

Marine Transportation Advisory Board Meeting
Kodiak Convention Center, Kodiak, Alaska
Minutes
June 24, 2014

Call to Order

Marine Transportation Advisory Board (MTAB) Chair Robert Venables called the meeting to order at 9:00 a.m.

Roll Call to Establish Quorum

The Marine Transportation Advisory Board Presents: Chair Robert Venables, Vice Chair Josh Howes, Cathie Roemmich, Shirley Marquardt (excused), Gerry Hope, Dan Kelly, Maxine Thompson, Ron Bressette (excused), Tim Joyce, Pat Branson, and Richard Knapp.

Phone Roll Call and Introduction of Those Present

Department of Transportation and Public Facilities (DOT&PF) staff members present: Deputy Commissioner Yost, Christa Hagan (Alaska Marine Highways System [AMHS] Planner), Nicole Gorle, and Andy Hughes (SE Region Planning Chief).

Members of the public present: Gina Johnson, Representative Alan Austerman, Tony Carris, Carina Gibbs, Jaime Flores (Petro Marine), Lon White, Summer Woods.

Members of the public participating via teleconference: Dave Warner (Port of Bellingham), Zenzile Brooks (Glosten), Jim Podevin, Chere Klein (Ketchikan), Jeff Ottesen (DOT&PF).

Motion to Approve Agenda

Tim Joyce moved to approve the agenda; Pat Branson seconded the motion. The motion passed unanimously.

Motion to Approve Minutes

Gerry Hope moved to approve the minutes from the March 11, 2014 meeting; Richard Knapp seconded the motion. The motion passed unanimously.

Remembering Dick Leary

Chair Venables led the board in a moment of remembrance of Dick Leary, AMHS Business Development and Enterprise Manager. Dick passed away May 5, 2014; he was a man who knew how to live life and was a good friend to many, including MTAB. Chair Venables spoke of fond memories working with him; the board's thoughts and prayers go out to his family and friends.

Public Comments

Representative Alan Austerman, Alaska State Legislature: thanked MTAB for coming to Kodiak. Thanked AMHS for the public comment period for the new Tustumena Replacement Vessel design and hopes that

the comments are taken seriously; the Tustumena is not big enough and we need to look at the future needs, not just the current. Representative Austerman requested the board suggest to DOT&PF adding Roll On/Roll Off docking facilities in Kodiak and Homer. He also feels that the Southeast plan should show ferries going point to point, extending roads and shortening ferry travel. Representative Austerman hopes the board will recommend this to the legislature and DOT&PF as it reduces operation costs.

Lon White, Kodiak Harbor Master: expressed his concerns regarding the length of the vessel; he does not believe the current ferry dock will accommodate a 325 ft ferry. Mr. White invited the neighbors to the ferry dock to attend the meeting and express their concerns as well.

Paul Lems, Trident Seafoods: Trident is directly adjacent to the dock and has space issues with the current Tustumena. If a larger vessel were to be docked there it could cause conflicts with their operations. With Trident being a large company and having a large fleet there are some safety concerns. Mr. Lems added that they use the ferry and are excited for the new one, but would like to make sure everything is considered.

Jaime Flores, Petro Marine: Petro is on the other side of the dock and shares the same concerns as Trident Seafoods.

Corbin Brown, Executive Director Chamber of Commerce: Kodiak is very excited for the new vessel. Mr. Brown requested the Kennicott run from Bellingham to Kodiak and expressed a desire to see all communities given consistent schedules to visit Kodiak. Additionally, Mr. Brown would like to work with AMHS on getting more service to Kodiak during Crab Fest.

Jenny Shank, resident of Kodiak: Ms. Shank has lived in Kodiak for 40 years and is in support of the new ferry being Roll On/Roll Off, along with serving other communities with the elevator; the agonizing part of riding the ferry is the loading and unloading process.

