

Marine Transportation Advisory Board  
Minutes  
December 14, 2010

**CALL TO ORDER**

Chair Mike Korsmo called the meeting to order at 9:00 am in the Sunny Point Room, Best Western Landing Hotel, Ketchikan, Alaska.

It was announced that a lunch break would be from 11:45 am to 1:15 pm.

**ROLL CALL/QUORUM**

*Marine Transportation Advisory Board members present:* Robert Venables, Maxine Thompson, Mike Korsmo, Seth Church, Gerry Hope (by phone), Clay Koplín, Mark Eliason, Cathie Roemmich, Ron Bressette, Shirley Marquardt (by phone), and Dan Kelly. A quorum was established by roll call.

**INTRODUCTION OF THOSE PARTICIPATING**

*DOT&PF/AMHS staff:* Capt. John Falvey, Cyndi Ivey, Richard Leary, Jim Beedle, Kerri Traudt, Danielle Adkins, Jessie McCarron, Jim Potdevin, Anne Zenger, Vern Skagerberg, Marc Luiken, Bob Wright, Penny Eubanks, Gail Hill.

*Members of the public:* Leo Luczak, Ed Schoenfeld, Scott Bowlen, Jim Nygaard, Cecile Elliott, Doug Ward, Lonnie Adams, Dave Scott, Randy Johnson.

**INTRODUCTION OF COMMISSIONER LUIKEN**

The Chair introduced Marc Luiken, newly appointed Commissioner of the Department of Transportation and Public Facilities. Commissioner Luiken expressed his appreciation for the opportunity to meet with AMHS staff in order to better understand AMHS and its importance to the entire transportation system as well as the importance of Ketchikan to AMHS. The commissioner also noted that he was looking forward to working with MTAB and all involved with AMHS to provide better service, better facilities and better infrastructure for the fleet.

**APPROVAL OF MINUTES**

Cathie Roemmich requested an addition to the minutes under Public Comments to reflect Sylvia Lange's comment that her business alone had spent over one-half million dollars in Anchorage rather than Seattle because the ferry schedule allowed her to buy in-state. Robert Venables moved to approve the minutes as amended. Clay Koplín seconded the motion. Motion passed unanimously.

**APPROVAL OF AGENDA**

Mark Eliason moved to approve the agenda as presented; Clay Koplín seconded the motion. Unanimous consent.

## **PUBLIC COMMENTS**

Jim Nygaard, Cordova Superintendent of Schools, commented on the importance of the ferry system to Cordova. Mr. Nygaard spoke to changes in the schedule and requested guidelines for the changes (30 days notice) noting that one week's notice is not sufficient.

## **REPORT FROM THE CHAIR**

Mr. Korsmo reported that Deputy Commissioner Jim Beedle was retiring and thanked him for his years with the system and all the positive things that were accomplished under Mr. Beedle's leadership. The chair's comment that Mr. Beedle was not replaceable was received with a long round of applause.

The Chair discussed the board's involvement in the selection of a new deputy commissioner and read into the record the statute delineating that involvement. Mr. Korsmo stated his desire for a face-to-face with the candidate(s).

The board's recommendations for 2010 were implemented so there were no recommendations for the FY2012 budget other than continued support for the 3-year scheduling cycle, the Alaska Class ferry, and increased marketing support. Mr. Korsmo noted the board continues to support yearly deposits to the vessel replacement fund.

The Chair reported on the success of operating the *MV Kennicott* during the summer and the importance of operating it again during the coming summer. The current plan is to operate the boat out of Bellingham, WA across the Gulf, stopping in Juneau, Ketchikan, Yakutat, and Whittier.

Mr. Korsmo suggested that a new approach to providing input to the Southeast Transportation Plan would be to provide input to the AMHS staff who could then forward the input to staff working on the plan. Attempts to give input in the past have been unsuccessful.

The Chair announced the board would break for lunch at 11:15 am and reconvene at 1:00 pm.

