

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM
ALASKA MARINE HIGHWAY OPERATIONS BOARD (AMHOB)
February 11th, 2022 10:00-4:00

PHYSICAL PUBLIC MEETING LOCATION: DOT&PF Headquarters Room 140; 3132 Channel Drive; Juneau
PHONE LINE: 1-855-925-2801 **Meeting Code:** 5612
PUBLIC FACEBOOK LIVE STREAM: <https://publicinput.com/amhobpublic>

Board Members: Alan Austerman, Captain David Arzt, Wanetta Ayers, Cynthia Berns, Norm Carson, Paul Johnsen, Shirley Marquardt, Captain Keith Hillard, and Deputy Commissioner Rob Carpenter

Staff Attendance: Katherine Keith, Andy Mills, Tera Ollila, and Sam Dapcevich (DOT&PF)

POST-MEETING WRAP-UP

Location of Live Facebook Meeting [Part One](#) and [Part Two](#);
[10:26-12:17 Meeting Transcripts](#)
[2:00-2:52 Meeting Transcript;](#)
[2:52-4:12 Meeting Transcript;](#)
[Online Comments](#)

MINUTES

10:00 a.m. Welcome/Roll Call

All members were present and a quorum is established.

10:05 a.m. Review Agenda

No changes were made to the agenda.

10:10 a.m. Opening Remarks Roundtable

Commissioner Anderson offered opening remarks and in turn, each member offered their remarks.

10:40 a.m. Board Organization (*Organization, Ground Rules, Process, Information Sharing, Support Needed, and Public Engagement Options*)

The members voted unanimously for Shirley Marquardt as chair and Wanetta Ayers as vice-chair for one-year terms. Captain Hillard offered a letter pertaining to a potential conflict of interest to the board. Keith Hillard presented potential conflict to the chair; no action determined to be needed at this time.

11:10 a.m. AMHOB Roles/Responsibilities

Katherine Keith presented [materials](#)

Governor Dunleavy signed HB 63 into law on August 16, 2021 repealing the Marine Transportation Advisory Board (MTAB) and establishing the Alaska Marine Highway Operations Board (AMHOB). AMHOB will advise DOT/AMHS on numerous initiatives. AMHOB is composed of our deputy commissioner assigned to AMHS and eight public members. One seat is from a recognized union

representing our employees; One represents Alaska Native organizations; the Gov appoints two; two by Speaker Stutes, and two by Senate President Micchiche. The seats are staggered but established in statute. According to HB 63, in consultation with AMHOB, DOT will prepare a short-term plan and a comprehensive long-range plan that will consist of priorities and goals with a proposed strategic maintenance and vessel replacement plan. They may also recommend performance measures. Information about this board can be found at the DOT's AMHOB website.

11:30 p.m. AMHS Materials Review

Katherine Keith presented 2nd part of the slide deck [materials](#) and provided an overview of the [handouts](#).

11:45 a.m. Public Comment

Public comments were offered by P. Phillips, Shannon Adamson, Representative Stutes, Larry Johanson, and Robert Venables. (*See below*)

12:15 p.m. Recess through Lunch

2:00 p.m. Roll Call

All members were present, and a quorum is established.

2:05 p.m. AMHS Current Challenges (Strategy, Operations, Business, and Engineering)

Katherine Keith presented [materials](#)

2:30 p.m. Q/A

2:50 p.m. Dialogue to Review Current AMHS Operating Principles

Time did not allow for this discussion and it will be brought up again at a later meeting.

3:10 p.m. Determine Timelines and Responsibilities for Next Steps (Performance Goals, Long-range Plan, and Future Meetings)

Despite perspectives, there was substantial overlap on four immediate priorities. AMHOB would like to focus on long-term fleet planning to be prepared to offer operational and capital funding recommendations while the legislature is in session and the potential exists to increase federal funding. Knowing it is hard to make decisions without a long-term plan, DOT was asked to compile what is currently available for the plan. The board will begin its contributions by establishing systemic performance measures. Other top priorities are addressing staffing shortages, considering governance options, and looking at partnerships for low-emission and electric ferries. Board Member priorities:

STRATEGY

Systemic performance measures (WA)
Short-term plan and goals (CB)
Long-term plan, vision, and goals (KH, CB)

