

# Marine Transportation Advisory Board Meeting

Friday, August 11, 2017 – 9:30 AM

Vigor Shipyard Conference Room

Teleconference Call-in Number: 1-800-315-6338 - Conference Code 39051#

Board Members: Robert Venables (Chair), Shannon Adamson, Patricia Branson, Gerald Hope, Daniel Kelly, Jack Jensen, Patti Mackey, David Reggiani, Robert Arnold, Maxine Thompson, Greg Wakefield, Carlin Enlow

## **1. Call to Order**

### **2. Board Roll Call to Establish Quorum**

*Marine Transportation Advisory Board Members Present:* Chair Robert Venables, Gerry Hope, Jack Jensen, Patti Mackey, Robert Arnold, Maxine Thompson, Carlin Enlow, Shannon Adamson, Patricia Branson.

### **Phone Roll Call:**

*Department of Transportation & Public Facilities (DOT&PF) staff members present and online:* Commissioner Luiken, Captain John Falvey (AMHS General Manager), Captain Tony Karvelas (AMHS Operations Manager), Kerri Traudt (Vessel Scheduling Coordinator)

*Members of the public present:* Rep. Dan Ortiz (Alaska State Legislature), Kate Starling (Vigor Marine), Andrew Ko (Vigor Marine), Doug Ward, Sierra Callis (Vigor), Dennis Watson (IFA)

*Members of the public online:* Brenda (Calista/Alaska Maritime Apprentice Program), Ernie Weiss (Aleutian East Borough), Annie Bailey (Aleutian East Borough), John Waterhouse (Elliot Bay Design), John Reeves (Elliot Bay Design), Jim Calvin (McDowell Group), James Brooks (Juneau Empire), Ben Goldrich.

**3. Introductions of new board members -** each of the current board members introduced themselves to the new board members and welcomed Capt. Jack Jensen and Carlin Enlow to the board. They in turn spoke of their interest in serving and experience from their hometowns of Kenai and Unalaska.

### **4. Approval of Agenda**

Gerry Hope motions to approve the agenda, Maxine Thompson seconds the motion. The motion is passed unanimously.

### **5. Approval of Minutes**

Gerry Hope motions to approve the November minutes, Maxine Thompson seconds the motion with the stipulation that the board comments section (item number 12) be changed to reflect that she was asking Doug Ward about training information as opposed to new vessel information. The minutes are passed unanimously.

### **6. Welcome by host, Vigor**

Doug Ward gave a safety moment for those gathered and shared about Governor Walker's bill signing ceremony yesterday (08/10/2017); AMHS now has two named ferries in the shipyard. Doug also announced that in less than a years' time Vigor will have the State's first technical maritime career center. Vigor currently has a workforce of 200 employees who are highly skilled and love their jobs.

Gerry Hope: Thanked Doug for the overview and asked how people who are interested in getting hired at Vigor who do not live in Ketchikan would go about getting information. Doug Ward mentioned the pre-apprentice & apprentice program that Vigor has been building toward for the past twenty years. There are partnerships throughout the state and the outreach program stretches from Metlakatla to Barrow with opportunities for new employment.

Maxine Thompson: There have been concerns about Captains “graying out”. Doug Ward mentioned a partnership Vigor has with tug & barge operations with the Calista Corporation. The University of Alaska Ketchikan also reduced the number of hours it takes to become a wiper (from 180 days sea time down to 90 days). We are working on methods and processes to accelerate these careers to get Alaskans into these maritime jobs.

#### **7. Public Comments (3 minutes per speaker)**

Ernie Weiss (Aleutian East Borough): five out six of our communities depend on the ferry system; this summer those communities were thankful to see funding for the Tustumena replacement. Ernie welcomed Carlin Enlow to the board and stated that she understands the importance of the ferry system because she’s from Dutch Harbor. He also expressed thanks to the Governor’s office for helping to secure supplemental service while the Tustumena was out of service.

Brenda (Calista Corporations): gave an overview of the Alaska Maritime Apprenticeship program that was created last year. It is a multi-corporation program for companies in the maritime industries. Employees go on boats to receive their training and build their sea time with this program.

