

Marine Transportation Advisory Board Meeting
Atwood Building, Conference Room 104 (1st floor)
Thursday August 19th, 2016 1:30 pm
Minutes

1. Call to Order

The Marine Transportation Advisory Board (MTAB) Chair Robert Venables called the meeting to order at 1:32 p.m.

2. Board Roll Call

Marine Transportation Advisory Board Members Present: Chair Robert Venables, Shannon Adamson, Gregory Wakefield, Shirley Marquardt, Al Koch, Maxine Thompson, Patricia Branson.

3. Phone Roll Call

Members of the Public Present: Anna Eberhardt (Coastwise Corp.), Pat Eberhardt (Coastwise Corp.), Shelly Wright (SE Conference), Mayor Jan Hill (Haines), Elwood Brehmer (AJOC), Jim Calvin (McDowell Group), Adam Berg (Rep. Edgmon's Office), Representative Kito, Joshua Stephenson (IBU), Ernie Weiss (Aleutians East Borough), Doug Ward (Vigor), Rebecca Braun (Office of the Governor), Doug Griffin (SWAMC), Mayor Mim McConnell (Sitka), Mayor Dennis Watson (Craig / IFA General Manager), David Kensinger (Chelan Produce Co.). *Department of Transportation & Public Facilities (DOT&PF) staff members present and online:* Commissioner Luiken, Deputy Commissioner Mike Neussl, Captain John Falvey (AMHS General Manager), Jim Potdevin (Transportation Planner), Shannon Whistler (Administrative Assistant).

4. Approval of Agenda

Patricia Branson moved to approve the agenda; Maxine Thompson seconded the motion. The motion passed unanimously.

5. Approval of Minutes

Patricia Branson moved to approve both sets of minutes (11/16/16 & 05/24/16); Maxine Thompson seconded motion. Motion passed unanimously.

6. Public Comments

Ann Eberhardt (Owner of Coastwise) – Stated that lately they've been experiencing troubles obtaining state contracts for their business and now have effectively no direct contracts and it's negatively affecting their budget. Eberhardt stated that even if 10% of all AMHS contracts were to remain inside Alaska it would have a positive effect on their business. Eberhardt requested MTAB's assistance to help to make sure we can open a dialog with AMHS. They currently have a term contract with AMHS but have seen no work and instead it's going all out of state (96.1 % according to Eberhardt). As a bidder Eberhardt states she is responding to requests for proposals and has noticed that their company is not getting selected and have received no feedback as to why.

Mim McConnell (Sitka Mayor) –AMHS affects us all, all Alaska communities need to participate in these meetings and a sustainable solution requires that we all need to all work together. The AMHS service is essential to our community and having communities without any service is not an option.

Rebecca Braun (Governor's Office): Stated the Governor and Lt. Governor are not looking to tell anyone what to do (regarding the SE Conference statewide initiative); we didn't want just government and contractors telling people what to do. We need everyone and unfortunately the funding is not there to do a roadshow across the state. The steering committee's work is meant to be public and transparent. Thank you to all the people who have put in the hard work.

Mayor Dennis Watson (Craig / IFA): Stated that he is just as anxious as everyone else about the upcoming changes regarding the ferry system. He is hoping that the product we create will make things better. A lot of ferry systems have gone through this shakedown, and we want the end game to be active and not just on paper.

7. Chairs Remarks

Venables- its MTAB's job to participate with the department and long range planning. MTAB will be included in the statewide AMHS Reform initiative being led by Southeast Conference which is why this meeting is being held in conjunction with the AMHS Summit tomorrow. MTAB will be kept informed and have opportunity to weigh in each step of the way. Robert welcomed Commissioner Luiken and thanked him for attending.

- a. Luiken- First of all thank you to everyone who took time out of their schedules to be here today to participate in this meeting. There are a variety of different issues that AMHS gets asked to do that is well outside of our core mission. They're stakeholders that are very interested in the sustainment of AMHS and I applaud SE conference for all their hard work; I'm very interested to see where that discussion will go.

