

Marine Transportation Advisory Board Meeting
Atwood Building, Conference Room 104 (1st floor)
Monday November 16, 2015 10:30 am
Minutes

1. Call to order

The Marine Transportation Advisory Board (MTAB) Chair Robert Venables called the meeting to order at 10:30 a.m.

2. Roll Call to Establish Quorum

Marine Transportation Advisory Board Members Present: Chair Robert Venables, Shannon Adamson, Greg Wakefield, Gerry Hope, Dan Kelly, Maxine Thompson, Patricia Branson and Al Koch.

3. Phone Roll Call

Members of the Public Present: Mayor Jan Hill (Haines Borough), Shelly Wright (Executive Director – Southeast Conference (SEC)), Andy Varner (City Manager of Sand Point). *Members of the Public on line:* Representative Ortiz, Donald Westlund (Ketchikan), Scott Farwell (Prince Rupert), Chere Klein (Ketchikan), Dave Kensinger (Petersburg), Kathy Hildre (Juneau), Ed Shoenfeld (Juneau), Nicole Gorle (Representative Munoz’s office), Representative Kito, Bianca Carpenetti (Representative Kito’s Office), James Brooks (Juneau Empire), Ben Goldrich (MEBA), Dave Warter (Bellingham), John Pitney (Cordova), Mayor Mack (Aleutian Chain Borough), Mayor Howard (Angoon), Crystal Boskofsky (Ouzinkie Native Corporation). *Department of Transportation & Public Facilities (DOT&PF) staff members present:* Commissioner Marc Luiken, Deputy Commissioner Mike Neussl, Captain John Falvey (AMHS General Manager), Deputy Commissioner John Binder, Mike Lesmann (Legislative Liaison), Shannon Whistler (Administrative Assistant I).

4. Welcome to New Board members

Board members introduce themselves to the newest board members: Shannon Adamson & Greg Wakefield.

5. Motion to Approve the Agenda

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

6. Motion to Approve the Minutes

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

7. Comments from Commissioner Luiken

The Commissioner welcomed the new board members and thanked MTAB for their continued service to the State. He spoke of the Lt. Governor’s vision for a Marine Highway System that is high-functioning and viable for the next generation. A series of community meetings will be held

around the state (hopefully teleconferenced for those not able to attend in person). The goal is to engage Alaskans and gather information that will be used to start our long range transportation plan. The Commissioner asked MTAB to focus on what the correct Unrestricted General Fund (UGF) number should be for AMHS. There are unprecedented budgetary challenges within the state and it will take a collective effort to decide what this system is going to look like. (DOT&PF) needs to engage this board more frequently as well as with AMHS constituents. There is a need to define what the system will look like over the next twenty to thirty years. There is a need for a strategic plan that will minimize the impact to Alaskans going forward.

8. Public Comments

Duncan Fields (Ouzinkie) - Ouzinkie appreciates how AMHS was responsive to needs with the winter schedule but we continue to have concerns about the summer schedule. We would also hope that the new replacement for M/V Tustumena will fit into our dock.

Senator Micciche – is engaging communities across the state for listening sessions and is interested to hear from MTAB.

Patrick Phillips (second mate on the fast ferry) - 18 year AMHS employee that would like to see better deployment of vessels between Juneau and Sitka to avoid seeing mainliners sailing half full. Perhaps dedicating the fast ferry to that run would be best? He also suggested placing a higher priority on freight movement could generate more revenue.

Mayor Howard (Angoon) - stressed the importance of the ferry system to Angoon – especially for the school district and athletic travel.

Donald Westlund (Ketchikan) –not a frequent user of AMHS as it is easier to take a flight because it's more reliable. He also suggested not getting rid of the M/V Taku until there is a replacement.

Andy Varner (Sand Point) – Echoed comments of Mayor Howard and stressed the importance of the dock of Sand Point which is owned by the city and in the process of being upgraded – hopefully sometime in 2017.

Mayor Jan Hill (Haines) – Spoke to the impact on the recent Haines bald eagle festival – last year there were 270 people in attendance and this year only 138 because of the unpredictability of the ferry schedule with short notice. AMHS needs to be more creative and more proactive.

Dave Kensinger (Petersburg) – Was the first chair of MTAB, and spoke to the AMHS operating model which has remained the same; Will AMHS take a proactive long view approach to the budget crisis?

