

Marine Transportation Advisory Board Meeting  
Tuesday, July 16, 2019 10:00 AM – 4:00 PM  
Robert B. Atwood Building, Conference Room #102  
550 W. 7<sup>th</sup> Avenue, Anchorage, AK  
Teleconference # 463-1208 (no access code)

Board Members: Robert Venables (Chair), Shannon Adamson, Pat Branson, Gerry Hope, Jack Jensen, Patti Mackey, Karin Kramer, Robert Arnold, Norm Carson, Greg Wakefield, Carlin Enlow, Ernie Weiss

1. Board Roll Call to Establish Quorum
  - a) Welcome and Introduction of other participants
2. Approval of Agenda
3. Public Comments (3 minutes per speaker)
4. Chair's Report
5. Deputy Commissioner Siroky
  - a. Budget update
  - b. Ad hoc advisory committee
6. Proposed Fall, Winter, and Spring Schedule Discussion
7. AMHS Updates
  - a. Fleet & Terminal Report (Tustumena design options)
  - b. Reservation system update (data needs)
  - c. Marketing Plan 2021

\*MTAB will take a short lunch break around noon

8. Discussion: Cost cutting measures
  - a. Shoreside personnel support needs
  - b. COI and vessel crewing levels
  - c. Terminals, road links, SATP
9. AMHS Reform update
  - a. Draft AMHS Corporation legislation
  - b. Interim Measures overview
10. Northern Economics
11. Board Comments
12. Next Meeting – TBD
13. Adjourn – *approx. 4 pm or when business is concluded*



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

Department of Transportation and  
Public Facilities

ALASKA MARINE HIGHWAY SYSTEM  
Office of the General Manager

7559 North Tongass Highway  
Ketchikan, Alaska 99901-9101  
Main: 907.228.7250  
Fax: 907.228.6875  
dot.alaska.gov

July 15, 2019

Dear Community Leaders and Members of the Public Interested in AMHS:

It is time to begin the public review process for the next Alaska Marine Highway System scheduling cycle. The proposed schedule patterns to be reviewed cover the fall/winter/spring from October, 2019 through April, 2020.

The schedule patterns proposed are based on the funding levels for FY20. The operating plan has been designed to meet community service needs while staying within available funding levels, and maintaining regulatory and safety standards for the vessels.

Please take the time to review and comment on this proposed schedule. The link to access the proposed schedule patterns is:

<http://www.dot.state.ak.us/amhs/share/schedule/considerations.pdf>.

AMHS is also interested in knowing about any need for special events scheduling and requests that organizers or communities give the event name, dates, location, and arrival/departure times needed for each special event.

Please provide your written comments prior to July 26, 2019. Information may be faxed to 907-228-6873 or, preferably, emailed to [dot.amhs.comments@alaska.gov](mailto:dot.amhs.comments@alaska.gov). A public teleconference to hear additional comments and consider adjustments is scheduled for Monday, July 29, 2019 at 10:00 a.m. for Southeast schedules and at 1:30 p.m. for Southwest and Southcentral schedules. The meetings will be held at the Alaska Marine Highway Ketchikan Central Office, 7559 North Tongass Highway for participants wishing to attend in person.

The toll free number to participate in both teleconferences is: 1-515-604-9000, access code 279613.

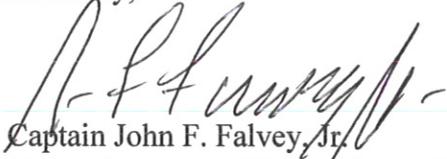
It is the policy of the Department of Transportation & Public Facilities (DOT & PF) that no person shall be excluded from participation in, or be denied benefits of any and all programs or activities we provide based on race, religion, color, gender, age, marital status, ability, or national origin, regardless of the funding source including Federal Transit Administration, Federal Aviation Administration, Federal Highway Administration and State of Alaska Funds.

*"Keep Alaska Moving through service and infrastructure."*

The State of Alaska Department of Transportation & Public Facilities (DOT & PF) complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aids, services, and/or special modifications to comment should contact AMHS Operations Manager, Captain Tony Karvelas at (907) 228-7252 or email at [anthony.karvelas@alaska.gov](mailto:anthony.karvelas@alaska.gov) no later than July 22, 2019 to make any necessary arrangements.

If you have any additional questions or need additional information, please contact the AMHS Operations Manager, Captain Tony Karvelas, at (907) 228-7252.

Sincerely,



Captain John F. Falvey, Jr.  
General Manager Alaska Marine Highway

ENCLOSURES:

