

Marine Transportation Advisory Board Meeting
Commissioner's Conference Room, Suite 325 (3rd floor)
Thursday November 21, 2016 10:00 am
Minutes

1. Call to Order

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

2. Board Roll Call

Marine Transportation Advisory Board Members Present: Chair Robert Venables, Shannon Adamson. *Marine Transportation Advisory Board Members Online:* Gregory Wakefield, Gerry Hope, Maxine Thompson, Patricia Branson and Robert Arnold.

3. Phone Roll Call

Members of the Public Online: David Scott (Senator Stedman's Office), Kelly Chapman (City Clerk, Pelican), Crystal Koeneman (Representative Kito's Office), John Waterhouse, Mary Deal (Homer), Jim Calvin (McDowell Group), Shelly Wright (SE Conference), Dave Kensinger (Petersburg), Andy Peterson (Port of Bellingham), Jeremy Stephens, Jesse Kiehl (Senator Egan's Office), Rollin Young (Juneau), John Bitney (Cordova), Doug Ward (Ketchikan), Ginger Fortin (Ketchikan), Cynthia Berns (Old Harbor), Eric Gucker. *Transportation & Public Facilities (DOT&PF) staff members present and online:* Commissioner Luiken, Deputy Commissioner Neussl, Captain John Falvey (AMHS General Manager), Jim Potdevin (Transportation Planner), Christa Hagan (Transportation Planner), Matt McLaren (AMHS Business Manager), Jeremy Woodrow (Public Information) Shannon Whistler (Administrative Assistant II).

4. Approval of Agenda

Patricia Branson moved to approve the agenda with the addition of adding Board Chair and Vice Board Chair nomination to number 11; Maxine Thompson seconded the motion. The motion passed unanimously.

5. Approval of Minutes

Patricia Branson moved to approve 8.19.2016 minutes; Maxine Thompson seconded motion with the stipulation that the Angoon's ticketing issue be noted – Maxine feels that not being able to board the ferry without a printed ticket it will discourage Angoon's ridership. Not all of Angoon's residents have access to computers in order to print a ticket before boarding. Motion passed unanimously.

6. Public Comments

Erick Gucker (Ketchikan): Concerned that the two tariff increases will decrease ridership and he also expressed concerns in regards to the two Alaska Class Ferries (ACF's) being built mentioning that we have no two ferries that are the same size and that can handle the same capacity. He asked how an ACF will cover for a mainliner.

Cynthia Berns (Old Harbor): Wanted to thank the Alaska Marine Highway System for their service to her community; it is a vital transportation in their community and she wanted to express her appreciation.

7. Chairs Remarks

Chair Robert Venables thanked everyone for participating in the MTAB meeting – and stated that he’s been meeting with many in Legislative Information Office (LIO); he’s been able to have meaningful conversations and looks forward to following up with them. “Challenges are multiple, and I think that having MTAB being involved (individually and collectively) gives an opportunity to look at solutions, especially as we get into this next legislative session.” Robert welcomes Commissioner Luiken:

- a. Commissioner Luiken: Mentions that he was recently at an Aviation Advisory board meeting and stated what a great opportunity it is to be a part of these boards. We’ve been focusing on communicating our budget to the Legislature & to the Governor’s Office so they are aware of the real impact of potential future cuts. Commissioner believes we are in a better position to defend our budget compared to last year. DOT&PF has been focusing on Results Based Alignment (RBA) to better communicate our budget and to make sure we are aligned with our goals. Our budget will be focused on better serving Alaskans and that’s the way we will be presenting it. Commissioner Luiken also wanted to commend SE Conference for all the work they’ve done working on the long range plan. It is much more apparent that the system is very complex and looks forward to it being less complex.

