

Marine Transportation Advisory Board
Juneau, Alaska

Minutes
January 22, 2013

Call to Order

Chair Robert Venables called the meeting to order at 9:09 am at the Vocational Training and Resource Center, 3239 Hospital Dr, Juneau, Alaska.

Roll Call to Establish Quorum

Marine Transportation Advisory Board members present: Chair Robert Venables, Vice-Chair Mark Eliason, Joshua Howes (via teleconference), Cathie Roemmich, Shirley Marquardt, Gerald Hope (via teleconference), Maxine Thompson, Mike Korsmo, and Ron Bressette.

Members not present: Daniel Kelly and Timothy Joyce.

Introduction of Those Present and Phone Roll Call

DOT&PF/AMHS staff: Commissioner Kemp, Deputy Commissioner Yost, Captain Falvey, Jeremy Woodrow, Gary Hogins, Richard Leary, Jennifer Black, Danielle Adkins.

Members of the public: Juneau Mayor, Merrill Sanford, Mary Miller, Stephanie Rainwater, Carrie Sykes, Linda Snow, Mark Miller, Laird Jones, Melanie Lesh (Rep. Austerman), Holly Smith (Rep. Kreiss-Tomkins), Ed Schoenfeld, Leo Luczak, David Kensinger, Sandy Williams, and Patrick Eberhardt.

DOT&PF/AMHS staff participating via teleconference: Captain Anthony Karvelas, Jim Potdevin, and Christa Hagans.

Members of the public participating via teleconference: Dan Bockhorst, Dennis Watson (IFA), Carol Rushmore, Tim Rooney, Scott Bowlen, Mark Hickey, Sally Smith (Sen. Begich), Darwin Peterson (Sen. Stedman), Jan Wrentmore, and David Warter (Port of Bellingham).

Motion to Approve Amended Agenda

Shirley Marquardt moved to approve the agenda; Cathie Roemmich seconded the motion. The motion passed unanimously.

Motion to Approve Minutes

Mike Korsmo moved to approve the minutes from the previous meeting held in Ketchikan, October 30, 2012; Shirley Marquardt seconded the motion. The motion was approved unanimously with no additions or subtractions to the minutes.

Formal Introductions

The board members introduced themselves to, and welcomed, the newly appointed Department of Transportation & Public Facilities Commissioner Patrick J. Kemp and newly appointed Deputy Commissioner Rueben Yost.

Alaska Class Ferry – Presentation by Commissioner Pat Kemp

Commissioner Kemp presented MTAB with the history of events leading up to Governor Parnell's December 4, 2012 announcement to move from constructing one larger Alaska Class Ferry (ACF) vessel, to two smaller day boat vessels in an effort to keep the project within the fund appropriated by the Legislature and within the original RFP scope of work. Commissioner Kemp, as acting Commissioner was directed to look into the current cost estimates of constructing the 350 foot ACF and to explore possible alternatives. It was confirmed that the current design would cost anywhere from \$150 - \$170 million. Coastwise Engineering was then hired for a Design Concept Review (DCR), and to guide Elliot Bay Design through the final design phase. Commissioner Kemp also iterated that if this decision hadn't been made when it was, there would not be funding or a way to get additional funding until next year and the current situation was costing the Department 20,000 a day.

Chair Robert Venables asked what the process forward would look like concerning this design and requested the Design Concept Review consultant brief MTAB and that there be adequate public involvement. Commissioner Kemp assured the board this would happen, and advised the DCR was not available for MTAB or public input currently because it had not been examined by DOT or AMHS yet.

The floor was opened for the board to respond with questions and comments on the information Commissioner Kemp provided.

Maxine Thompson responded to the Commissioner's statements first, expressing that as a board member she felt blind-sided by the nature and time frame of the decision, and felt there wasn't time to prepare for the announcement or change in direction. She also noted the purpose of the board as Department of Transportation support, making certain the new commissioner knows the board is here to serve and advise in a helpful manner.

Ron Bressette inquired how much of the \$120 million was left to build the ACF, and asked if the design was being approached to meet the requirement of \$120 million, or for practical routes. Additionally he wished to know how one vessel couldn't be built for the remaining funds, but two could.

Commissioner Kemp stated there is \$116.5 million remaining. Captain Falvey addressed how two vessels could be built for the same cost as one, explaining that by removing amenities the costs of construction, as well as operating costs are greatly decreased.

Ron Bressette then asked who was keeping an eye on the project, stating that it seems the Department was caught off guard by the estimates. He also wondered if the new design is not within the \$120 budget, are we going back to the drawing board.

Commissioner Kemp replied that some estimates included overhead while some did not which lead to inconsistencies; also earlier in the process the design was not complete enough to generate an accurate cost estimate. As far as what will happen should the concept be slightly over \$120 million, the Commissioner hopes the Governor would support the design and additional funding.