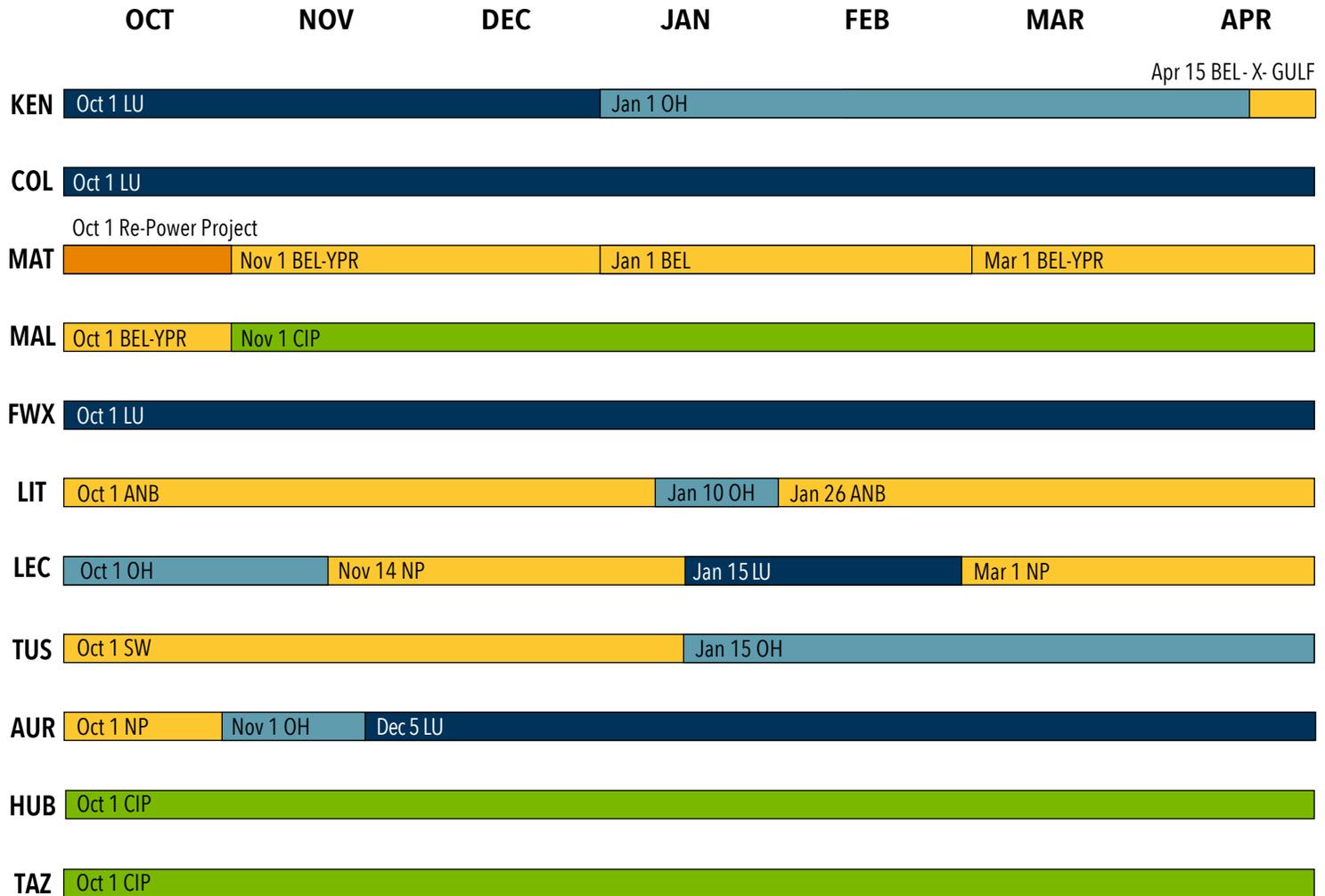
Draft FY20 Operating Plan 20.6  
Calendars of Events  
Weekly Vessel Pattern Graphs  
FY20 Vessel Deployment Plan

DISTRIBUTION:

All Southeast Alaska Mayors  
All Southcentral Alaska Mayors  
All Southwest Alaska Mayors  
Alaska Travel Industry Association  
ARDORS  
Commercial Shipping Companies  
CVBs  
DOT/PF Southeast Regional Director  
Marine Transportation Advisory Board  
Managers, AMHS Terminals  
Masters, AMHS Vessels  
Unions  
IBU  
MM&P  
MEBA  
Tlingit & Haida Central Council  
S.E. Alaska Tribal Government Advisory Committee

# Operating Plan

## Winter 2019 - 2020



<b>On Line</b>	ANB: Annette Bay / Metlakatla Service	BEL: Bellingham to Skagway	SW: Southwest
<b>Overhaul (OH)</b>	BEL - X - Gulf: Bellingham Cross Gulf Southwest	NP: Northern Panhandle Dayboat	YPR: Prince Rupert to Skagway
<b>Layup (LU)</b>			
<b>CIP</b>	BEL - YPR: Bellingham Prince Rupert alternating	PWS: Prince William Sound	
<b>In-Transit</b>	Note: Dates represent the first day of the period. Overhaul and refurbishment periods include vessel travel time.		

**Alaska Marine Highway System  
FY20 Vessel Deployment Plan  
July 11, 2019**

**Vessel Deployment – Winter 2019-2020**

- Kennicott will be in layup October until early January when she goes into overhaul. Kennicott will be in overhaul January 1 to April 30.
- Columbia will be in layup commencing October 02.
- Malaspina will be in a Federal Project October to April.
- Matanuska will run the Bellingham route 3 weeks per month, Prince Rupert route one week per month, November/December and March/April. Bellingham four weeks per month January/February.
- Lituya will sail between Annette Bay and Ketchikan except during her four week overhaul period in January.
- LeConte will be in overhaul October to mid-December. She will then resume the Northern Panhandle route.
- Tustumena will sail the Southwest route and will be in overhaul January 15 to April 30.
- Aurora will sail the Northern Panhandle October 01 to October 30, and will enter overhaul November to mid-December. She will then enter a cost saving layup.
- Fairweather will be in layup.
- Chenega will be in layup.

