

**STATE OF ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES**  
**ALASKA MARINE HIGHWAY SYSTEM: ALASKA MARINE HIGHWAY OPERATIONS BOARD (AMHOB)**  
**July 1<sup>st</sup>, 2022 1:30-3:30**

**PHONE LINE:** 1-855-925-2801 **Meeting Code:** 5612 *(If you call in during the meeting, you can stay on the line to listen to the meeting. To leave a voice message, press \*2 (star, then the number 2). You can also request to speak by pressing \*3 (star, then the number 3).*

**PUBLIC FACEBOOK LIVE STREAM:** <https://dot.alaska.gov/amhob/engage.shtml>

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

**Staff:** Katherine Keith, Tera Ollila, Captain Falvey, Andy Mills, Judy Chapman, and Matt McLaren

Opening				
1:30	Item 1	Call to Order/Roll Call		
	Item 2	Minutes Approval (Item S4 attached)		
	Item 3	Report of Board Chair	Chair Shirley Marquardt	Information
	Item 4	Report of Members	All Board Members	Information
1:40	Item 5	General Public Comments		
New Business				
	Item 6	AMHOB Roles & Responsibilities	Chair Shirley Marquardt	Information
	Item 7	AMHOB CY22 HB63 Deadlines	Andy Mills	Action
	Item 8	AMHS Long-Term Plan RFP	Judy Chapman	Action
Old Business				
2:15	Item 9	Cascade Point Ferry Terminal	Commissioner Ryan Anderson	Discussion
	Item 10	Presentation on Cascade Point by GoldBelt	Goldbelt	Information
3:00	Item 11	Tazlina Modifications	John Falvey	Action
3:15	Item 12	Matanuska Dead-End Corridors	John Falvey	Discussion
Supplemental Information (Not on Agenda)				
	Item S1	Change Management Director Report	Katherine Keith	Information
	Item S2	AMHS General Manager Report	Captain John Falvey	Information
	Item S3	Monthly review of financial statements	Matt McLaren	Information
	Item S4	AMHOB Meeting Minutes from 6/3/22	Katherine Keith	Information
Pending Completion				
	Prepared	Innovation Norway "Lessons Learned"		
	Pending	Best recommendation for retirement status of Aurora or LeConte when Hubbard comes into service.		
	Pending	Basic level of service with the fleet make-up in the modernization plan.		
	Pending	Fare options tried in the past ten years and what kind of success they did or didn't have based on past performance and rider response.		
	Pending	Possible third new vessel in the fleet to serve the 5 small market ports in the Icy Straits region.		

# AMHOB Meeting Materials

AGENDA ITEM 1 CALL TO ORDER/ROLL CALL  
[No Materials]

AGENDA ITEM 2 MINUTES APPROVALS  
[Minutes Attached as item “S5: Meeting Minutes”]

AGENDA ITEM 3: REPORT OF BOARD CHAIR  
[No Materials]

AGENDA ITEM 4: REPORT OF BOARD MEMBERS  
[No Materials]

AGENDA ITEM 5: GENERAL PUBLIC COMMENTS  
[No Materials]

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AGENDA ITEM 6: AMHOB ROLES AND RESPONSIBILITIES  
[No Materials]

**AGENDA ITEM 7: AMHOB DEADLINES AND DELIVERABLES****Meeting:** July 1<sup>st</sup>, 2022**MEMORANDUM**

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**TO:** AMHOB Members  
**FROM:** Andy Mills, Special Assistant to the Commissioner Legislative Liaison, DOT&PF  
**SUBJECT:** AMHOB Deadlines and Deliverables

**Recommendation**

To ensure compliance with the legislative language and intent of HB 63 restructuring the Marine Transportation Advisory Board (MTAB) into the Alaska Marine Highway Operations Board (AMHOB), the department puts forth the following legislative deliverables with their associated deadlines. Additionally, given the significant onboarding of information necessary to fully craft the long/short plans and the longer terms of the board members, we recommend for CY 2022 to truncate the efforts.

**Background**

A briefing of enabling statutes (AS 19.65) was initially provided to the board on February 11, 2022. This briefing was to ground the new board in their renewed and reaffirmed duties but also to be sure they were afforded ample time to prepare for the short-term and long-term plan development requirements as detailed in the statutes. With so much information and unprecedented engagement by the board members, it is clear that interim goals should be considered and made clear - for the board, their assisting staff, and the public – so that clear expectations and real deadlines can be established. While not fully prepared to write a comprehensive long-term plan that meets the requirements of this new AMHOB, initial plans and provide, in part, direction to policymakers in the budgetary consideration are both anticipated and required by the new law.