8. Southeast Conference AMHS Initiative

Shelly Wright: We are hoping to reform the system with more confidence and more flexibility for the communities. We have been evaluating reports of ferry systems all over the world; our contractor John Waterhouse has been partnering with the McDowell group. Also I'm very happy with our partnership with the Department of Transportation. SE conference is ready to start working with everyone. Phase 2 will take center stage in the next year.

Jim Calvin (McDowell Group): We are very pleased to have the opportunity to work with SE Conference and AMHS. We look forward to hearing from the LT. Governor at tomorrow's meeting, were hoping for a very thought provoking discussion. We want to talk about what we think success looks like within AMHS. We want to have an open discussion about what's most important to AMHS. We foresee phase 1 will be creating more public involvement and tomorrow is the start of that.

The goal for phase 1 is to have it done by November; phase 2 will be complete in 2017.

Marquardt: With all the information gathered such as what the mission should be, etc. it becomes a large shopping list that may not be feasible? What is the plan for phase 2 to work through that kind of information, how to pay for it all and who should provide it? Will you be working with Captain Neussl?

Venables (response): Part of phase2 is the development of a strategic business and operating plan and will be looking at financial ideas that have been presented – AMHS can't just make up the difference between what the legislature budgets and increasing tariffs. We need to find new ways to increase the revenue for the system. We are hoping for a lot of creative ideas and a lot of suggestions tomorrow which is why we need to bring minds together that extend even beyond the steering committee. Captain Neussl and the Department are a critical part of the process as the state's "owner" representative and serves on the steering committee.

Branson: What is the process for phase 1 and how will it be communicated through legislature?

Venables: Many of them are already involved. There will be extensive statewide outreach and inclusive process for both phases. A communications strategy for the public and legislature will be developed during the process

9. AMHS Staff Reports -Deputy Commissioner Neussl:

Columbia: The federal project is completed – the project was slightly delayed and the Malaspina had to take over until the Columbia came back out. We've had other mishaps with the Columbia such as an emergency drydocking from an oil leak on the port shaft as well as some engines issues. We are going back to engine manufacture because they are fairly new engines. It seems like it takes longer to get the issues identified compared to getting them fixed.

Matanuska: Repower project was supposed to be happening this year; but due to Buy America act issues that have been resolved it slipped a year to start in Sept. The project has been awarded to Vigor – it will be about a yearlong project. The Matanuska is the primary Prince Rupert vessel; we've requested a SOLAS waiver for the Malaspina to make those runs while the Matanuska is getting worked on. Right now the Coast Guard, as well as Transport Canada, is looking at it favorably.

Malaspina: Electrical generation upgrade is currently being worked on the project is on track. Using the Gap Analysis information a new SOLAS exemption request was submitted to include just the Malaspina for a one year period of time during the Matanuska repower project. With this approach AMHS has received positive feedback from both USCG & Transport Canada.

Fast Ferries: Many of you know we had hull damage which is now fixed. The Fairweather is currently in service and will be taking the place of Aurora during her scheduled overhaul. Chenega will be put into a layup status due to budget restrictions; we are unsure when the Chenega will come out of layup status because we don't have the funds to operate the vessel.

Kennicott: When it goes into its layup status this winter it will become our hotel ship for crew.

Fleet condition Survey: We do this survey to see what projects need to be done and in what order. Glosten Associates (subcontractor) is currently working along with AMHS engineering staff to complete a mechanical & condition survey of all fleet vessels. The project will be completed in February of 2017.

Venables: Will there be an executive summary from the fleet condition survey? There is interest across the state to see the survey.

Neussl: We haven't shared results from that survey in the past and I don't know that we couldn't.

Falvey: The survey is very in depth and we've been doing it in depth, but we could provide an executive summary.

Koch: It's obviously a complicated process (referring to selling the Taku) – does every vessel have its own status?

Neussl: Great question – you need to figure out the vessel salvage credit, how much was state how much is federal and figuring what % belongs to both. The interesting thing is the portion credit for the Feds goes back into the Federal Highway Administration which in turn goes back into Alaska.