**Service Gaps**

- |                      |                  |                    |
|----------------------|------------------|--------------------|
| • Southwest          | Jan 12 to Apr 30 |                    |
| • Northern Panhandle | Nov 01 to Nov 14 | Jan 15 to Mar 01   |
| • PWS                | Oct 01 to Apr 30 |                    |
| • Southeast          | Oct 01 to Apr 30 | Down one mainliner |

## **Guide to Reading and Using AMHS Scheduling Graphs** (Or Spider Graphs as they are affectionately known)

The AMHS scheduling graphs convey a massive amount of information on a single page, and they can be confusing to understand and interpret. The following explanations and suggestions may help.

1. The title of the graph defines the geographic area depicted by the chart and the time period to which it applies. When “Wk 1 & 3” or “Wk 2 & 4” appear, it implies that the schedule alternates every other week of the month (i.e. that the schedule is not the same every week). Essentially, a week 1 schedule would be followed by week 2, then back to week 3 (which is the same as week 1) and so on to round out the 4 weeks of a month.
2. The days of the week and times of the day are spread across the top axis of the chart. Midnight to midnight is shown for each day with only noon shown on the graph for reference and to declutter it.
3. The various ports are shown on the left side axis of the chart using their three letter AMHS designator. A key to decipher port and ship codes is on page 2 of this guide. Ports with only one dock or ship berth are shown on a single line. Ports with multiple docks have a line for each dock (e.g. JNU 1, JNU 2, JNU 3). They are generally arranged in geographic order, such as Skagway at the top (north) and Bellingham at the bottom (south).
4. Each ship is shown in a different color, and has the ship’s three letter identifier listed beside it throughout the chart for reference. A solid bar of a particular ship’s color in a specific port’s row on the chart indicates the time for that ship to be in that port. By reference to the top axis, you can determine the approximate times of those in port periods.
5. Thin lines of a ship’s color between ports indicate transit time for that particular ship between the two ports at either end of the line.
6. Thin lines that “run off the right edge of the chart” are continued, either on the left edge of the same chart (if running on a weekly scheduling cycle) or on the left edge of the alternating Wk 1&3, Wk 2&4 chart (if running on a two week scheduling cycle).
7. Ships that transition between geographic areas (e.g. Kennicott going across the Gulf of Alaska) have a notation box at the end of their thin transit line indicating such “To X-Gulf” or “Fr X-Gulf”

### **Suggestions for use:**

1. To see what a particular ship does, just follow that ship’s colored line as it zigzags across the chart to determine what ports it visits and on what days and at what approximate times.
2. To see what service a particular community receives, just follow that community’s horizontal row across the chart to see what ships stop in that community and on which days of the week and times of the day that happens. You can also determine, by looking at that ship’s thin transit lines, where a ship serving your community is coming from and where it is going to next.

## AMHS Community and Ship Three Letter Codes

### Communities

ANB=Annette Bay  
AKU = Akutan  
ANG = Angoon  
BEL = Bellingham, WA  
CBY = Cold Bay  
CDV = Cordova  
CHB = Chenega Bay  
CHG = Chignik  
FPS = False Pass  
GUS = Gustavus  
HNS = Haines  
HNH = Hoonah  
HOM = Homer  
JNU = Juneau (Auke Bay)  
KAE = Kake  
KCV = King Cove  
KOD = Kodiak  
KTN = Ketchikan  
OLD = Old Harbor  
ORI = Port Lions  
OUZ = Ouzinkie  
PEL = Pelican  
PSG = Petersburg  
SDP = Sand Point  
SDV = Seldovia  
SGY = Skagway  
SIT = Sitka  
TAT = Tatitlek  
TKE = Tenakee  
UNA = Unalaska/Dutch Harbor  
VDZ = Valdez  
WRG = Wrangell  
WTR = Whittier  
YAK = Yakutat  
YPR = Prince Rupert, BC

### Ships

AUR = Aurora  
CHE = Chenega (Fast Ferry)  
COL = Columbia  
FWX = Fairweather (Fast Ferry)  
KEN = Kennicott  
LEC = LeConte  
LIT = Lituya  
MAL = Malaspina  
MAT = Matanuska  
TAK = Taku  
TUS = Tustumena