8. Southeast Conference AMHS Initiative

John Waterhouse: This work was undertaken with a fresh look on how the ferry system operates and how it compares with its peers and how we can move forward. There is no one cookie-cutter solution so we began with the listening session in Anchorage with members from different communities and folks in government. We took key themes and concerns that people had and took a look at different governance systems from other ferry systems and evaluated how they looked compared to our own marine highway system regarding routes and structure. From all of the sources we synthesized down to three governance options: continue as the existing line agency of government, to create a public ports arrangement or to create a public corporation. Out of those efforts we’ve identified a path forward and a mission statement. Our recommendation is to move the marine highways systems operations towards a public corporation to give the people operating the ferries the flexibility and tools to manage their own system. We also identified that the ownership of the vessels and terminals should remain a line agency of government to retain access to the federal funding that makes it all possible. The next step for the project is for SE Conference to look at putting that business plan together and going out to work with the legislatures/key stake holders in the system to make sure we are meeting the needs of what Alaskans deserve/require. Jim Calvin wanted to add that this has been a group effort; where we are at currently is not a stopping point it’s more of a pausing point and the heavy lifting is yet to come.

9. AMHS Staff Reports -Deputy Commissioner Neussl & Captain Falvey

a. Fleet & Terminals

M/V Matanuska: The repower project is on track; this will actually be a bigger federal project than the M/V Columbia repower.

M/V Taku: We’ve done an appraisal and now have a better idea of what it’s worth.

M/V Tustumena: We had a structural analysis of the vessel which stated that the M/V Tustumena is structurally sound.

M/V Columbia: Out of service due to malfunctioning propeller system; the parts are on order. M/V Columbia is out of service in Portland, OR for overhaul until April.

M/V Malaspina: Is in her overhaul period and there has been a lot of discovery work so far; the steel needs to be replaced and the overhaul period has been extended (back into service in January).

M/V Kennicott: Was intended to go into its overhaul period but will now remain in service on the Bellingham run due to the M/V Columbia and the M/V Malaspina being out of service. Announcements have been made of the changes as well as notifying effected passengers.

M/V Aurora: The overhaul period has been extended due to reduction gear problems. The ship will be operational by the end of the month.

FVF Fairweather: Will be a fill-in vessel for the Aurora and has had its operational period extended until both the M/V LeConte and the Aurora are back on the run.

There is a domino effect as you can see but the good news is when one vessel gets extended or delayed there are other available vessels that are still able to provide *some* service to keep that run going.

Terminals

Angoon and Kake: New passenger waiting shelters are either substantially complete or very close to being substantially complete. We are getting ready to turn the operations over to the respective cities and now those facilities will be available to passengers waiting for a ferry.

Skagway: The dock rehabilitation is still pending; we are planning on doing that next fall but are still waiting on a response due back to the community of Skagway from the Governor's Office to address their request. Depending on the content of the letter we will decide whether we will rehabilitate or redesign & replace.

Prince Rupert: The dock project is still pending, we are working with Consul General down in Vancouver to develop an innovative solution to split that contract to allow Buy America Act compliance by the state and allow construction by a Canadian contractor to install state furnished equipment. There are still issues to be resolved as far as content language and FHWA support for that concept. In the meantime we are doing maintenance and minor upgrades to keep that dock functional.

b. Summer 2017 Schedule

November 16th the GovDelivery notice went out about the summer 2017 schedule and it also included the second year of the five year plan to increase the tariffs. There is a tariff adjustment that takes effect on/after May 1, 2016. The summer schedule for 2017 is comparable to the summer 2016 schedule; that was intentional to try and provide consistency even though it is less service than what we've typically done from year to year.

c. Vessel Layups

M/V Taku and the FVF Chenega are both in long term – unmanned layup status. The Taku was moved over to the Spokely dock in Ketchikan. The Chenega is moved to the Vigor shipyard in Tacoma, WA. Currently we have no projected return to service date on either of the two vessels. One of the ways to produce service and not affect operating costs was to

reduce the size of the fleet, so we have requested through Federal Highway Administration (FHWA) for approval to sell the M/V Taku – we’ve received that recently and now are working with the Department of Law to proceed with the proper channels.

d. FY18 Budget & Rate Increases

The fiscal year 2018 budget is not final yet and is still being finalized by the Governor’s office. The FY18 budget should be released on the 15th of December. We have worked with the Office of Management and Budget (OMB) as well as the Governor’s Office in order to get a schedule published that’s available for booking. We’ve worked with them to get assurances that the schedule we put out would be supported by the Governor’s budget.