9. Southeast Conference Initiative

Shelly Wright (SEC) – was originally started to advocate for the creation of the marine highway system. SE Conference is passionate about the system and will work with all individuals or groups to discuss how to make a difference in AMHS. Policy makers could better understand the value of the marine highways to our communities' economic and social well-being. SEC is going

to partner and engage stakeholders to plan a way forward. There are currently two committees (short term and long term) that are interested in making publications and information accessible to the legislature. Coming up with a comprehensive strategic plan will not happen in a month; these efforts should lay out what the immediate next steps should be. It will be an inclusive process that will include collaboration between the ARDORS and the communities.

10. Operations Plan for 2016 – Deputy Commissioner Neussl

Our number one goal right now is scheduling to have all 35 communities' retain service.

The summer 2016 schedule has had hundreds of comments; I realize that it is a bleak schedule. Everything mentioned so far today has been in those comments and more. I am pleased to see that something I asked MTAB for, to be more economically minded – has been realized. A lot of the comments we have gotten have been geared towards an economic stand point.

With service to all 35 ports there are challenges to getting basic service to everyone. There is an existing economic study from 1985 and we are getting the study updated. There are some gaps in Sitka and Prince William Sound (PWS). We've looked at the comments and we believe we have a solution; running a Fast Ferry without increasing the states' UGF allotment to run ferry service. In terms of the Marine Highway System and why it was so bleak – if you look at 2014 and compared it to 2016 based on funding we are down 25.5 million dollars. We have taken steps throughout this budget crisis we currently find ourselves in. We've laid off vessel and shoreside positions, eliminated marketing contracts and eliminated bars. The challenge is how do we reduce a level of service with the amount of funding we have without completely cutting someone off? Deputy Commissioner Neussl states that our tariff structure is unexplainable and illogical – we have a plan in place to fix that in an attempt to level the tariff's and formulize the tariffs. Right now we have extremely high and low tariffs; we'd like to get them all about average. We don't have that much time to go forward and do that so what we are going to do is formulize the tariffs. Once it's formulized we will be able to compare logical and understandable rates. Deputy Commissioner Neussl encourages MTAB to look at all aspects when considering budget cuts -rural communities, tribal organizations, cargo and tourism if we reinvent the AMHS. When you reinvent the wheel and focus on one group or another you risk leaving others out and they all impact each other.

11. Strategic Planning comments from the Board

Al Koch – suggested an approach that begins planning from “ground zero” - no vessels, no service and ask communities what they want; develop a fresh approach and see how AMHS could serve on a priority basis and what needs fit best to the people. Promote the best chances to maximize the visitor experience.

Robert Venables spoke to the need for more certainty in fiscal planning. He has spoken to legislators about how the State could fund AMHS either on a calendar year basis or forward fund a year in advance. Too often the budget is not finalized until very close to the new fiscal year.

Gerry Hope – There needs to be a change on how AMHS operates especially based on the constraints based on the state budget. He appreciates the comments the Commissioner made. He

recommends having a meeting in Juneau with the Lt. Governor who clearly has a very important role and vested interest because he hails from a community that has an importance in the ferry system. He hopes to plan on hosting teleconferences in Petersburg, Wrangell and Sitka.

Patricia Branson – stated AMHS cannot continue to do business the way it's been done in the past; there needs to be a new way of doing business.

Dan Kelly – there needs to be a coordinated effort as there is a lot of work to do. What is MTAB's message going to be if there are multiple groups going out across the state? The process would be best served by coordinating everything together.

Shannon Adamson – stated a priority should be getting the information out to the fleet (with the correct information) so that word would spread and they could offer ideas to help our situation.

Maxine Thompson - really feels a need to have an organized group that can develop a guideline with a framework approach. There needs to be meaningful outcomes from the meetings we attend. The message also needs to go to the crews on the ferries. We need to approach this with what if's... "what if there is no ferry service."

Gregory Wakefield – when something is failing you can't keep adding to it and hope it won't fail. We need to go back to when the ferry system was first designed and see what makes the most sense. Strategic planning is essential to every business. If our projections continue on the trend we will have more ships with same or less money. You can't just build more ships and hope they will come. Revenue enhancements have to come, there will be changes. It will be really hard to ask for more money without a strategic plan.

Maxine Thompson – asked if there is a dock time line (Prince Rupert) – Deputy Commissioner Neussl responded with – there is no time line for the dock. Either Canada has to repeal their act that says they cannot comply with the Buy America act or we have to get a waiver from the Buy America act. We do maintenance to fix the dock to keep it usable. We keep as many vans sailing on the ships as we can; we have continual dialog with Canadian customs about keeping all activities during the day time instead of around 2 am because of tides...etc.

Dan Kelly – would like the strategy to help understand the tariff study. Deputy Commissioner Neussl stated there will be a tariff increase coming in the near future.

