1. The decisions in this case are based on underlying assumptions about the proper roles of government and business. Discuss the types of economic functions best served by government and by business and how they apply to this case. (35%)

2. Sketch a concept diagram mapping the stakeholders, costs and benefits of dropping the Columbia Glacier stop. (25%)

3. Considering the decision making process (not the content), what recommendations would you have for the governor about future decisions. (10%)

4. All things considered do you think this decision will lead to an outcome which improves the welfare of Alaskans? Be sure to use appropriate models to structure your response. (30%)
Ferry drops Columbia Glacier visit

By MIKE HINMAN
Daily News reporter

Thousands of visitors planning to take a state ferry from Valdez to Whittier may get a jolt this summer. The state ferry MV Bartlett isn’t stopping to visit the popular Columbia Glacier.

The state cited competition with private industry as the reason the short side trip was canceled despite concerns from small tour companies using the ferry that the decision will hurt their businesses.

The summertime excursion on the seven-hour run has long been a popular route with the public, said Barbara Fairbanks, traffic manager for the state ferry system.

Nearly 8,800 passengers with more than 2,350 vehicles rode the ferry from Valdez to Whittier in 1997, the latest year for which numbers are available, Fairbanks said. The traffic was nearly the same from Whittier to Valdez.

The state has been busy trying to notify passengers of the change since the order was issued in February, said Joe Poshard, spokesman for the state Department of Transportation.

The Bartlett, scheduled to start service Saturday, only runs May-September on a Whittier-Valdez-Cordova route, said Capt. Bob Doll, general manager of ferry operations.

Doll said the bulk of the Bartlett’s income comes from the runs between Valdez and Whittier. The ferry ran more than $1 million in the red from July 1, 1997, through June 30, 1998, he said.

There wasn’t an economic impact study done on the cancellation of the Columbia Glacier stop, but it is bound to increase the run’s losses, Doll said.

“It can’t be a positive impact, but what the impact will be is impossible to say,” he said. Any loss of revenue depends on how important the glacier is to passengers, he said.

Charter operator Stan Stephens said he tried since the 1970s to stop the Bartlett from cruising up to the glacier.

Stephens’ charter company was bought last year by Cook Inlet Region Inc., an Anchorage-based regional Native corporation, and renamed it Prince William Sound Cruises and Tours Operated by Stan Stephens.

That company has the only day tour that includes the glacier as one of its attractions. One other company offers tours that last several days that stop by the massive tidewater glacier.

Stephens contends that the state ferry system exists to move people and vehicles from Point A to Point B and should not be in the tourism industry.

“That’s all the Bartlett has ever been is a tour boat,” he said. “That is not fair to private enterprise.”

He has always lost money on the cross-Sound tours, he said.

Stephens caught the ear of Gov. Tony Knowles during the Western Governors Conference in August on a group tour included the glacier visit.

“No one could believe it when the Bartlett came shooting past us,” he said. “Once he saw (the Bartlett), he saw how competitive it was.”

Stephens met with Knowles and Doll in January, where the governor told Doll to route the ferry away from the glacier. Stephens said.

Prince William Sound Cruises and Tours is offering ferry passengers with reservations a chance to see the glacier for the same price as the ferry ticket — $58 vs. $119 normally — this summer only to try to accommodate any inconvenienced passengers, Stephens said.

Budget tour operators are upset. “We’re getting lots of phone calls from tour operators,” said Ginny Fay, acting director of the state Division of Tourism. “Tim Adams, owner of Camp Alaska Tours, found out about the change about a month ago.

“Nothing was announced,” he said. “Tours are put together a year in advance and the brochures are printed in the fall for the following summer, he said. Adams fears his company and others could be liable for false advertising in Europe — he estimates one-third of his business originates there — where consumer-protection laws are tough.

“They sue, you lose,” Adams said. Adams said more than a dozen small tour companies use the ferry and list the glacier as a highlight. Camp Alaska offers one-week to three-week tent camping tours with about eight people per trip. Prices range up to $2,225. The glacier is a highlight in about one-half of his tours, he said.

Recreational Equipment Inc.’s travel division also offers adventure tours that include the ferry ride and list the glacier as a highlight.

Operations manager Joe Staiano found out about the change two weeks ago. Tours are advertised about a year in advance and have included the glacier stop for six years, he said.

Staiano said tour companies should be given time to revise brochures.

“My concerns are all of this year’s summertime passengers,” Staiano said, “all of whom were promised a stop at the Columbia Glacier.”

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