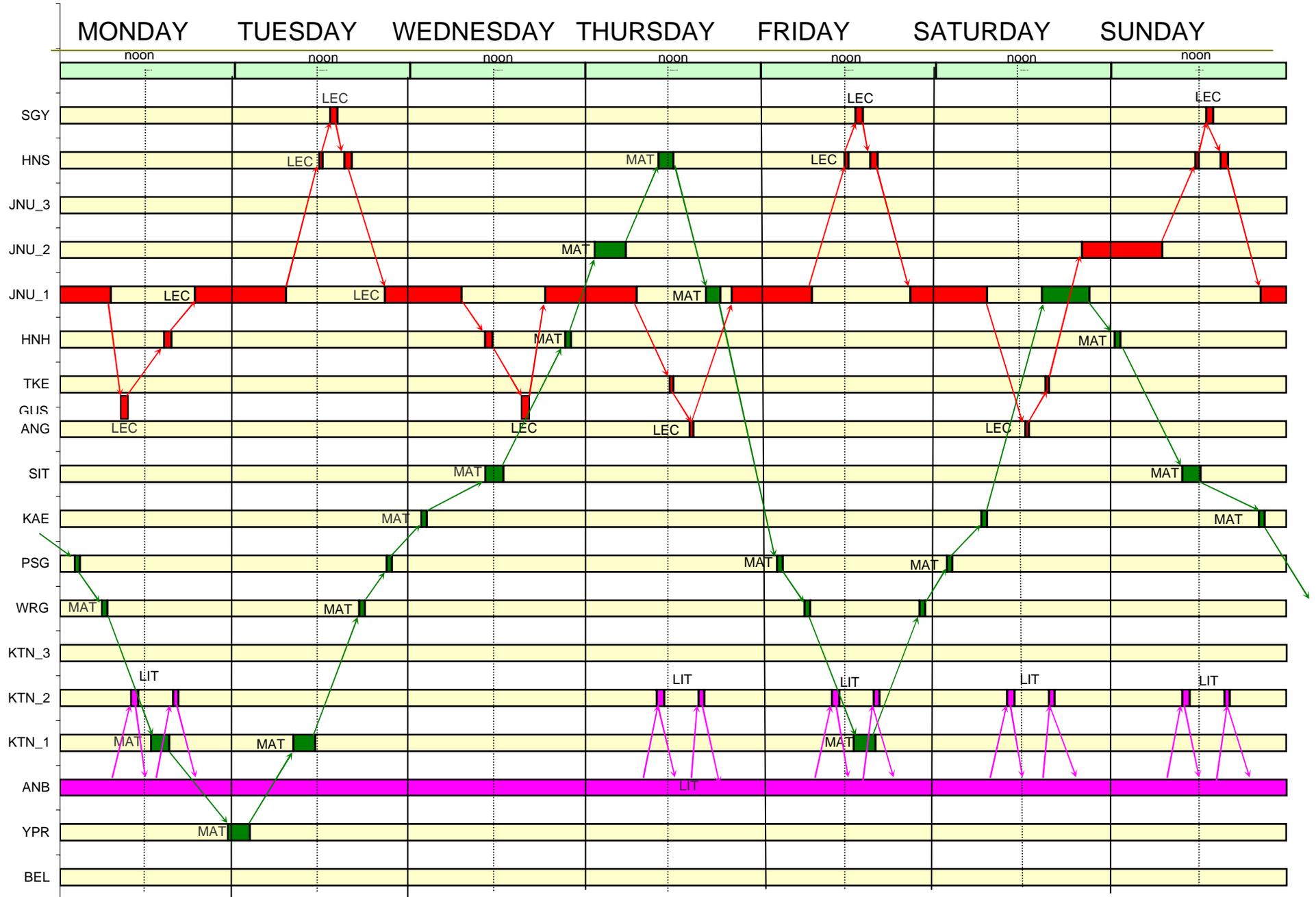


DRAFT

SE Winter 2019-20 Nov-Dec, Mar-Apr YPR 1x Mo

DRAFT

Revised 07-11-2019



## 2019-2020 F/W/S SOUTHEAST COMMUNITY EVENTS

rev 7/9/19

### OCTOBER

ANB/ANS Grand Camp Convention  
Octoberfest Celebration  
Alaska Day Celebration **SIT**  
Annual Bridge Club Tournament  
Region V Honor Festival

### NOVEMBER

All Native BB **YPR**  
Bald Eagle Festival **HNS** Nov 6-9  
Whale Fest **SIT** Oct 31-Nov 3  
Volleyball 3A/4A **JNU**  
Region V Swim/Dive

### DECEMBER

Victorian Yuletide Celebration **SGY**  
Wrestling 1A 2A/3A/4A **JNU**  
Clarke Cochrane Christmas Classic **KTN**

### JANUARY

Legislature Reconvenes **JNU**  
Alcan 200 Snowmachine Race **HNS** Jan 18-19  
Edgecumbe Invitational **SIT**

### FEBRUARY

Dick Hotch Basketball Tourney **HNS**  
Sitka Jazz Fest **SIT**  
1A Basketball Tourney **KTN** Mar 4-7  
All Native BB **YPR**

### MARCH

2A/3A/4A Basketball Tourney  
Buckwheat Ski Classic **SGY** 21-Mar  
Gold Medal Basketball Tourney **JNU** Mar 15-21  
Spring Break Smithers **YPR**

### APRIL

Alaska State Folk Festival **JNU** Apr 13-19  
High School Music Festival **SIT** Apr 16-18  
Stikine River Birding Festival **WRG**  
Art Festival **HNS**  
Legislature session ends **JNU**

Please review the above Community Calendar of Events and comment on any events that are missed for your community. Schedule patterns may be changed if warranted to be able to provide service to/from the events.