Al Koch – it seems like given the financial state of AMHS, why wouldn't now be the best opportunity to level the rates all at once. Deputy Commissioner Neussl –responded with price elasticity; there are communities that we would have to double their rates over night to get them level with the rest.

Gerry Hope said there is a need to reach out not only to the coastline communities but also places like Anchorage and Fairbanks and be the messenger to those communities as well.

Dan Kelly states there needs to be a way to support the fishing industry in the summer as well as the communities receiving and shipping fresh fish.

12. Alaska Class Ferry Update & Tustumena Replacement Process Update

The Alaska Class Ferry (ACF) is still under construction and actively being built. You can clearly see the bow and stern etc. of the vessel. It is designed to be the Northern Lynn Canal vessel for Day boat operations. 2018 will be the delivery on the first one of those vessels and overall things are going well.

There are two criteria given in the design of the Tustumena Replacement Vessel. First is to maximize the passenger capacity and vehicles the vessel can carry. Criteria two is to make sure the new vessel fits everywhere the current Tustumena fits. The limiting factor is Kodiak (pier one) which limited the vessel so it didn't hang over the Petro-Marine dock behind us or the seafood plant in front of us. The Tustumena replacement design is nearing completion and should be coming to an end around January 2016; after that it will be a matter of getting it out to construction and bid. This will be a federally funded project with competitive bids. The project is listed in the Statewide Transportation Improvement Plan (STIP) until 2019 and beyond. We are at the stage of final design, awarding bids and having construction start.

13. AMHS Staff Reports – General Manager Captain Falvey

The ACF is on track with the budget and the shipyard is still getting more welders at the shipyard. The Tustumena project was budgeted at ten-million dollars to design and it looks like the total cost will be closer to six million.

The Columbia is undergoing a federal capital improvement project with federal dollars and is currently being hauled into the shipyard as we speak. The drive there is what we like to call bridge deck repairs, with all new crew quarters. We are also doing a lot of ADA upgrades and interior upgrades.

For the Matanuska we are planning a project for major re-engining and actually a lot of work in the engine room itself; which is more than we did with the Columbia.

We've had a multi-year electrical project going on as I've mentioned in the past updating vessels with new switch boards, new generators and a lot of new wiring which is definitely in need.

The point of sale system is getting up and running and we've had a lot of challenges getting there.

Finally I wanted to mention the LeConte rescue. There was a fishing boat that took on water and overturned. The lookout aboard the LeConte spotted it quite a ways a way that there were men in the water and they went over there and retrieved them. I don't know what would've happen had we not been there and seen them.

14. Election of Chair and Vice Chair

Dan Kelly moved to have Robert Venables retained as Chair of the MTAB board; Al Koch seconded the motion. The motion was passed unanimously.

Dan Kelly moved to have Al Koch as the MTAB Vice Chair, Patricia Branson seconded the motion. The motion agreed unanimously.

15. Board Comments

Dan Kelly - appreciated all the hard work everyone has done.

Patricia Branson – thanked Commissioner & DOT staff for all the hard work. We really need to go back to our people and explain how ferries aren't just about docks and service we need to communicate there is a lot more to it than that.

Al Koch – there is a lot of different stand points to this component. This gives us an opportunity from an operating stand point, we have to be able to retain the service and there will be a cost. When it came down the economic impact study – we've done tourism studies (same group who's doing the study on the economic impact). Al Koch would offer up his team to be a beta test user for the new reservations system.

Shannon Adamson – it was very nice to meet everyone and thank you for the warm welcome.

Gregory Wakefield – I'm leaving this meeting with a lack of sense of direction; we've talked about a lot of topics in the meeting and we never decided who will be doing what. I would like to have some direction going forward and where you would like us to go.

Gerry Hope – we need to be more proactive; I'd rather not sit back and wait. I understand the Governor has to come up with a budget and there needs to be some dialog between DOT. In the future it would be really good to have some direct dialog with the Lt. Governor's office about his direction for the Marine Highway System.

Maxine Thompson feels that Angoon's voice wasn't heard at the listening session with the Senator due to a conflict in interest of a community meeting happening during the same time. Angoon has been left off Southeast Alaska Transportation Plan (SATP).

Robert Venables – We will get into contact with the Department of Transportation and see what interaction from us (MTAB members) would be most helpful for the upcoming community engagement meetings. Robert thanked the Department for all the hard work they do and continue to do.

16. Next Meeting

Our next face to face meetings will be held during the upcoming community engagement meetings throughout the communities.

17. Adjourn

Greg Wakefield moved to adjourn, Patricia Branson seconded the motion. The motion was passed unanimously.