**Discussion**

While the short-term and long-term plans (A 19.65.011) are deliverables that are clear in their statutory intent, their level of detail and iterative improvement are left to the will and capacity of the board. This resolution is produced for your consideration so that everyone involved, including the participating public, has the opportunity to set expectations that fulfill, to the extent practical, the intent of the new board.

**Fiscal Impact**

The potential resolution below for deliverables and deadlines established for CY 2022 is for the board's consideration and does not currently contemplate a fiscal impact.

**\*End\***

## Resolution 2022-01

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**Alaska Marine Highway Operations Board**

Recommends AMHOB deadlines and deliverables.

**WHEREAS**, the Alaska Marine Highway Operations Board (AMHOB) was tasked by House Bill 63, having been unanimously passed by the 32<sup>nd</sup> Alaska Legislature and signed into law by Alaska Governor Mike Dunleavy, to replace the Marine Transportation Advisory Board (MTAB) with a renewed purpose and to provide the Alaska Department of Transportation and Public Facilities (DOT&PF) with recommendations on the operations of the Alaska Marine Highway System; and

**WHEREAS**, AS 19.65.011 details a short-term plan and a comprehensive long-term plan that shall be prepared by AMHS in consultation with AMHOB as deliverables to the legislature, the Governor, and the public; and

**WHEREAS**, the significant work that is required to accomplish those deliverables for a system as complex as the AMHS requires significant onboarding, data mining, planning, and education will take members more meetings than are typically required of a state board and of volunteer members.

**BE IT RESOLVED** that the AMHOB, DOT&PF, and AMHS shall adopt the following deadlines for statutorily required deliverables under AS 19.65 as initial plans as a beginning framework to guide the budgetary discussion in the coming FY24 planning cycle and to be considered partial, iterative documents that provide a basic starting place to build from for future plans. These initial plans shall be delivered.

- No later than September 15, 2022 (annually) there shall be produced and provided as final an *initial short-term plan* that provides preliminary guidance to the budgeting process that occurs in the fall in preparation for the Governor's December 15 statutory deadline to roll out a proposed budget. AS 19.65.011 defines what shall be in the report and an emphasis in this preliminary plan should include:
  - Simplified 3-to-5-year AMHS capital expenditure recommendations as relates to new or modified vessels (no more than one page).
  - Simplified 3-to-5-year AMHS operating budget recommendations (no more than one page).
  - Simplified list of competency gaps of the board as required by the statute.
- No later than March 15, 2023, an *initial comprehensive long-term plan*, denoting its partial fulfillment of the full intent, shall be produced to better inform the 2023 short-term plan to be produced, in full, per original legislative intent, once the board was ready to provide recommendations that account for the entire scope of AMHS operations.

**CERTIFICATION**

YEA:

NAY:

ABSTAIN:

ABSENT:

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Board Admin Assistant

## AGENDA ITEM 8: AMHS LONG-TERM PLAN RFP

Meeting: July 1<sup>st</sup>, 2022

### MEMORANDUM

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**TO:** AMHOB Members  
**FROM:** Katherine Keith, Change Management Director  
**SUBJECT:** AMHS Long-Term Plan RFP

#### **Recommendation**

DOT&PF/AMHS recommends that a Request for Proposals be advertised for additional support in developing the Alaska Marine Highway System Long-Term Comprehensive Plan.

#### **Background**

The purpose of the AMHS Long Range Plan is to engage with the public and stakeholders, evaluate and analyze the existing AMHS system, identify gaps and risks, propose and analyze operational and capital scenarios for the future and to develop a 20-year plan for long-term AMHS operations. There will also be a spin-off effort to create a flexible short-term capital decision-making framework to assist the DOT&PF in applying for IJIA-based discretionary grants and other programs.

Beginning with pre-scoping, the Contractor will help identify, develop and implement a planning process to achieve the goals of the AMHS Long Range Plan and Short-Term Capital Decisions Plan. The plan will be executed in stages with review periods after each step to identify process issues and needs, and make course corrections. The contractor will be actively involved in identifying course corrections and needs and will bring them to a management steering committee for consideration.

#### **The anticipated PLAN STAGES are as follows:**

**Stage 1:** Gathering background, technical data, operations data, modal analysis of the existing system, identify any key gaps and risks to the system, and collect any other critical information to plan formation.

**Stage 2:** Stakeholder engagement, development of key guiding principles (vision/mission/goals/objectives and values), modal forecasts, Scenario development, Scenario Analysis, and develop a Sustainability and Resilience chapter for the system focused on emerging technologies and designs. Select a preferred service model for future development performance measures.

**Stage 3:** Develop a capital improvement plan (short/medium/long-term projects and needs), conduct an operations/maintenance analysis that identifies operating assumptions and project costs, and create a Financial Plan (operational and capital).