Pat Eberhardt, with Coastwise Engineering, at the Commissioner's request attested to the procurement method being used for the ACF. Mr. Eberhardt outlined the Contractor Manager General Contractor (CMCG) method, stating how both the design company and the construction company work together to complete the design. With the contractor advising the designer on the process of ship building, a more accurate cost estimate of the design is generated. Once the design is completed, the shipyard and DOT will work out a price and if no agreement is reached, DOT may at that time put the design out for bid.

Shirley Marquardt questioned the difference in an unknown cost for a 350 foot vessel versus the unknown cost for the two new vessels; how is the Department more secure with the one unknown over the other? Commissioner Kemp responded it is the change in concept that assures the unknown for the smaller ferries will be less than the unknown for a 350 foot vessel. Pat Eberhardt added it is more than just the number '350' that must be looked at, such as no crew accommodations.

Cathie Roemmich stated that the AMHS simply can't afford the 350 foot vessel. She also remarked smaller ferries are needed to move people quicker, and questioned if these two new ferries running in Lynn Canal will allow other vessels to serve more communities beyond Lynn Canal. Captain Falvey answered yes, more service will be available to other communities, supplementing as needed with mainliners as both of these [new ferries] are implemented.

Ms. Roemmich expressed concerns about the safety of running these vessels in rough waters noting cancelled trips of other ferries. Captain Falvey referenced three ferries currently in the fleet; the Kennicott, Tustumena, and Lituya, all of which do not have sponsons. He explained the purpose of sponsons is for stabilization along with strength and support of the forward door, but it is this projection of the ship that creates spray and is responsible for the slamming felt in rough waters. The ACF according to Captain Falvey will have more of an ocean class hull with no sponsons.

Gerry Hope asked if the schedule for the new ferries would be dedicated to Lynn Canal, commenting this would be a lot of dedicated ferry service to Lynn Canal, and if so, to what areas would other vessels be deployed? Mr. Hope expressed the board looks forward to the comment

period on ferry scheduling once the ACF day boats are ready for service in order to weigh in on the schedule at that time.

Deputy Commissioner Yost answered the ferries are envisioned for Lynn Canal at this time, but could be operated on additional routes that would accommodate shuttle routes such as Hoonah, Gustavus, Angoon. He explained in order to provide the same level of service the Malaspina currently provides two day boats would be required: one boat running Juneau to Haines, and one Haines to Skagway. He noted with the current plan, there will be the same level of service on the Juneau – Haines run, and an increase in service on the Haines – Skagway run.

Mr. Hope requested there be room for input during the process. He stated though he appreciates the Governor's fiduciary role and recognizes his responsibilities, when the announcement was made he was caught off guard and very surprised. He stated he wishes to see increased communication between the Governor's office, the Department of Transportation & Public Facilities, and with MTAB.

Josh Howes inquired on the consistency of port infrastructure throughout the state, asking if the ACF will be able to serve multiple ports. He also expressed he too was surprised and like many have stated, would also like to see increased communication. Mark Eliason remarked he also echoes the desire for increased communication, but understands the need for decision making.

Commissioner Kemp apologized sincerely for not keeping the board abreast with issues and not having the sensitivity while decisions were happening quickly and pledged to work closely with MTAB as the process moves forward.

Replacement of Deputy Commissioner – AS 19.65.180(a)

Commissioner Kemp spoke to the new organization of the Office of the Commissioner and addressed the appointment of Deputy Commissioner Yost. The Commissioner outlined the intended role of deputy commissioners and explained how the Department was not functioning as an executive team under these roles in the past. He advised with the new structure there will no longer be a deputy commissioner designated for AMHS as there has been in the past, but rather there will be three deputy commissioners supporting him, all three able to speak on elements and issues concerning transportation in Alaska. Though the three deputy commissioners will have general areas of expertise, it is the Commissioner's expectation they each will be knowledgeable of the Department as a whole. The Commissioner stated this was the genesis for not conferring with MTAB regarding the appointment of Deputy Commissioner Yost. He advised the one running AMHS is Captain John Falvey and his team, expressing complete confidence in Captain Falvey's abilities to manage AMHS, with broad oversight of the deputy commissioners and commissioner.

Chair Robert Venables assured the Commissioner that MTAB is available for consult anytime for anything, noting the ease with which the board is able to meet on relatively short notice.

Public Comment

Leo Luczak with Southeast Conference asked what the public process would be and where comments regarding the Design Concept Review should be directed to. Captain Falvey advised once the Design Concept Review is complete, then public input will be heard. Commissioner Kemp stated that he was not sure on the process yet, but assured that they were working on getting the Design Concept Report out for review.

Chair Robert Venables read the Governor's statement from the Juneau Empire saying the only thing the Governor has said regarding the ACF is, "I directed DOT&PF acting Commissioner Kemp to have department personnel engage in discussions with Vigor Industrial and Alaska Shipyard & Drydock on how more than one ferry can be built with \$120 million appropriated by the Legislature." Chair Venables shared his confidence that in working with DOT&PF and the public process to develop a suitable plan, the door should be open for additional funds.