Jena Johnson, residents of Kodiak: Ms. Johnson shared her concerns on how difficult it is to get on and off the ferries. The process takes so long; Roll On/Roll Off is important and Kodiak needs to be brought up to modern times. Additionally, Ms. Johnson thanked AMHS/DOT&PF for the continued service.

Report from the Chair

Chair Venables spoke to the board about the mission and purpose of the board. Both the mission and the purpose are in the meeting packets; Chair Venables requested the board review and edit these for the next meeting.

Communications during emergencies still need improvements in order to make sure news is getting out to people. Chair Venables thanked Kodiak for their hospitality and Vice Chair Howes for attending the reception while the plane the board flying on was delayed.

Tustumena Replacement Process Update

Christa Hagan updated the board on the Tustumena Replacement project. Currently the project is in the preliminary design phase. The Draft Environmental report was projected to be completed in June 2014; this will be extended so the department can complete an environmental ruling that must be made in accordance with federal requirements in order to use federal funds on this project. The Final Design

phase is anticipated to start in October 2014. At this point the department has secured all the funding needed to complete the Final Design, which is projected to be complete in June 2015.

The new vessel is designed to be larger and faster than the Tustumena yet smaller than the Kennicott. The design currently provides room for an additional 76 passengers, more staterooms, will have 1,135 lane feet capacity, and a vehicle elevator with a turntable that will be 52 feet long with capability of holding four passenger vehicles at once. Additional features are large public spaces on the boat deck, a theater, kids play area, cafeteria style dining, and additional restrooms. Throughout the design AMHS will be looking at the possibility of Liquefied Natural Gas (LNG); currently, if LNG is used the tanks would need to be above deck and at this time the USCG has no regulations for its use on ferries. The primary route for the vessel will be Kodiak to Homer and as a shuttle vessel for smaller communities out the chain. It may be used on occasion for the Bellingham route; however that will only happen if the Kennicott is out of service. Public comment meetings were recently held in communities along the chain, Kodiak had great attendance, and the comments received are being reviewed. Comments that have been made today will be included in the public comments to be addressed.

Kodiak Region Marine Transportation Project Update:

Christa Hagan updated the board on the status of the Pier 1 project. The city and DOT&PF were in a position of needing to use the earmarks or lose the money so they agreed to put money into Pier 1; a contract went out and was awarded on May 1st, construction will begin on the pier in September. The final projection for project completion is July 2015. Pier 1 will act as a temporary dock for the Tustumena; ultimately the Tustumena will need a floating dock.

Transportation Planning:

Andy Hughes presented to the board on the Southeast Alaska Transportation Plan (SATP). The department is required by legislation to update the transportation plan as needed; the plan should reflect a 20 year projection for major projects. Major projects in this version are: a new airport for Angoon in 2018, this will provide more reliable air service to the community and help support development of regional carriers; build the Lynn Canal highway to Katzehin, allowing 14 overall daily trips between Juneau, Haines, and Skagway which will increase mobility in Southeast; construct a road between Kake and Petersburg (a single lane gravel road); Warm Springs Bay design, construction is beyond 20 years out; Alaska Class Ferry, 2016/2017; Haines to Skagway Shuttle ferry, 2020; Wrangell Narrows shuttle ferry and terminals, 2020; new mainline ferry, 2025; fast ferry replacement, 2028; and, maintain what we have. It is important to remember that this is a draft plan for the needs seen in the future; the plan will be reviewed every five years. A press release went out today announcing the draft; public comments on the draft will be accepted until the end of August.

Jeff Ottesen, Markita Multang, and Julie Jensen presented to the board on the Long Range Transportation Plan (LRTP). The LRTP is a document required by federal law that lists priorities and plans out long term goals of the department. ADOT&PF has decided to complete the LRTP in a more broad way, allowing regional plans to focus on the specifics of each area; essentially the document will provide direction to the state on how they should proceed with the future in mind. The LRTP is open for public comment at <http://dot.alaska.gov/stwdplng/areaplans/index.shtml>. Mr. Ottesen encouraged the board and public to go online and let us know what is working well, what we do as a state that we want to try to maintain, how you think things should be prioritized, etc.