Rate increases are on a five year leveling plan. We are trying to achieve a more logical equitable tariff system than what we’ve had in the past. It is an ongoing process and this leveling plan is the next step in that process.

e. Other Issues

We’ve been working for some time (ever since the new reservation system came out) on concerns raised from community members of Metlakatla over their inability to buy tickets. AMHS does not have a ticket office there as it is an unmanned terminal in Annette Bay. There is no way to purchase tickets because the crew of the M/V Lituya (which is the vessel that serves that port) is so small that it does not have a purser to handle money/ticketing. We’ve come up with a solution to resolve this issue – since the Lituya serves a point to point route, the U.S. Coast Guard does not require a manifest with everyone’s name on it; they only require that we have an accurate head count (how many passengers, how many crew). We are purposing to change the tariff structure from Annette Bay to Ketchikan. You will pay double the fare to go from Ketchikan to Annette Bay and you pay no fare going from Annette Bay to Ketchikan. It’s similar to tolls on bridges and tunnels where you only pay one way. This is a comparable situation to Maxine’s concerns with Angoon, the answer to that issue is all of the vessels that serve Angoon have a purser and that purser is able to sell tickets. Granted, not all tickets are sold at the dock at the top of the ramp before they get on the boat – we are still working on how to do that and the current situation is not ideal.

10. Alaska Class Ferry and Tustumena Replacement Process Update

- a. Alaska Class Ferries (ACF) are proceeding along and are starting to look like marine vessels. The bridge deck has been installed on the M/V Tazlina, and they are getting ready to push that outside of the assembly hall to start building the back half of the vessel. The delivery dates have changed from April & October of 2018. The first vessel is ahead of schedule with a new delivery date of late December of 2017 or early January of 2018. The second vessel is behind the October deadline and its new delivery date is looking more like January of 2019. We are still a ways out with a lot of work to be done. We are currently working with OMB to make sure we can fully operate the vessels and provide the necessary equipment and outfitting to make sure we can operate that vessel.
- b. We are all aware that the Tustumena Replacement process is moving forward. The Statewide Transportation Improvement Program (STIP) and the last financial pieces of that puzzle still need to be sorted out before we can start construction contracting for the vessel. That will happen during this legislative session. DOT&PF will add a line item

in its capital budget for state match and legislative authority to use the funds to construct that vessel. This will be different process than what we did for ACF. As you recall we contracted a CM/GC contract with Vigor Alaska because those vessels are all state funded; however the replacement vessel is a federal aid vessel with 90+% funded by FHWA dollars. That requires competition with either a construction contract or in trying to hire a CM/GC contractor. CM/GC is still possible but it would require a nationwide competition essentially for shipyards to propose to be the CM/GC contractor. The other option is to bid out the competition that we have based on the plans we have right now to build that vessel. The board requested that CM/GC be strongly considered before the vessel design was completed and that they be informed of the Department's final decision.

11. Nomination of Chair & Vice Chair

Patricia Branson nominated Robert Venables for Chair; Greg Wakefield seconded, the nomination passed unanimously.

Shannon Adamson nominated Patricia Branson for Vice Chair; Maxine Thompson nominated Gerry Hope for Vice Chair. Gerry moved to close nomination, Shannon Adamson seconded. Votes were sent via email/text to Chair Robert Venables; after tallying the votes it was determined that Gerry Hope will be the new Vice Chair for the Marine Transportation Advisory board.

12. Board Comments:

Greg Wakefield: Thanked everyone for the meeting today and looks forward to the SE Conference meeting tomorrow.

Patricia Branson: Is glad we had the meeting today and looking forward to session.

Gerry Hope: Wanted to let everyone know that AK Tribal meeting in March at the Hilton in Anchorage.

Maxine Thompson: Welcomed new board members and thanked Deputy Commissioner Neussl for correspondence; she also requested Doug Ward send her information on the employment and training numbers – how many southeast people are being trained?

Robert Arnold: Stated it was a pleasure hearing all of the information provided at the meeting but has some concerns that the rate increase in the tariff structure is going to send citizens into a tizzy because customers will be paying more money in tariffs with no extra services aboard the vessels.

Shannon Adamson: Stated she is ready to help out with the Legislature as able. Pat Branson echoed that sentiment.

Robert Venables: Thanked everyone for the participation in the meeting and added that we need to decide when/where to have our face to face meeting. We need to make sure our meetings are effective and more frequent.

13. Adjourn: 12:20 PM