DRAFT

SW Winter 2019-20

DRAFT

Revised 07-11-2019

MONDAY

TUESDAY

WEDNESDAY

THURSDAY

FRIDAY

SATURDAY

SUNDAY

noon

noon

noon

noon

noon

noon

noon

SDV

HOM

ORI

OU

KOD

CHG

SDP

KCV

CBY

FPS

AKU

UNA

CHB

WTR

VDZ

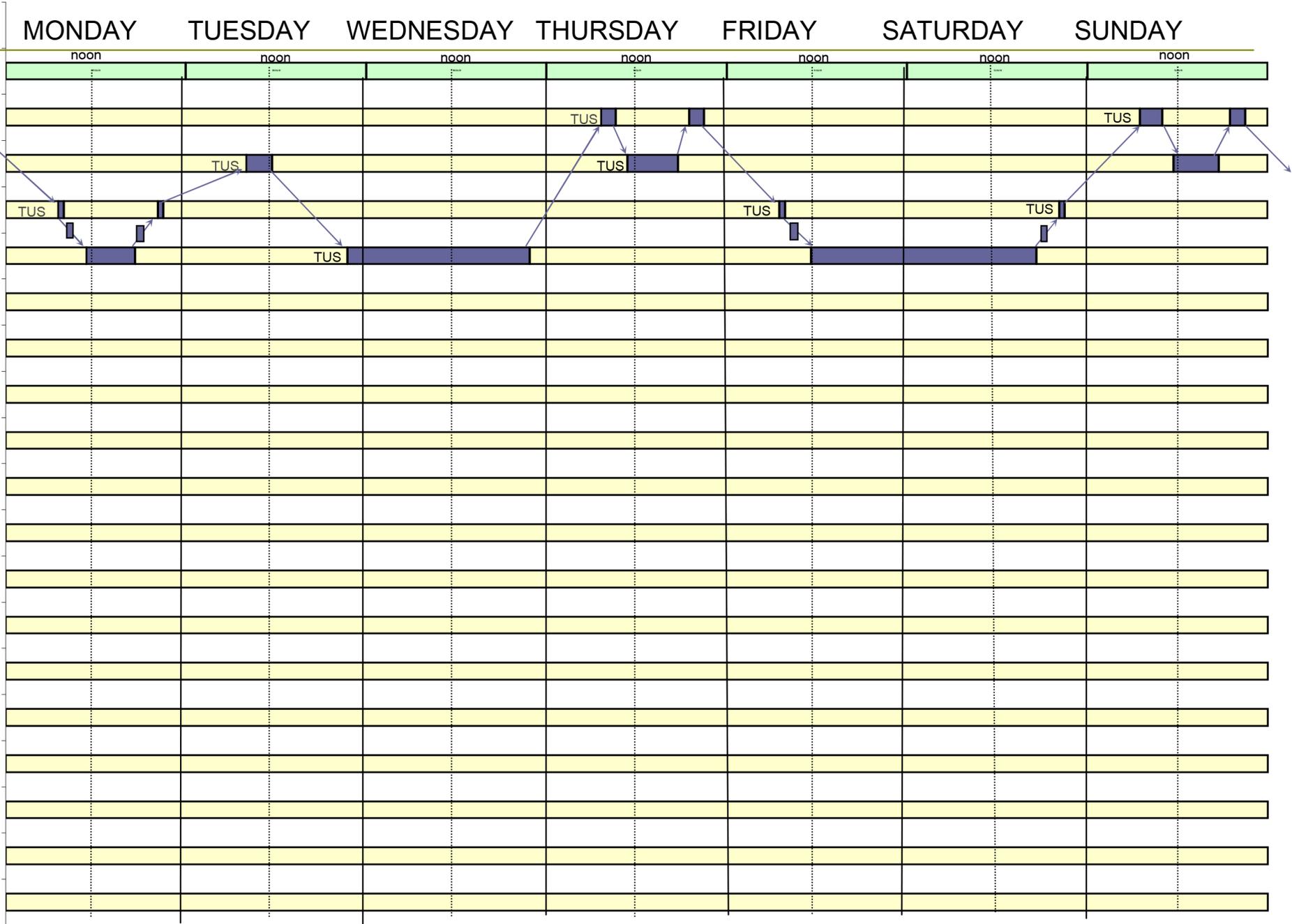
TAT

CDV

YAK

JNU\_1

TUS



## **MTAB Anchorage Meeting**

**July 16, 2019**

# **Vessels**

### **M/V Matanuska Repower Winter 2018 to November 2019**

The Matanuska Federal project is ongoing, consisting of the addition of new engines and a new steering system replacement during the winter of 2018 and into the summer of 2019. This project will replace the main engines, reduction gears, control systems, shafting, propellers, rudders, associated auxiliary equipment, switchboard, exhaust and waste heat boilers, bow thruster, steering gear, electrical generation switch boards, house and stack repairs, painting, security upgrades, miscellaneous system upgrades, rescue boat and davit upgrades, structural repairs, exterior and interior paint, and a state overhaul. Also included in the project is a USCG mandated major conversion, which will bring many of the SOLAS requirements up to present day standards. The contract was awarded to Vigor Industries in Portland Oregon, and commenced in November 2017, and current plans have the vessel re commencing revenue service during the beginning of November 2019.

### **Malaspina SOLAS Waiver**

The AMHS has received a SOLAS waiver for the Malaspina to run into Prince Rupert in place of the Matanuska, the waiver was due to expire on August 1, 2019, although AMHS management has secured an extension to the waiver until December 31, 2019.

### **Fleet wide Lifesaving Equipment Upgrades**

AMHS has an ongoing federally sponsored project to upgrade fast rescue boats and davits where needed. To date, the Columbia and Kennicott have had new davits and new fast rescue boats installed. The Matanuska will receive a new davit and fast rescue boat during its current re-power project.

### **Chenega - Fairwather Layup Update/ Sale**

The Chenega and Fairweather continue to remain in an unmanned layup in Ward Cove, Ketchikan. Per a contract between the State and Ward Cove Industries, the vessel is being monitored for security purposes. AMHS engineering staff also makes scheduled visits to the ship to check on the vessels condition.