OPERATIONS

Terminal/vessel/Route utilization and configuration (NC)
Addressing the staffing shortages (CB, KH)

BUSINESS

Infrastructure funding and possible state funding ideas (SM)
Governance options and analysis (SM)

ENGINEERING

Fleet Planning recapitalization/optimization/reconfiguration (KH, DA, WA, SM)
Conversion to non-fossil fuel-based operation (PJ)

Motion made by Shirley to send out tentative options for recurring biweekly zoom meetings that are suitable for staff and members. Seconded by Rob Carpenter. Vote 9-ayes; 0-nos. Motion passed.

Members voted to meet every other week for two hours for the near future. The meeting topics align with their top priorities. The next meeting will include a discussion on the 20-year optimization plan, AMHS budgets, and infrastructure bill opportunities. After that, they will establish goals and performance measures. Of course, the course will be amended if members identify other priorities to focus on.

Next Meeting

MEETING 1: Optimization Plan, Vessel Recapitalization,
Provide: 20-year optimization plan
Presentation: Fleet planning
Staff support: Matt McLaren; James Marks,

MEETING 2: Goal setting or performance measure setting
Provide: AMHS's short-term goals
Presentation: Metrics
Staff: Matt McLaren

3:45 p.m. Board Closing Comments

Each member offered closing remarks

4:00 p.m. Adjourn

Meeting adjourned at 4:04 pm

Participation

There was a high level of participation. Combined, our AMHOB website and Facebook page had over 1,150 viewers. 7 stakeholders offered public comment, including Representative Stutes, and over 50 comments were left.

Action Items for DOT&PF

Action Items:

- Email out phone numbers and email addresses to board
- Review the process for the public to connect to the board such as a common email
- Set up a recurring zoom meeting cycle for 2 hours every other week.

- Provide a report on RSA budget, remaining funding, and forecast through 6/30/22
- Share public comments with the board members
- Development of a FAQ regarding AMHOB/AMHS for the website
- Being compiling planning processes toward a comprehensive long-term plan

PUBLIC IN-PERSON AND PHONE COMMENTS

Patricia Phillips

I'm mayor for the city of Pelican for inviting me. I appreciate that the term stay sustainable and sensible, and staying the course to provide reliability. And so the small towns, you know, that rely on this link that the highway system provides us. I mean, so you have Angoon, Kake, Icy straight corridor, Pelican and you know, somebody mentioned bare minimum service. And it's like, I think we're there now, but there's talk of making us even less. I mean, even more, bare minimum and think bare minimum is like, needs to be determined what that is with community input, because it, it's not what it is now. It's not enough service. I was at the Southeast conference and we get to chat during the breaks. And Senator Stedman came down to the meeting and met with us, you know, rural communities, Angoon Kake, Pelican and Yakutat and Jody Mitchell was there from IPEC. She represents small rural communities, but electrical, you know, co-op but it was, you know, the vice mayor of Kake, Pauletta Jackson who told me that Pelican gets better service than Kake. I'm thankful this service for the service that we get in Pelican, if we can be in there, you know, at, at a better baseline than now for the long term, that would be great. And so, you know, talking about the STIP, if you're, cuz you look at the, what provides service to Pelican is the, and the LeConte and Aurora. And we're really thankful for the Catamaran service that's coming in. Cause they can utilize our dock, but the very terminal dock can only handle those two vessels. We can't handle any other vessels. So, there's really no diversity in the schedule to Pelican. We have to go with either one of those vessels. If you could include a dock modification in Pelican in the STIP, so other vessels could come to our dock, that would be great. Thank you for your service and I'll be listening in now.

Representative Stutes

I just want to say thank you to all of the board members who have so graciously agreed to participate on this board. I am really excited. You have a daunting task in front of you, but I'm looking at the makeup of this board and we're very, very lucky. We have some very capable, bright, smart people, and I'm excited. And I just wanted to call to say thank you to you all.