Carrie Sikes and Stephanie Rainwater commented on the application process for AMHS, noting the option to select in state or out of state residency on the application. They would like to see state residency as a requirement to keep these jobs in state long term. They would like the hiring process to be evaluated and see more training opportunities become available to Alaskan Communities. They requested that MTAB consider a motion that AMHS workers be hired from Alaskan Communities. They also stated that they are willing to assist with training and start communication between communities and agencies offering training. Cathie Roemmich, MTAB Board member, asked if Tlingit and Haida provide scholarships for those individuals desiring to get licensure, and it was confirmed they do offer them.

Dave Kensinger, raised concerns about not having two ferries out of Prince Rupert for the summer. He understands the number one principle and goal of MTAB is to advise how to get the best bang for buck, but he wished to remind the Department of the priority of scheduling vessels out of Prince Rupert as it is a critical developed "core service." Chair Robert Venables advised at the next meeting what the surrounding communities can expect for next year would be discussed.

Jan Wrentmore expressed concerns about the change in direction, stating that the Governor should have addressed MTAB and DOT&PF staff to reign in the project considering its fiscal constraints. Her concern is if two twelve hour vessels cannot be funded, one twelve hour vessel will not be able to service all of Lynn Canal. She also suggested that the ticket pricing be evaluated per mile with the new intended service run from Haines to Skagway.

The meeting was called to recess for lunch at 11:30 am, and reconvened at 1:22 pm.

Report from the Chair

Chair Robert Venables thanked the Commissioner for his comments and commitment to including MTAB as the ACF Dayboat project proceeds. He gave an account of various communications concerning MTAB, with a lot of comments and concerns being raised with the confusion over the ACF project. Senate Bill 24 has been introduced by Senator Stevens, would add an additional MTAB member from south-central Alaska this next fiscal year, and add the port communities now served by AMHS (Old Harbor, Ouzinkie and Gustavus). Other legislative issues will be addressed further on the agenda.

AMHS Staff Reports

Staff present: Captain John Falvey, Richard Leary, Danielle Adkins, Jennifer Black, Keri Traudt, Captain Anthony Karvelas, and Christa Hagans.

Captain John Falvey gave the fleet and terminal reports. *See attached.*

High points on the operational end he noted as follows:

- Malaspina – in shipyard in Portland, Oregon; work is going well
- Tustumena – discovery work, mainly steel discovery work; 10% growth, will have impact on Bellingham revenue, concerns for the upcoming Kodiak Crab Fest
- Fairweather and Chenega – both have issues, currently in lay-up status, and waiting on repair plans but not before manufacturer fixes engines: trial is set for April 20th
- Aurora – overhaul period shortened with work deferred to 2014
- LeConte – going into Federal Capital Improvement Project (CIP)
- Columbia – is scheduled to receive new engines this coming winter

Captain Falvey also advised the new Annette Bay terminal project is moving slowly, possibly summer 2014 due to issues related to the installation of the electrical transmission line.

Christa Hagans, stated that there are funds allocated for the Haines terminal repairs. Construction is likely to begin later this summer, including some dredging work. Ron Bressette asked how much the ferry terminal in Haines is going to cost. Christa Hagans advised \$10 million overall. He then asked if new modifications in respect to the ACF were going to be completed at the same time as the emergency repairs. Deputy Commissioner Yost advised that a 'Phase 3' has been added to the repairs plans and in fact DOT&PF does hope to do both at the same time.

Danielle Adkins and Jennifer Black gave a presentation on the upcoming 50th Anniversary Celebrations that will be held in various communities along the route system. They also introduced the new website dedicated to the 50th Anniversary stating it had launched a couple

weeks prior. The website can be accessed at:

http://www.dot.state.ak.us/amhs/50_community_events.shtml

Richard Leary gave a report on the new point of sale system. He stated the new system is much like what you would find in restaurants and bars currently, and will include procurement and inventory functions. He stated each vessel will be updated with the new technology while down so there is no interruption in service. As far as the new reservation system is concerned, he reported that a new Request for Proposal (RFP) has been issued in light of new information. The original RFP was issued with little knowledge of what was currently available on the market. There was no successful response to the RFP, so it was re-written to better attract and communicate our needs for the new system. Mr. Venables asked if there was any outside consulting or if this was all done in house. Mr. Leary advised that the Department is hoping to 'buy off the shelf' and have a system that meets most of the system needs.

Motion to Adopt Legislative Priorities

The board discussed the draft legislative priorities document and recommended one title change addressing the "next generation of ferry construction." Mike Korsmo motioned to adopt the amended MTAB's Legislative Priorities. Shirley Marquardt seconded the motion which passed unanimously.

Board Comments

Board members reiterated their disappointment with being excluded from the decisional process with the changes to the ACF project but were glad that the communications gap seemed mended. MTAB has always worked well with the Department and Administration and looks forward to that being the norm again. The board stands ready to assist as needed and hopes that the details of the new ACF concept comes together quickly and the design schedule gets back on track.

Next Meeting

The next meeting will be held in conjunction with SE Conference and will be a work session.