## **STAFF REPORTS**

Capt. John Falvey, AMHS General Manager, updated the board on vessel maintenance and terminals.

The *MV Kennicott's* cross-gulf run will begin in May. Capt. Falvey reported the route from Homer to Kodiak to the Chain is popular and the car deck often sells out before the boat is full due to the *MV Tustumena's* small deck. Reservations for Homer/Kodiak car deck space will not be made until 21 days prior to sailing. Shipping vans will not be scheduled on the *Tustumena* during the summer months.

Mr. Beedle reported that the community of Gustavus is extremely pleased with their new ferry service.

Capt. Falvey reported that installation of satellite communication systems was progressing. It was agreed to contact Alaska Airlines about their in-flight system. Capt. Falvey explained some of the challenges such as being out of a line-of-sight.

#### *New Reservations System*

Capt. Falvey reported the traffic manual (the business rules for the AMHS) had been updated and was now named the customer service manual. A request for proposals (rfp) will go out seeking a consultant to assist in building a new reservation system. Mr. Venables inquired about the tariff study and its status. Dick Leary, Business Development Manager, stated that the study was being looked at and needs to be customized.

#### *Federal Overhaul*

Capt. Falvey reported that approximately \$22 million of state and federal money was spent on overhaul projects and that usually there are 2 ships undergoing overhauls each year. The *MV Taku* and the *MV LeConte* are currently in federally-sponsored CIP overhauls at Vigor Shipyard in Portland, Oregon. They are expected to return to service spring 2011.

New escape slides are being installed on all vessels.

#### *Alaska Class Ferry*

Elliott Bay Design in Seattle has completed the preliminary design and the functional/detailed design is approximately 10% complete. Pending procurement decisions have slowed the design process. The board asked how they can help the process; Mr. Beedle recommended passing a resolution to send to the governor. Currently there is no federal money in the process.

#### *Fast Vehicle Ferries*

Capt. Falvey reported that AMHS sent a team to Germany to meet with fast ferry engine manufacturers MTU. MTU will have its technicians begin temporary repair measures; AMHS continues to investigate and evaluate MTU's proposals. Other countries have had similar problems. Capt. Falvey noted that he was optimistic about the steps will be taken to meet necessary criteria to allow extending DNV's "not-to-operate-after" date.

#### *AMHS Projects*

Capt. Falvey reported on the Prince Rupert terminal purchase, Ward Cove property, Angoon ferry terminal, Hoonah ferry terminal, Hoonah marine structures, Metlakatla-Annette Bay ferry terminal (Waldon Point), Homer warehouse and the Haines ferry terminal. He noted the damage at the Haines terminal is not an AMHS project and questions should be directed to the Southeast Region office.

## **WEBSITE WORKSHOP**

Jessie McCarron, AMHS Publications Specialist/Marketing, gave the board an in-service on accessing the MTAB website. It was agreed board members would continue to use their personal email addresses. A consensus was not reached on what calendaring system to use, if any. Jessie McCarron will provide information on the Google calendar. It was agreed to put it on a future agenda. Discussion continued about what to put on the website and links to other sites. It also agreed to ask the communications chief to do a press release announcing the website. Mr. Venables requested the visit to the Alaska Ship and Drydock facility be highlighted on the website.

Jessie McCarron reported that AMHS is now on Facebook and to date has friended 2300 people.

The board recessed at noon and reconvened at 1:15 pm.

## **MTAB RECOMMENDATIONS**

### *Alaska Class Ferry Funding*

The chair introduced Doug Ward, Business Development Director, Alaska Ship and Drydock, Inc. who addressed the board concerning federal contracting practices and the construction management/general contractor procurement method.

