marine highway user groups. The full cost of the project is expected to be \$350,000. Both the Haines and Ketchikan Gateway Boroughs have donated \$10,000. Sitka has donated \$5,000. Cordova, through the City and Chamber

have contributed \$2,000. Whittier has also contributed, but the amount is unknown.

The ferry system plays an important role in the Valdez economy, most notably providing a water link between Whittier and Valdez in the summer allowing thousands of visitors to make a “Southcentral Alaska” driving loop. Service between Valdez and Cordova is much more frustrating given the schedules. The loss of the fast ferry (the *Chenega*) in Prince William Sound has also left a service void - one more regularly used by local residents because of the speed of the vessel and subsequent reduced transit times. There are many other important factors to consider as well, like transportation in and out of Valdez when the road is closed. The assessment will address these issues.

SE Conference is asking for contributions up to \$10,000. That is the amount staff is recommending. Staff reached out to SE Conference to obtain this information in late July, and recommended this expenditure be included in the midyear budget. Administration requested this item come before Council as a separate action. Staff has been unable to get it on the agenda until this meeting.

The Economic Development budget has a yet untapped contingency line item in the amount of \$15,000. This contribution can come from this account.

Please see the attached letter to Mayor Knight, as well as the contribution form.