The state has also commenced exploring the procurement of a Marine Broker to assist with the sale of the 2 FVF's.

## **MTAB Anchorage Meeting**

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### **Passenger Services Upgrade Amenities Project**

A federally funded fleet wide passenger services upgrade project is in the early stages of planning. Upgrades to public spaces will also include galleys. Work will be completed during vessel overhauls and CIP's. Vessels receiving upgrades first will be the Leconte, Kennicott, Aurora and Lituya, followed by a second project for the vessels Matanuska, Malaspina.

### **Tustumena Replacement Vessel Project**

The 100% PS&E (Plans Specifications and Estimates) package is complete.

The original Buy America Waiver Request is with the Federal Highway Administration in Washington D.C. AMHS has also submitted a new second Buy America Waiver request to FHWA. The AMHS has also recently reduced the waiver items to a total of 3 items at a value of approximately 3.0 million dollars.

A go forward decision regards construction will be considered after the Northern Economics study is released in November 2019.

### **Tustumena Replacement Vessel Characteristics**

- Length Over All (LOA) | 330 Feet
- Depth | 24.5 Feet
- Breadth Over All (BOA) | 71 Feet
- Design Draft | 15' – 10" to 16' – 6" (End of Service Life)
- Air Draft | 90 Feet
- Cruise / Service Speed | 15 Knots
- Vans & Cars | 12 Vans & 27 Cars
- Cars Only | 54
- Vehicle Loading Ability | Stern & Side (Port & Starboard)  
| Vehicle Elevator
  
- Vehicle Lane Length | 1,180 Feet
- Passengers | 250 (Berths for 104)
- Officer & Crew | Minimum Manning IAW Regulatory Requirement

## **MTAB Anchorage Meeting**

**July 16, 2019**

### **New Reservation System**

The new reservation system is now being used throughout the system. While implementation of the new system has not been without its challenges, the transition process has gone relatively smooth due to the hard work of terminal and vessel staff. The handheld scanners and kiosks are still being tested to ensure full functionality with kiosks being ready for use in selected manned terminals in the near future. The hand held scanners work well with cellular connectivity, although in ports without a cellular connection, an off line operation is still necessary. The goal of the new satellite system contract is to remedy the hand held scanner issues in some ports which have a lack of cellular connectivity, and the GCI satellite system contractor is currently working on the local connectivity issues. Recently the reservation system contractor sent a team from Finland to Ketchikan, to spend a week with AMHS staff, and many issues were corrected, along with a plan to correct the remaining problems. The time spent with the contractors team, also included visits to ships passing thru Ketchikan to interact with vessel crews, along with email correspondence to all senior vessels staff, updating them regarding the progress that was made.

### **Alaska Class Ferries**

The MV Tazlina is now successfully operating in Lynn Canal as a day vessel.

The Hubbard is now under state ownership, and is docked at South Berth, Ketchikan. Currently a small AMHS security and maintenance staff is aboard the ship, overseeing the completion of the Vigor Shipyard punch list items and making final preparations to operate the vessels commencing in the spring 2020.

Both ACF vessels will also go to a shipyard, which is yet to be determined, to have forward starboard side vehicle doors installed over the winter 2019/2020. The new vehicle doors will improve vehicle deck loading and discharging speed and also improve the number of large vehicles which the ship can carry. Currently the side doors are under construction. Door installation should commence during January 2019.

### **Malaspina Federal Project**

Commencing in December 2019, the Malaspina will go to a shipyard, yet to be determined, to commence a steel replacement project on the ships vehicle deck. The project will be federally funded and take approx... 6 months.

### **MV Columbia**

The Columbia will go into a long term cost savings layup in Ketchikan commencing in September 2019.

## **MTAB Anchorage Meeting**

**July 16, 2019**

### **U.S. Customs and Border Protection Need Law Enforcement in Prince Rupert**

U.S. Customs and Border Protection has informed AMHS that they will require that armed law enforcement officers are present in Prince Rupert accompanying their U.S. Customs agents by September 30, 2019. Should the AMHS fail to accommodate this mandate, then U.S. Customs has informed AMHS that they will no longer support clearance operations, and thus AMHS will be unable to clear passengers entering the U.S, thus stopping operations in Prince Rupert. The City of Prince Rupert does not have a police force, which thus requires the AMHS to utilize the Royal Canadian Mounted Police. Regards contracting with the RCMP, the RCMP do not have the ability to sign such agreements, thus the AMHS is now working to procure the RCMP via the City of Prince Rupert.

## **Terminals**

### **Haines ACF End Berth**

This project consists of design, construction and the addition of one bow/stern loading dock for berthing the new Alaska Class Ferries. Shore side and uplands improvements will also take place. Construction is estimated to commence during spring of 2022.

### **Prince Rupert Ferry Terminal Replacement**

The Prince Rupert ferry terminal dock replacement project remains in a stalemate over Buy America act compliance issues. In the meantime, AMHS is continuing to conduct minor repairs and maintenance in an effort to keep the facility functional and safe, with the dock also undergoing a yearly structural inspection by DOT&PF structural engineers.

### **Skagway Ferry Float Replacement**

The project is ongoing, with a completion date of January 2022.