#### **8. Chair’s Report**

- a. Venables thanked Vigor for hosting the meeting and those members of the public for their comments. Robert Arnold, Maxine Thompson, Patricia Branson and David Reggiani all have seats expiring on the board. Robert Venables encouraged those members to stay involved and to put their names forward again.
- b. He also gave an overview of legislative interactions during the previous session and recognized Rep. Ortiz who addressed the board about the budget process and encouraged DOT/AMHS to request a budget next year that adequately provides the needed service and let the Legislature make adjustments.

#### **9. Commissioner Luiken**

Commissioner Luiken welcomed all of the new board members and mentioned how he looks forward to hear their contributions that they will bring to the board and appreciated their willingness to serve. Commissioner Luiken also wanted to thank Vigor for all the work they’ve done and for hosting the MTAB meeting. One of his favorite parts of his job is recognizing employees within the Department. Commissioner Luiken presented Kerri Traudt (Vessel Scheduling Coordinator, AMHS) with a legislative citation. Kerri has used her skill set to help a rural city and in turn that city encouraged the legislators to write the citation. Commissioner congratulated and thanked Kerri for all of her hard work.

##### **a. Plans for replacing Deputy Director for AMHS**

Commissioner Luiken thanked Deputy Commissioner Neussl for all the hard work he did while in State service. Deputy Commissioner Neussl was the best thing that has happened to the Marine Highway System for a long time. He put his heart and soul into his work.

Gerry Hope added that Captain Neussl was invaluable to the system and he was able to fulfill his duties and his compassion for the Alaska Marine Highway System. The relationship he was able to build up with the communities served is very critical and he hopes that whoever is hired to maintain that position will have that same kind of relationship with the communities.

Commissioner Luiken mentioned that he is rewriting that position description; we are leaning

towards more of an Executive Director position. I've been actively looking for a person to fill that position. Venables asked Commissioner Luiken what MTAB's role will be in the recruitment of that position. Luiken responded with once we get the position solidified he will allow the board to review it. Representative Ortiz asked Commissioner Luiken what will be the difference in terms of job duties once the position is rewritten from a Deputy Commissioner to Executive Director? Commissioner Luiken said the positions will not be incredibly different it may be more business specific. Patricia Branson asked the Commissioner if he had a timeline to fill Captain Neussl's position. Luiken responded with how he would ideally like to have someone in that position by fall to get them up to speed before they get thrown into the legislative session.

Greg Wakefield asked with the reform project going in more of a business direction for the system will Commissioner Luiken be looking for someone with a background in business. He said there will be more of an emphasis on business. Patti Mackey asked where the position will be located. Commissioner Luiken stated that his recommendation will be that position will be placed in Ketchikan; he stated that the system needs more leadership in Ketchikan. Venables objected and stated that in his opinion he's seen benefits for having a competent operations leader have free rein at KCO while having the Director/Deputy Commissioner give full focus to the broader picture closer to the policy seat of government (Juneau) and out of the operational domain (Ketchikan). Maxine echoed Gerry's comments about losing Deputy Commissioner Neussl and how it was a great loss. We appreciated when he would visit the communities. Shannon Adamson asked the Commissioner who has absorbed Captain Neussl's duties when he left state service? Commissioner Luiken responded with the duties have been split between himself and Captain Falvey. Adamson's follow up question was in light of the restructure what is the urge or the need to fill his position now / if at all? Commissioner Luiken stated he believes that to wait and add a new governance structure would be too much.

#### **b. Tustumena Replacement – “Best Values 101”**

The Tustumena Replacement is in the budget and we are currently working on putting a procurement together that we are calling “Best Value” and we are working making this procurement as competitive as we can. There are some challenges that we are facing and the biggest one that we are dealing with right now is the Buy America Act. There is about 75 waivers left to go on the Buy America Act. We are putting a packet together that will go to the Federal Highway Administration (FHWA). Venables asked if the design being pursued is the same as was presented to the communities during the public process (yes) and also wondered if there was value in having the design “peer reviewed” for constructability issues.

#### **c. State Transportation plans and road links (incl. roads to shorten ferry routes i.e. Baranof, etc.)**

Commissioner echoed what Maxine touched on earlier which was the importance of rural communities. Hopefully everyone recognizes this system was created with this in mind; dependable marine transportation for Alaskan's.

Representative Ortiz asked how important is the tourism revenue aspect in the run that takes places from Ketchikan to Bellingham. Commissioner Luiken stated it is an important aspect but it's not mutually exclusive but what we need to remember is who the system was created for and that's Alaskans.