**Short Term capital plan:** during the first 6-10 months of plan work, there will be a “spin-off” work effort to identify flexible options for capital improvements to pair with vessel and route considerations. This work effort will feature work with AMHS staff, DOT&PF’s Change Management Director, and the AMHS

Operations Board (AMHOB) and will consider emerging technologies but will focus on the risks in making recommendations for capital decisions that cannot wait for the long-term plan.

**Discussion**

Step 1 is the pre-scoping meeting. That is where we would initiate the project, hold public meetings, and inter-agency meetings, and define a scope for the plan. The scope would be approved by myself and the Commissioner and we procure a consultant to run the project. These projects are resource-intensive due to the massive amount of public involvement and participation required. Having dedicated facilitators and access to resources such as economists and things are important for project success.

**Fiscal Impact**

The maximum contract cost is expected to be \$900,000.

**\*End\***

## RESOLUTION 2022-02

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**Alaska Marine Highway Operations Board****Recommends AMHS Long-Term Plan RFP**

**WHEREAS**, AS 19.65.011 details a short-term plan and a comprehensive long-term plan that shall be prepared by AMHS in consultation with AMHOB as deliverables to the legislature, the Governor, and the public; and

**WHEREAS**, The Alaska Department of Transportation (ADOT&PF) plans exists in a hierarchy, starting at the top with the Statewide Multimodal Long-Range Transportation Policy Plan, also known as the LRTP; and

**WHEREAS**, the Alaska Marine Highway Operations Board was informed that in order to carry out the AMHS Long-term Comprehensive Plan it is necessary that a competitive process be completed to select a consultant to support the work. ADOT&PF has prepared a draft scope of work for these efforts and plans to issue a Request for Proposals by January 15<sup>th</sup>; and

**WHEREAS**, the AMHS Long Range Plan is a “Modal” plan that looks at the state’s transportation system with a finer lens, focusing on an aspect of the system similar to the State Rail Plan, Freight Plan, and Active Transportation Plan.

**RESOLVED THAT** the Alaska Department of Transportation issue a Request for Proposal (RFP) for a contractor to support DOT&PF/AMHS in the AMHS Long-Term Comprehensive Planning process.

**CERTIFICATION**

YEA:

NAY:

ABSTAIN:

ABSENT:

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Board Admin Assistant

**AGENDA ITEMS 9-11: CASCADE POINT AND TAZLINA MODIFICATIONS****Meeting:** July 1<sup>st</sup>, 2022**MEMORANDUM**

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**TO:** AMHOB Members  
**FROM:** Katherine Keith, Change Management Director  
**SUBJECT:** Cascade Point and Tazlina Modifications  
**REVIEWED BY:** DOT&PF/AMHS Capital Planning Team

**Recommendation**

DOT&PF/AMHS recommends including modifications to M/V Tazlina and a ferry terminal at Cascade Point in the next statewide transportation improvement program (STIP) amendment.

**Background**

The State of Alaska is reinvesting into modernizing our aging ferries and port-side facilities. While DOT&PF/AMHS strives to serve its communities through safe, reliable ships, qualified staff, and contracted service, opportunities exist for improvement. The AMHS Modernization Plan includes deploying modern, efficient, and digital technologies.

The North Lynn Canal Ferry Service is a critical transportation connection between the contiguous National Highway System and Alaska's third-largest city and capital. It also serves as a multimodal connection for Haines and Skagway to access medical services and an international airport in Juneau. Historically, the North Lynn Canal route is DOT&PF/AMHS's second-largest volume, behind the Bellingham/Juneau run. With limited resources, traffic forecasting and value stream analysis can help identify where we are not meeting our demand. North Lynn Canal has high levels of unconstrained traffic. The current operational configuration limits the mobility of residents, but solutions exist to increase service and offer myriad benefits to a wide range of stakeholders.

**Discussion**

The Alaska DOT&PF proposes to operate the Alaska Class Ferries (ACF) out of a new ferry terminal at Cascade Point, MP 42 of the Glacier Highway. Compared to the current facility in Auke Bay, a facility at Cascade Point will allow the public to travel faster to Haines and Skagway and benefit from a reduced fare. In a report from October 2020, the AMHS Reshaping Work Group estimated that a ferry terminal at Cascade Point would reduce Juneau-Haines and Juneau-Skogway one-way sailing by about 30 miles and 2.1 hours; current models by DOT&PF/AMHS indicate a one-way time savings of 1.5 hours (Table 1). Cost savings could be realized by the state or by passengers with fare reductions. With fare reductions of 25%, the public will save \$1,250,000 in fares.