### **Ketchikan Terminal**

This is a two phase project consisting of the replacement of some of the of existing vessel berthing and mooring structures, placement of a new turning dolphin between berths 1 and 3, refurbishment of fenders and platform components at the berth #3 float, construction of a new pedestrian covered walkway structure over the existing sidewalk from the terminal building to the berth #3 approach, and the placement of cathodic protection anodes on existing pile supported structures at berths #1 and #3.

## **MTAB Anchorage Meeting**

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The first phase of the project consisted of a dolphin upgrade, with covered catwalk from the terminal to berth #3, along with some utility work being completed. The Berth 3 side fender upgrades and remaining utility work on the Berth # 1 transfer bridge will be completed in February 2021.

### **Ward Cove Layup and Working Berth Facility for AMHS**

Details still need to be worked out between the State, EPA and the Ketchikan Gateway Borough, regarding the environmental aspects of the project and its potential to disturb the sediment cap, before any layup facility can be constructed. Also, presently there is insufficient funding to construct the marine structure.

### **Gustavus Terminal Improvements**

The design is now completed, and the construction is expected to take place between March and May of 2020, at which time the terminal will be out of service. The planned completion date is in July 2020.

### **Tenakee Springs Dock Replacement**

The environmental documents are completed, and SC Region Engineering is now awaiting final design notice to proceed. Construction is expected to be completed during August 2020.

### **Whittier Terminal Fender Upgrade**

Adjustments are being made at the Whittier terminal to the fender arrangement, so as to accommodate the docking of an ACF. Upgrades will be complete by May 2020.

### **Waste Water Treatment System Replacement**

Preliminary design work and environmental scoping is ongoing for the replacement of in ground wastewater systems located at state owned terminals in Auke Bay, Sitka, Haines, and Skagway. The project is expected to be completed during July 2020.

### **Underground Diesel Storage tank Removal**

Eight underground diesel storage tanks located at state owned terminals in Skagway, Juneau, Wrangell, Petersburg, Ketchikan, Cordova, Sitka, and Valdez are being removed and replaced by above ground storage tanks. The project is expected to be completed during July 2020.

## **MTAB Anchorage Meeting**

**July 16, 2019**

### **Auke Bay Terminal Improvements**

This project includes work to upgrade the existing marine structure to accommodate the ACF vessels during winter high wind conditions. Also sanitary sewer and shore tie power upgrades will take place. The project is expected to be completed during April 2020.

### **Shore side Condition Survey**

The annual shore side marine terminal inspections for FY 2020 are underway, with the process of drafting the report to follow.

## AMHS Reservation System Limitations

### Issue:

AMHS is not consistently capturing passenger data critical for business planning, marketing, and other communications.

### Background:

Through 2015, AMHS captured passenger country of origin and U.S. zip code data that allowed analysis of passenger composition.

Currently, AMHS requires only passenger name, date of birth, and phone number. Passengers are not required to provide any location information such as zip code, nationality, or state.

There are no fields to enter this information when booking online (with the exception of travelers who have created and logged into a customer account). Reservation agents making sales in person or over the phone have the option of asking for passengers' information—but are not required to.

In addition to internal marketing and business analysis, McDowell Group has relied on passenger origin information for a number of projects.

- Passenger origin data was analyzed as part of the *AMHS Reform* project, greatly improving Alaskans' understanding of AMHS customer base and value.
- Differentiating between Alaska resident and non-resident passenger volume is needed for several aspects of *Alaska Visitor Statistics Program* including sample selection, data weighting, and estimation of statewide and community visitor volume.
- Non-resident passenger volume is essential when determining the *Economic Benefits of the Alaska Marine Highway System*.
- Tourism development reports for individual DMOs and municipalities have benefited from passenger origin data. For example, for a report on Haines' winter visitor industry, we were able to report the number of Juneau and Yukon residents using AMHS to access the community.

### Recommendation:

Reinstate the practice of collecting country of origin and U.S. zip codes at the time of purchase.



P.O. Box 240605  
Douglas, AK 99824

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907.463.3433 fax  
FTFAKFoundation.org

June 13, 2019

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Executive Director

The Honorable John MacKinnon  
Commissioner  
Department of Transportation and Public Facilities  
PO Box 112500  
Juneau, Alaska 99811-2500

RE: Alaska Marine Highway System

Dear Commissioner MacKinnon:

The funding for the Alaska Marine Highway System (AMHS) in the 2020 legislative appropriation is significantly reduced from previous years. The time for action reducing annual expenditures should begin as soon as possible. We would encourage you to begin to make the difficult cost saving actions such as reductions of amenities and streamlining management and staffing levels as soon as possible. Action today will help prevent stopping service in the latter months of the coming fiscal year.

We appreciate that the Administration is hoping to get a consultant's report in October discussing the future options for the AMHS. The AMHS is a critical transportation for Southeast communities. Waiting until that time to begin responding to the fiscal reality of FY 2020 will make dealing with the issue far more difficult without shutting down the system next Spring.

This funding reality for the AMHS cries out for alternative transportation opportunities. Two important opportunities are Juneau Access and a terminal at Cascade Point. These opportunities should be high priorities for the Department action.

Thank you for your consideration.