Dennis Watson mentioned that from the Inter-Island Ferry Authority (IFA) stand point connectivity between island communities & coastal community's access to the main highway system is huge. It's not only the tourist that use those routes it's also us importing fresh sea food and Alaskan's using the ferry to connect to roads.

Commissioner Luiken stated he is waiting for the results of the reform project before putting unnecessary efforts forward. Venables asked about the Southeast Alaska Transportation Plan (SATP) and how roads fit in; the reform project only address the marine aspects. Luiken responded that until we really understand what the results will be from the reform project it doesn't make sense to put in too much effort. We will start a preliminary process. Venables suggested to both Sitka and Kodiak that the communities take the time to plan for major

infrastructure priorities and work them up into the SATP.

Adamson asked if the change in Juneau Access Funding will have an impact on the plan. Luiken responded with besides the reform project we also need to close out of the Juneau Access project and that's what we've promised the Lt. Governor would be finished before we are ready to open anything else. Certainly the administration is interested in the big ticket items but not necessarily going to fund these items; a lot of what we hear from the higher levels of government is more oriented toward public-private partnerships and private finance.

**d. FY 18 Budget**

There is so much uncertainty with how we are going to fund the services that Alaskans depend on that are delivered by the State. As the Governor says we do not have a money issue as a State we just have a cash flow issue. There has been certain legislators that really have went to bat for the Alaska Marine Highway System and I want to express my appreciation. We need forward funding within the Marine Highway system; it gives us the opportunity to be reliable and that's what Alaskan's have told us that is what they want even if it is just for one year. Commissioner solicited the help of the board to communicate the importance of forward funding to the legislators.

e. **Captain Falvey** – gave highlights from his “Fleet and Terminal Report” (attached) and also discussed the upcoming Winter Schedule for 2017-2018. As well as the 2018 summer schedule and potential Budget Impacts for the fiscal year. Two boats are already laid up and any further cuts will directly affect service. Already 40 FTE positions have been cut from shoreside operations.

10. **IFA Update – Dennis Watson** – discussed the dynamics of the IFA, their K-class vessels which require fewer crew members and the structure of the public port authority. The IFA carried 50,000 passengers and 12,000 vehicles last year and was able to recover about 75% of operational costs through the farebox. Having a second vessel allows redundancy for maintenance and repairs. The original intent for the use of that vessel was not successful due to the failure of the SATP concept of the build-out of the 3<sup>rd</sup> and 4<sup>th</sup> fast vehicle ferries. The IFA is very dependent on its relationship with AMHS. It also depends on federal CIP funds which are passed through from DOT.

11. **AMHS Reform Project Status & Update** – John Waterhouse, John Reeves (Elliot Bay Design) and Jim Calvin (McDowell) gave a presentation on the AMHS Reform project. Phase 2 is nearing completion with the draft findings and report being released during the Southeast Conference annual meeting in Haines next month. Key points are the need for forward funding of operations, a change in relationship between AMHS management and labor and the need for an empowered board to make necessary decisions to control costs and raise revenues outside the fare box. MTAB has been invited to participate throughout the project and all related information is available at [www.AMHSreform.com](http://www.AMHSreform.com).

**12. Board Comments**

**Jack Jensen:** Mentioned how much he enjoyed the meeting

**Gerry Hope:** Was glad he had an opportunity to share his thoughts.

**Robert Arnold:** Talked about essential services; cost cutting vs. increased revenues.

**Patricia Branson:** Welcomed new board members and stated that future meetings should discuss having an advocacy plan for legislators.

**Shannon Adamson:** Stated that we need an implementation plan for the Alaska Class Ferries (ACF).

**David Reggiani:** Thanked everyone.

**Maxine Thompson:** Thanked the Ketchikan hosts (Vigor Shipyard) and mentioned how she wants to see opportunity to be more active regarding the Buy-America-Act. She also mentioned that SATP needs to be fast tracked and thanked Representative Ortiz for participating.

**Greg Wakefield:** Thanked the Commissioner and commented on how pleased he was at the reform effort.

**Patti Mackey:** Glad to be at the meeting and that it was hosted in Ketchikan; in the future she wants to know how to address forward funding for the Alaska Marine Highway System.

13. **Next Meeting** - at the call of the Chair, probably November or December, if possible in person, if not then by teleconference.

14. **Adjourn** – the meeting was adjourned at approx. 3 pm