Budget, Tariff Study, and Reservation System:

Deputy Commissioner Yost updated the board on the budget, tariff study, and reservation system. The FY2014 budget was reduced by about three and a half million dollars. For FY2015 the budget was reduced by another million dollars with direction from the legislature that this would come from closing gift shops on the vessels and another \$50 thousand would come from vessel travel. Vessel travel reductions will be difficult because most of it will come from moving employees from their normal change port to another change port. Anytime a change is made to the schedule, a crew change has to be flown in when their two weeks is up; adjustments will need to be made in other areas to make up for it. The Senate proposed the department take two million dollars out of the Capitalization Fund to cover a two million dollar reduction in operating costs. The intent was to reduce the operating budget by two million dollars in FY2015 and for AMHS to make it up with the new tariff system the following year. At the end of legislative session the two million dollar reduction was not in the house bill, however, the legislature did include language requesting we present them with a new tariff system by February of next year. Additionally, the legislature took \$14 million out of the capitalization fund and moved it to the capital budget. The transferred funds covered the annual \$12 million overhauls, three million dollar deferred maintenance, and freed up \$14 million for other capital projects. Deputy Commissioner Yost informed the board he will have more information on the budget and revenues in FY2014 once it is wrapped up.

Since the legislature has implied they want to see further reductions next year and the tariff study next February the department is continuing work on the tariff study. There are four main elements to the tariff study: calculation of disembarking and embarking cost for a passenger and a vehicle; distance/time charge, the time it takes to check a passenger in/out and cleaning the room; type of route, is it an express route, standard route, or a main hub; lastly, if the vehicle is a commercial vehicle. The tariff system needs to be consistent no matter how we change over the years. In order to apply the new tariff system there will need to be a more robust reservations system. The department has gone through the selection process for an updated reservation system and is currently in the protest period. When the contract is awarded the goal will be to mimic the Alaska Airlines reservations system, providing online services, kiosks, and fewer phone calls for reservations. The tariff study will be presented at the next meeting; however, it will not be able to be implementing it until winter of 2015/2016. The legislature wants to see changes sooner, so the department is looking at raising all fares equally, with the exception of the routes that are already the highest, those will stay the same.

Union Contracts:

Deputy Commissioner Yost updated the board on Union Contracts. At this point the department has settled with the largest union, Inlandboatmen's Union (IBU), are fairly close with Master, Mates and Pilots (MMP), and negotiations are ongoing with Marine Engineers' Beneficial Association (MEBA), mediation is scheduled for this Saturday and Sunday. It is anticipated that the department will have settled with the unions or agreed that enough progress has been made to roll over existing terms until a new agreement is reached. Even so, as a precautionary method AMHS is making plans as to where each vessel will go if a strike were to happen. Commissioner Thayer has stated that 0/1/2 percent over three years (in IBU tentative agreement) lays out what the state is willing to negotiate with the other unions. Negotiations have been difficult, holding meeting once every week or every other week. The legislature

directed the department to cut costs, however, the unions want to see increases not reductions, making negotiations difficult. The tentative agreement with IBU is public and successful in one of the two things requested from the legislature and that is the elimination of free passes. The agreement reached with IBU is if the employee wants to have a pass they will pay \$100.00 for the year. Additionally, the legislature addressed the cost of living differential (COLD). In the agreement with IBU COLD has been separated out. It is still part of wages, however, it would not go up by that percentage, and instead will be a fixed dollar amount. The problem with COLD is that it is anywhere between 15%-22% higher than the out of state range.