Robert Venables introduced the following resolution for consideration:

**Marine Transportation Advisory Board resolution supporting an expedited procurement process for the Alaska Class Ferry System, including consideration of the Construction Management/General Contractors (CM/GC) procurement process as the method for securing function detail design and construction of the Alaska Class Ferry**

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Whereas, the Marine Transportation Advisory Board is tasked by Alaska Statute to make recommendations to the Governor, Legislature and Alaska Department of Transportation and Public Facilities regarding the planning, mission, values and performance goals of the Alaska Marine Highway System, and;

Whereas, the Marine Transportation Advisory Board has recommended the immediate construction of new vessels for the Alaska Marine Highway System and support for building the Alaska Class vessel, and;

Whereas, the State of Alaska is ready and desires to procure marine vessel design and construction services to build the Alaska Class vessel in the best interest of the State, and;

Whereas, other procurement methods, where price is the sole or primary factor for determination of award, introduce risk to the State and the Contractor, and/or cause

significant delay for development of bid documents, create an opportunity for artificially low bid documents, create an opportunity for artificially low bids, and potentially creates an adversarial relationship between the State and the Contractor, and;

Whereas, discussions have indicated that the ship building industry and the bonding industry prefer the risk mitigation features of this process and may not be interested in competing on a price base award process, and;

Whereas, Construction Management/General Contractor mitigates risk for both the Owner and the Contractor and has a track record of bringing in large, complex projects close to projected budgets and schedules, and;

Whereas, Construction Management/General Contractor includes a competitive bid process and provides the State opportunity to reject the Guaranteed Maximum Price and take the project out to bid, and;

Whereas, constructing the Alaska Class vessel in a shipyard located in the State would create significant economic benefit to the State for the first and subsequent marine vessels procured by the state, and;

Therefore, be it resolved that the Marine Transportation Advisory Board recommends the State of Alaska pursue the Construction Management/General Contractor procurement method modified to suit the activity of shipbuilding, maximize the Alaska bidder's preference and continue work toward building the Alaska Class vessel as soon as is prudently possible.

Mr. Venables moved to adopt the resolution, Seth Church seconded the motion. Motion passed unanimously.

Clay Koplín requested that MTAB make a strong statement that shipbuilding is critical transportation infrastructure.

#### *Vessel Replacement Fund*

Mr. Venables suggested the board reaffirm this commitment but cautioned against formal action until the budget is known. Mr. Eliason suggested the board request that an appropriation be made annually. Mr. Venables recommended discussing a statutory requirement for the annual appropriation with Senate and House leadership. It was agreed to place this topic on the next agenda.

Mr. Beedle suggested that the AMHS staff meet with the commissioner and bring long range plans for AMHS to the next meeting. The board concurred.

### *Marketing Expansion*

The board continues to support increased funding for marketing and requested an update at the next meeting. An amount of \$500,000 was recommended as an annual budget line item.

Branding, name recognition, onboard gift shops, outsourcing and licensing were discussed.

### *STIP Nominations*

Deputy Commissioner Beedle recommended that individual MTAB members make nominations for inclusion in the STIP.

Robert Venables moved that the MTAB direct the chair to make nominations to the STIP program consistent with the board's previous motions of support for AMHS vessel replacement. Maxine Thompson seconded the motion. Motion passed unanimously.

### **NEXT MEETING**

It was agreed the next meeting would be at the call of the chair. Dates proposed were January 24, 2011 for a teleconference. If there's a candidate for the deputy commissioner position the meeting will be face-to-face. March 21-25 was proposed for a face-to-face meeting in Juneau.

### **MEETING PLANNING**

It was requested that the board meet in both Homer and Kodiak in the spring or early summer. Staff will put together cost estimates for the trip.

### **LONG RANGE GOALS**

The chair asked the board members forward nominations to the STIP.

### **BOARD DISCUSSION**

The board thanked Jim Beedle and wished him well in retirement. Mr. Koplin requested consideration be given to running the FVF *Chenega* five days per week shorter days. He also suggested posting Prince William Sound weather on weather.com or wunderground.com, for example.

Mr. Korsmo commented how important it is to acknowledge the vessel crews with commendations for rescuing other mariners.

It was agreed to put out a press release announcing the new website and highlighting MTAB's visit to Alaska Ship and Drydock.

### **ADJOURN**

The meeting adjourned at 3:10 pm.