Larry Johanson

My comments come from many years of experience. In fact I was born the same year that the ferry system was created. To say I have grown up with the ferries would be an understatement. Through out my life stages I have gotten to know the ferries very well. I have sailed on everyone of the ferries in my lifetime including the Wickersham. In the summer my mother would take the family station wagon and take the ferry to downtown Seattle at the Alaskan Avenue terminal to visit my grandmother. When we came back she would have bought enough whole sale food to fill the car and last the winter. As I got older school trips on the ferries was how we all gathered for basketball tournaments. It was the same age cohort from other towns that we had always known. It was celebration like in that half the school went on theses trips not just the players. The pep band cheer squads and even the honor society got to go too. I went north on the ferry to Haines and on to Wasilla via the un-paved Alaskan Highway to visit

my family. Skagway did not have a road out of town yet. I would take the ferries south to Prince Rupert to connect with the highway to Seattle hospitals. I would take the ferry to go to college at Bellingham once it became the southern terminal. As an adult I worked nearly 30 years in the tourism business for the West family. When Cruise West folded in 2010 and I was the Director Southeast Alaska Operations. In that capacity I was responsible for all land side operations which included stevedoring motorcoach and sales & service. I became noted for my creative solutions under stress and rose through the ranks and as the company grew to 8 ships operating in Alaska I was able to train and develop a staff of over 60 employees in three division in Ketchikan Petersburg and Juneau. We operated high end tours with small ships that promised high service. Our guest paid easily 1000 and upwards day for their cruise to Alaska and we always had the highest rating on land of service and guest satisfaction. There is a lot of pressure to deliver exceptional service to someone expecting that high level of service. My experience here is unique and Board should pay attention to what I am proposing in the next section. In my professional career I again relied on the ferry system to move my fleet of 40 vehicles among the different towns. I also used the ferries to get myself around Southeast Alaska. I have indeed grown up with the ferry system. During my long career I was in position to hire many employees and silently flipped a 90% out of state hire to a 90% in state hire by the time I left Cruise West. Many of the people I hired from out of state have since become state residents and are contributing citizens. I also established a working arrangement with over 100 local business that serviced our Alaskan fleet of ships. I was loudly an internal advocate and quietly a public advocate of turning Juneau into a major turn port for almost every ship in our fleet with an over night stop in Juneau. That would drive more than 10 000 visitors into local restaurants hotels and excursions. I understand how to maximize economic impact because I've done it. The other factor that contributes to my understanding is my father who worked many years on the ferries and was the Regional Director of IBU for several terms. Growing up I saw my father working with the members of the Inland Boatsman Union to the benefit of its members and their families. In the end it is the employees that make an organization work well. What do I recommend to ensure that the AMHS thrives going forward? We open the Prince Rupert Terminal immediately. I can't believe we have allowed this vital link to disappear from the system. It really is important that we open up this option. Accessing this route will allow travelers to flow through and feed the other routes and drive people into the towns of Southeast. If Prince Rupert cannot or will not cooperate there is no reason we can't go to Hyder to access the highway south. We maximize the ferry system to the economic potential of its riders. Somewhere someone decided that it was to everyone's benefit to move the ferry terminals out of the towns that they serve. Yeah it is cheaper to operate from a lot 20 miles out of town but that does not do anything to strengthen the economic impact of travellers getting on and off the ferries. If we were to prioritize the location for ferry terminals based on their economic potential for the hotels restaurants and other services the economic multipliers could easily make up the cost of operating in downtown locations. At least experiment with this in the winter time when Ketchikan and Juneau basically close up downtown. Offer vendor services and opportunities to third parties on board the ferries. There are many services that people would pay for onboard the ships if they were available. Subway Super 8 Cindy's Cruises and tours or whatever the private industry deems they can sell. There should be space and facilities that could be granted to private industry to provide. Wherever we are able to provide a customer pool there is an opportunity to make money and provide a service. People will pay for a good service that is needed. Long before oil was discovered in Alaska the founders and early leadership of the AMHS saw the establishment of the ferry system as the great economic stimulator for All of Alaska. To save the ferry system we need to resort to thinking again that it is an

economic stimulator. The key emphasis is to use the ferry system as the great hope for economic development for all of Alaska yet again. Thank you for the opportunity to share my thoughts on the future of the AMHS.