Joseph Kahklen  
Board President

cc: Ben Stevens, Office of the Governor  
Robert Venables, Southeast Conference

**First Things First Alaska Foundation (FTFAF) is dedicated to preserving the economic viability and future of Alaska through education. There is a clear need to educate the public on the benefits of responsible economic development and natural resource management.**

## AMHS ITERATIVE PLAN\*

### MTAB members:

A group of Ketchikan stakeholders have been meeting over the last few weeks to contemplate the future of the AMHS in light of the recent budget cuts. There is recognition that the Administration has a consultant working on long-term recommendations which may take many months to implement after the report is released in October. However, the ferry system cannot wait to reduce its operating cost without impacting service levels severely. Radical change must take place within the next 90 days. This past week the group discussed these recommendations and submit them for MTAB's consideration as the board advises AMHS and the Governor on necessary actions.

Objectives and short-list recommendations for cost-saving measures:

- a. Staffing levels must be "right-sized" immediately and not wait for consultant's study. Determining proper personnel levels for headquarters, shoreside and fleet may require 3<sup>rd</sup> party assistance (especially since COI is not aligned with contracts).
- b. Adjust COI if necessary, to reduce crewing levels, possibly reduce services and/or amenities on board.
- c. Lower (or no) overtime standards need to be set and met.
- d. Southern terminus needs to be re-evaluated asap with consideration for major changes (analyze seasonal and/or year-round service needs and opportunities).
- e. The Administration should meet with Prince Rupert officials and BC Ferries ASAP to determine Prince Rupert's level of cooperation and the integration of routing, schedules, fares and marketing that BC Ferries can/is willing to provide;
- f. Begin process to investigate private sector opportunities (explore RFP now for reopening bars within current contract confines);
- g. New reservation system not fully operational, many issues with cost overruns, possible long-term fiscal obligations and inadequate data collection (outside analysis needed for accountability and correction).
- h. Marketing focus and scheduling must adjust to new realities and be focused.

Action should take place at the earliest opportunity. Investigate these initiatives now so that budgetary savings can be outlined and possibly achieved while the Administration's consultants continue their work.

Sincerely,

Dennis Watson  
AMHS Reform  
Southeast Conference

\*Iterative Planning is a process for arriving at a decision or a desired result by repeating rounds of analysis with an objective to bring the desired decision or result closer to goal after each analysis

## AMHS Reform: Interim Measures

The interim measures identified below recap where AMHS Reform efforts were focused last year. It is important to review the relevancy and priority of each measure and identify any new objectives for 2019.

### *Measure 1: Stabilize Funding*

State funding has a direct impact on service levels, revenue generation potential, and employee retention.

### *Measure 2: Fleet and Terminal Standardization*

Financial and operational efficiencies will result from fleet and terminal standardization.

A *Long-Range Capital Plan and Deployment Strategies* was recognized as a priority in 2018. Anticipated analysis included: examination of how and where Alaska-Class vessels are deployed, needed terminal modifications, additional infrastructure needs.

### *Measure 3: Continue Robust Market and Revenue Analysis*

The Phase 2 report provided insights regarding AMHS operations and revenue centers. Maintaining this information and identifying changing market trends is critical to deploying resources effectively.

Under the current configuration, the AMHS reservation system severely limits the level of passenger detail available for analysis as zip codes are no longer required passenger information. This is a critical component of data necessary to maximize revenue generating opportunities.

### *Measure 4: Update Critical Economic Data*

There was considerable interest among the public and legislature in information cited in the report *Economic Impacts of the Alaska Marine Highway System*. The report, which reflected data for 2014, was identified by the Steering Committee as information that needed to be updated.

### *Measure 5: Address Labor Relations*

AMHS labor negotiations are led by Department of Administration (DOA), with technical support from AMHS. Although considerable time and effort is invested by DOA and AMHS, people in lead positions are appointed by each new administration. Strategy and communications are affected by turnover as well as the size and complexity of current contracts.

AMHS should negotiate with unions directly, which can help align labor and management interests and reduce labor costs strategically where possible. Additionally, a Director of Labor Relations should be established within AMHS. The Director should be responsible for labor disputes, freeing other senior AMHS staff. (The Alaska Railroad, with 700 employees and five employee unions, manages their own labor negotiations with one director who handles negotiations, disputes, and discipline.)

### *Measure 6: Public Corporation Development*

AMHS Reform efforts have consistently prioritized a governance change as soon as possible.

### *Measure 7: Employee Communication*

Outreach to employees was improved by having union representation on the AMHS Reform Steering Committee. Further communication and regular face-to-face meetings between AMHS management and the unions are essential to ensure that information is consistently and accurately conveyed to employees.

### *Measure 8: Explore Sources of New Revenues*

The Revenue Analysis in the Phase 2 report included a suite of options for generating funding to support AMHS. Non-operating revenue options ranged from bonding, capital endowment, gaming, and a local option fuel sales tax. The report provided an overview of each option; further analysis is needed regarding logistical and political implications.

Additionally, AMHS should pursue opportunities for partnerships and concessions that enhance onboard service and operating revenues, such as food service, bars, and retail operations. The revenue-generating potential of shoreside land holdings should also be explored.

### *Measure 9: Maintain Public Support for Legislative Changes*

The Steering Committee must evaluate and update its communication strategy, tools, and tactics before the 2019 Session commences. Coordination and communication between the Steering Committee, AMHS supporters, communities, tribal governments, and key contacts should be well-established by then.

Legislation will need to be reintroduced in 2019 with the convening of a new legislature. The public support generated by Steering Committee will directly influence the momentum for introduction and passage of a new bill.