Alaska Class Ferry (ACF):

Deputy Commissioner Yost updated the board on the ACF. There is one more set of price estimate reconciliation. The way the department could plan a contract with just one shipyard, instead of going out to bid, was by using Construction Management/General Contract, or CMGC, where the department works with the shipyard as if they were a design consultant; a professional design team designs the vessel and then it is reviewed by the shipyard. This enables the ship to be designed in the most economical way for the shipyard and reduces cost disagreements. There is one more set of meetings left with the shipyard before a request for proposal (RFP) is submitted to them and they send the department a cost proposal. There was a set back with Eliot Bay Design Group (EBDG) as one of their marine engineers was in the recent mudslide in Washington state and their lead price estimator has not been available. In order to make up for lost time the state ordered all four engines, saving money and guaranteeing the procurement of these engines as only a certain number are still being made. Another requirement in order to have a Tier 3 vessel is to lay the keels before the end of the year; because of this the department will do a separate contract for the keels if necessary, it will start in October. One cost saving strategy is by evaluating extending the contract by six months. By adding another summer season in the contract not only will it provided more work for Alaskans but avoid overtime work in the winter. This is the first time in the US a vessel is being built through CMGC; the department brought in as our lead negotiator Facilities Chief Dave Kemp and his engineer Matt Tenaka since they have been through the CMGC process with facilities. The next milestone for this project is to have a signed contract in September.

Board Comments

Gerry Hope – Requested the comment period for vessel scheduling be extended to three weeks. Mr. Hope thanked Vice Chair Josh Howes and Deputy Commissioner Yost for attending the Alaska Tribal Transportation Symposium. Additionally, thank you Andy Hughes for the presentation on the SATP; would like to see a cost estimate for the current Sitka terminal vs. potential Baranoff Warm Springs Bay.

Maxine Thompson – Expressed her concerns about the budget; how are we going to move forward given MAP-21. The Marine Highway System is like a janga game, change one thing and it affects the whole system. Ms. Thompson would like to discuss this in depth sometime.

Dan Kelly – Thanked AMHS/DOT&PF for all their work; thanked Southeast Region for their work as well.

Cathie Roemmich – Thank you Andy Hughes and Deputy Commissioner Yost; feel like you have implemented what the board has said and we appreciate your work. Additionally, thank you Pat Branson for hosting the board.

Richard Knapp – Thank you Deputy Commissioner Yost, Andy Hughes, and your team for the presentations. It is a pleasure being on this board; we need to get the message out on what roads do for Alaska, not just for AMHS.

Pat Branson – Thanked the board for coming to Kodiak. It was a timely meeting; the beginning of Southwest Planning and the Tustumena Replacement Project. With that and Pier one improvements there is a lot happening.

Tim Joyce – Voiced his concerns about the difficulty people in Yakutat have reserving a spot on the ferry. The vessels that stop in Yakutat get filled up from people going to/from Bellingham. Mr. Joyce suggested having a block of tickets available till a certain date specifically for people in Yakutat. (Usually people have to buy their tickets a year in advance if they would like a spot on the ferry.) Additionally, Mr. Joyce requested to see the tariff study sooner rather than later, even if it is just a draft. (Deputy Commissioner Yost wanted to note that once it is given to the board it is also given to the public; we need to make sure it is something we want out there, even if it is just a draft.)

Vice Chair Josh Howes – Special thank you to Kodiak for the reception last night, even if many board members had flight delays which prevented them from attending.

Chair Robert Venables – Thank you Kodiak for hosting, you have been great; thank you to all who participated online and thank you DOT&PF; thank you Josh Howes for standing in at the Long Range Transportation Plan, Symposium, and the reception last night. It was great to have Christa Hagan, AMHS, with us today and happy birthday to Mr. Hope.

Next Meeting

Chair Venables stated the next meeting will tentatively take place in September, potentially in Ketchikan, Alaska.

Adjourn

Cathie Roemmich moved to adjourn the meeting; Tim Joyce seconded the motion. Meeting adjourned at 4:07 p.m.