

Marine Transportation Advisory Board Meeting
DOT&PF Commissioner's Conference Room-Teleconference
Minutes
10AM-4PM April 8, 2015

Call to Order

Marine Transportation Advisory Board (MTAB) Chair Robert Venables called the meeting to order at 10:04 a.m.

Roll Call to Establish Quorum

Marine Transportation Advisory Board Members Present: Chair Robert Venables, Vice Chair Josh Howes, Cathie Roemmich, Shirley Marquardt, Gerald Hope, Dan Kelly, Maxine Thompson, Pat Branson, Al Koch, and David Reggiani.

Phone Roll Call and Introduction of Those Present

Doug Ward, Matt Armstrong – Ketchikan, Bianca Carpenetti (KITOS OFFICE), Jan Wrentmore (Skagway), Dennis Bousson (Skagway), Dave Porter (Bellingham), Ben Goldrich, Sherry Kline (Ketchikan), Dave Kensinger (Petersburg), Ed Sheldon (Juneau POST AK NEWS), Elwood Kramer (AK JOURNAL COMMERCE), Sandy Williams.

Department of Transportation and Public Facilities (DOT&PF) staff members present: Deputy Commissioner Neussl, Jeremy Woodrow, Jim Potdevin, Christa Hagan (Alaska Marine Highways System [AMHS] Planner), Captain Falvey (AMHS General Manager), Matt McLaren (business manager), and Shannon Whistler.

Motion to Approve Agenda

Chair Robert Venables added Commissioner Luiken to the agenda.

Gerry Hope moved to approve the agenda; Pat Branson seconded motion. The motion was passed unanimously.

Motion to Approve Minutes

Gerry Hope moved to approve December 12, 2014 minutes; Pat Branson seconded the motion. The motion was passed unanimously.

Gerry Hope moved to approve February 19, 2015 minutes; Pat Branson seconded the motion. The motion was passed unanimously.

Public Comments

Mayor Jan Hill (Haines) shares many of the concerns that have been expressed and stated that we need to be more creative in our budget processes.

Report from the Chair

Robert Venables welcomed everyone to Juneau. Venables started off with a public apology to Mr. Hope about our Vice Chair attempting to attend his meeting but it turned out they were in the wrong city. For the record the Keel laying project went very well. Obviously the big issue right now is the budget.

Venables had a meeting with Senator MICCHIKI who is well aware of the board's role and function went very well.

We can create a strategic plan; the legislature is more focused on the Marine Transportation taking a look at the next two to three years. We did engage in DOT and had a plan a few years back and I thought it went very well but it doesn't go to level of what the legislative would see.

I'm hopeful the legislature will respond well to the proposed budget. There's not much planning that we can do right now; we just have to be reactive at this point.

As we move forward I'd like the board to have a work in session on the ferry. We need to start the process of having a little more certainty because one of the biggest issues right now is beyond the service cuts is that they are so last minute. Right now we are implementing next month.

Going forward we need to remember the mission statement and remember what it is we are here for as it is very important.

Board Comments

Pat Branson suggested we update both the MTAB mission statement as well as the AMHS mission statement. Legislators are looking for recommendations from us and she thinks this a good way of showing them.

Gerry Hope asked Captain Neussl if he was receiving any outreach from the public expressing their concerns. Captain Neussl responded stating yes he is hearing and reading the public comments online about how people feel the budget cuts the Marine Highway system will be a bad decision. Most of the public comments went into the legislature; there are hundreds of comments all across the spectrum. A lot of people have made valid arguments from an economic stand point.

Maxine Thompson asked Captain Neussl – When can she expect to hear about the worst case scenario; Captain Neussl stated we will know as soon as the budget is decided. “Within the next couple of weeks we'll know what our budget is for sure.”

Captain Neussl's Overview

Our last meeting dealt specifically with the budget. We are really in a reactionary mode right now. At the last meeting we were at a point where the House Transportation Subcommittee was going to address the budget; they rejected the Governor's amended budget which would've restored the Malaspina, Taku and Chenega for this summer and additionally they cut another ten million dollars. The legislature then restored two million dollars via some fund shifting from other funds; essentially we took an eight million dollar cut. From there it went to the full Finance Committee and eventually went to the House floor. There were various amendments offered to try and restore bits and pieces of the service; the majority of them did not succeed. The one amendment that was made by Representative Munoz on the House floor added back seven-hundred thousand dollars to the Marine Highway budget and made

some other ships in funds; essentially moving money from the fuel account to the Marine Operations account. From there the bill went to the Senate and the Senate subcommittee reduced funding for DOT overall and another five million dollars of that 1.75 million was to come out of the Alaska Marine Highway System. We accomplished that by proposing the elimination of another twenty-three positions for a total of thirty-one positions. Those positions range from high level shoreside positions all the way down to seasonal ferry term workers at various locations. The position cuts totaled about 1.5 million the remaining money came from the proposed service cuts. Proposed service cuts include the Prince William Sound and the elimination of the fast ferry for the additional four weeks. Also a reduction of service on the Lituya in Metlakatla. Right now we are looking at an 11 million dollar overall cut plus the fuel trigger.

When you take in to account the loss of service due to the 11million dollar cut and the loss of revenue the net effect of that is more in the 20-25 million dollar range overall. We are on hold for a potentially a major rescheduling for passengers service that we may not be able to provide due to the budget cuts. The latest numbers on the amount of people being affected due to budget cuts, as of the end of March is, 2,459 itineraries that effect 9,261 hundred passengers and 2,472 vehicles. 29% of the people being affected are Alaskan residents.

Commissioner Luiken

Commissioner Luiken was excited to see the growth of MTAB as well as some familiar faces. He thanked MTAB for everything they have done.

As we look at impacts of the budget and make decisions he wants to see the minimal impact is on Alaskans. We need to focus on our service to Alaska because that is what we were built for. Next year we will be ready, we will be able to walk in and say here's our schedule. Last year when we talked to OMB we expected the fuel trigger; we won't be doing that again.

The schedule will be based on what we can expect from a subsidy and revenue generation prospective. We haven't looked at this system holistically from a business perspective. We need to set hard business goals. What is the percentage of recovery rate should we have? What percentage of deck utilization should we be striving to? These questions will be how we build the system and build the routes according to those objections.

The final thing Commissioner Luiken said was we have let OMB know where the big strategic holes are based on the budget that we have and what it would take to bring that service back. We will see where it ends up in conference but we know exactly where the money will be going if it comes back into our budget; it will be going back to service.

Commissioner Luiken thanks the board for all the hard works they do and lets them know that we (Department of Transportation & Public Facilities) are here for them and we're in this together.

Captain Falvey – Alaska Class Ferry

The Alaska Class Ferry is moving along quite nicely, there was a delay in our time frame from the welding and manufacturing . We have a lot of work going on right now in the shipyard but we are on track and holding onto the budget as planned. Engines are on budget. We currently don't see any major issues at this point in time.

Doug Miller Project Manager- Shipyard Overview

The bow sections are rapidly approaching completion. Our outstanding purchase signed