Robert Venables

Good morning. I'm Robert Venables. I am the executive director for Southeast Conference. And want to say again with the word of thanks both, to the Governor and to the legislature for really prioritizing input from this board. I think that is critical for the needs of the system that depends on the system. And I think that you extend thanks to each of you for bringing you, your time and efforts to, to this there's a large body of, of, of work. And I think you all are largely aware of it. And that resulted out of both reshaping studies that is concluded and also the AMHS reform efforts plus 20 years of stacks of studies as well, which if you have a part-time finding those and have some significant point to that direction, but as resources, I want to offer myself as well as Southeast Conference to always be available to you individually. I hail from Haines where I spent over 30 years residing in the home place of the Marine highway. System's first, regularly scheduled commercialized system course now Southeast conference were formed in 1958 to advocate for the formation of the Marine highway system. And then

It just makes you sound old. So anyway, I think I just want to make sure that you knew that we have made ourselves available to you to be a resource at any time, but thinking of resources, one of the things that want to really recommend as a former MTA member and as one that you know, advocated for house bill 63, as I'm really glad, also wanted say that the efforts to create a professional board and to have a change. My management director were recommendations that came out of the last group. So I'm really glad to see that, to see Katherine tire and the energy she brings to this. One of the things, that she's already noted to you that says the board must do is take a look at the gap. As you take a look at the professional skills that you bring forward to the table, not everybody has everything and collectively there may be gaps.

And so that's one of the things that the law calls for you to examine. And in my mind, the I of the reason for that is so that you can make sure to balance that and seek that counsel and expertise out. And one of the things I would really recommend this for take the look at, especially in light of the fact, there's an opportunity to weigh on budget request is that you have your own consultants that could be on call that you can vet information that comes in there are many times where you're getting information streams and just you want to check it out. And I really think that would be of value to this board. Be able to have someone on call that is your, your consultants, and kind bring a different perspective at times. So I want to throw that, that concept out your way and just kind of touch base, on a couple of things.

That's our membership identified as, as concerns during our three days just included these resolutions have not been adopted yet by the board. So as soon as they are in the form that they're in, we'll pass them to you. But I just kind of want to share some of the things that we're tracking and following and want to work with you on as well. One is the fact that as I mentioned about the, the, IJA funds that are coming out there are funds there to do some really exciting work, to modernize the fleet, take a look at low emissions and electric carriers. We're already having that dialogue at the state and federal level, and we're really excited about what those things bring, but also the strategic use of those funds to make sure. And that's what the, one of the resolutions calls on, is that we know that some of those funds should be, and need to be used for operations, but at the same time, we want to find that balance between just consuming those funds and using those funds for long term investments.

And then finally, of course, you know, our efforts to support whatever governance and staffing changes that should be made in order to make the system more responsive and effective going forward. So those are the kind of the main concerns that we, we will continue to work on at Southeast Conference, but we know those are, are high on your list as well. And as a chair, you know, talking about, you know, short term versus long term horizons. I think that the answer is, yes, you have to, you have to know that your short-term efforts are going towards your long-term horizon. Then you have to have a long term plan in order to know what you work on, but really urges, take a look at this five-year horizon with the IJA money and really weigh in far and strong on how those should be invested, not just used cuz right now, by there's more, more money available to AMHS than there's been for a long, long, long time. That's not reasonably excited about operations as its reason to be excited about investments. And so, we really challenged the board, to take a hard look at that and let us know there's anywhere that we could be a resource to you for your service.

Shannon Adamson

My name is Shannon Adamson. I am the Alaska regional representative for masters Mates and Pilots. MMP represents the licensed deck officers with AMHS, but I'm also speaking on behalf of the Marine engineers, beneficial association, and the union. So the three of us in general represent all the licensed and unlicensed deck crew on the system. I, I wanted to make sure that, that we acknowledge the elephant in the room, which is that the crew members tend to be a very high-cost item with AMHS. I like to think that we have a symbiotic relationship in that it is in to run as much as possible, but the crew members, the communities, and DOT. So what I would like to say is that we would like to be considered a resource or some way that we can assist as much as possible and try to create a system that works for everyone. I want to agree with Robert that a consultant might be a great idea to provide some outsider fresh perspective, but I want to close by saying that we would like to be contacted or included in anything that could be beneficial for everyone involved.