Kito: If we have a pending sale of the Taku if that information was there it would make it a lot easier to run it around 16 colleagues, if we have a timeframe where the vessel sale is pending we may have an opportunity to expedite the process.

Tustumena: As most of you know we discovered some cracking in the frame. It has cracked before in that location and has already had repairs done. We are waiting for the results from a report to decide whether or not we need to replace or repair that location again.

Tustumena Replacement Vessel: The designs and drawing are done and now we are at the point where it's just a matter of awarding the contract; and before we do that we have to have the funding for it. That project is listed in the STIP as a beyond fiscal year 19 project, in STIP amendment 1 that project was brought forward to federal fiscal year 17. Venables asked that if it seems to be working well with the AK Class vessels the department consider CM/GC again for this project.

Alaska Class Ferries:

The Alaska Class Ferries (ACF) is currently under construction and the Commissioner has even walked on deck. They are progressing as expected. The M/V Tazlina will be the first one done and it is on schedule however the M/V Hubbard is about four months behind schedule. We are pushing those vessels to keep them on track.

Venables: How is the process working with CM/GC?

Neussl: CM/GC is working well for the ACF's; as you know the design of the ships have changed multiple times already. I have heard no complaints this far but I'd like Doug Ward to weigh in on this topic.

Doug Ward (Vigor): Regarding the CM/GC we have far fewer changer orders and when we do get a change order they are negotiated quickly. We've been able to mitigate risk. We've been hearing from our workforce in the lower 48 that we've been able to learn new processes much faster.

Reservation Implementation: We have received numerous complaints about our call center – we started digging into the situation with all parties involved to try and figure out the call flow path and where exactly the problem lies. We are aware of the situation and we are in the process of fixing it.

Venables request that we implement technology to have the 1-800 number work after regular work hours and on the weekend – potentially using other terminal agents or a travel agent?

Venables – regarding the Lynn Canal and the change from the 88 car vessel Malaspina to the 37 Alaska standard cars aboard the LeConte. There is no way to track who's left behind and it may be an impossible situation but can we get a log of a standby list? How do we know what the capacity is and how many people are standing by? Is there any way we could not cap the standby list?

10. Alaska Class Ferry

New names for the Alaska Class Ferries are the Hubbard and Tazlina. The M/V Tazlina will be the first ship out of the shipyard and it's currently running on schedule. The M/V Hubbard is running about four months behind schedule. We've been pushing those vessels to keep them on schedule.

11. Board Comments:

Koch: As far as our tariff structures who controls that; is it the Federal Government?

Neussl: The Federal Government does not control it but there are certain guidelines we have to follow because we receive Federal funding, for an example we cannot request to see everyone's ID's and once we realize they live out of state charge that individual a higher tariff. What we can do is change the tariff based on the season – peak and off peak season tariffs.

Koch: There are components on the revenue system regarding the tourists industry that this model of tariff structures will completely handcuff any opportunity to grow revenues; especially with the package travel industry.

Branson: Pier one is done and I'd like to state to know that we feel very fortunate. Just focusing on Kodiak with the budget constraints as they are, I feel those gaps in service are pretty minimal and I'm very appreciative to AMHS for making that happen.

Marquardt: Thanked Captain Neussl for providing us with all the information and stated she's very interested in the work that AMHS is doing and she hopes in the future that we can come up with a system that can better track maintenance and scheduling problems. Secondly, she wants to point out the value of using the CM/GC because so many issues that arise won't become major problems if we catch them early enough.

Maxine: Stated that she was quite pleased to see the amount of people from the public attending the MTAB meeting. The work being led by SE Conference is timely; the age of the boats has now caught up to us and our small community (Angoon) understands that. AMHS is considered the life blood of our community; it's really our only available method of bringing in our loved ones. Handling our people during that time takes the whole community and the LeConte crew has been very considerate & respectful. She also expressed her concerns regarding the requirements for the amount of money we need to use for art during such hard times.

Venables: Thanked everyone for attending and stated he looks forward to seeing everyone at tomorrow's ferry Summit being held in the same location.

12. Adjourn: 4:15 PM