The relationship between service schedules, traffic, and revenue is complex. Until more advanced forecasting is in place, DOT&PF/AMHS has completed preliminary data-driven scenario-based modeling to determine the benefits and costs of a Cascade Point Ferry Terminal and the appropriate modern vessel configuration needed to increase service levels to North Lynn Canal. According to traffic forecasts



completed for the Juneau Access EIS, the total unconstrained traffic demand for North Lynn Canal vastly exceeds capacity. The current operational configuration limits the mobility of residents, while the proposed schedule increases the potential for myriad benefits. A shorter route, enabled by constructing a terminal at Cascade Point, is a critical first step towards improving travel in North Lynn Canal. This project has been under consideration for over fifteen years as part of the Juneau Access Improvements Project

North Lynn Canal will primarily be serviced by an ACF, the Tazlina. After evaluating the impacts of Cascade Point operations, it was found that operating the Tazlina with crew quarters costs approximately the same as without crew quarters. Crew quarters also provide system-wide flexibility and resiliency during the winter season. For system-wide flexibility and resiliency, modifications are needed on Tazlina. In addition to the installation of crew quarters to remove the USCG work/rest crewing restrictions and an onboard vessel waste system, Tazlina's modern switchgear requires sensors to support data-driven operations. Remotely available high-resolution data enables engineers to analyze performance and make real-time recommendations to captains on pilotage and loading practices to realize up to 20% fuel savings..

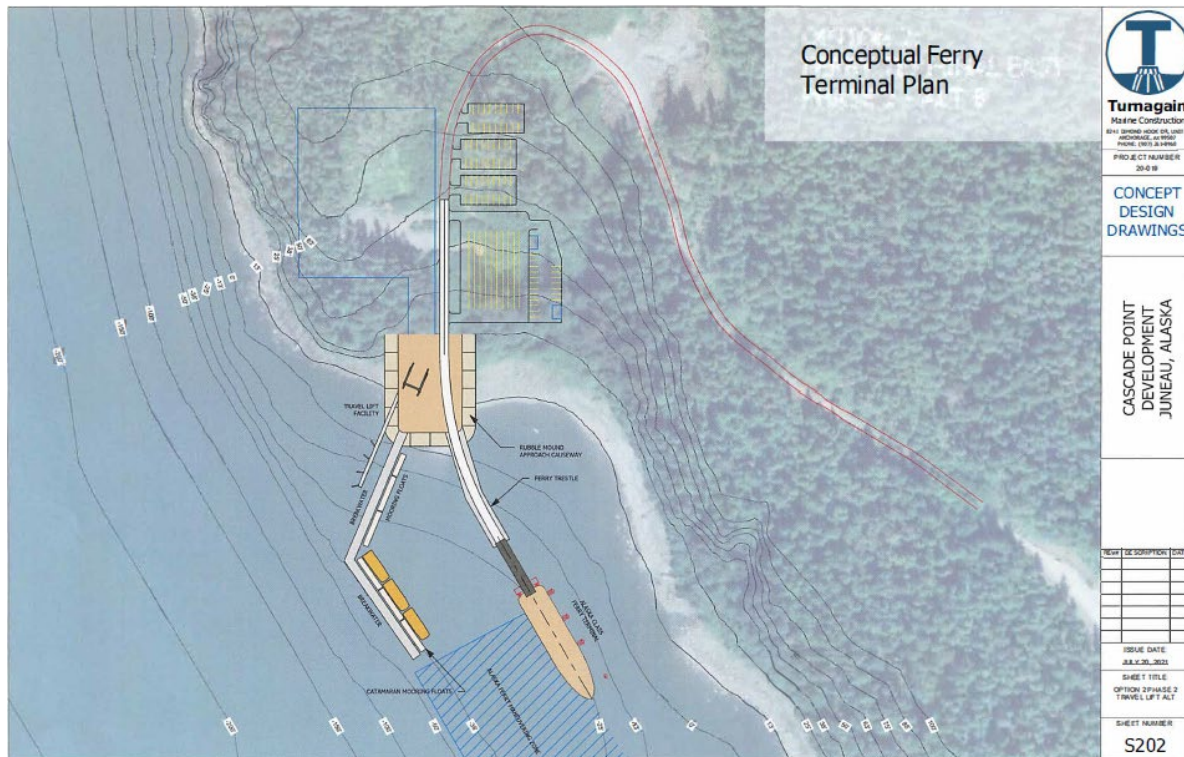
**Cascade Point Ferry Terminal** (Current Estimate \$36M, spread out over multiple years in lease payments). Preliminary modeling<sup>1</sup> indicates that there is a positive economic benefit as well as passenger time savings when Cascade Point is the homeport in comparison to Auke Bay. Benefits include improved access to Lynn Canal that increases in the movement of goods and people, resulting in better connections among the economies of Juneau, Haines, Skagway, and Whitehorse. These benefits increase significantly as we modernize the AMHS fleet using proven technology, funded through discretionary grants<sup>2</sup>, to construct an electric ferry to shuttle passengers between Haines and Skagway.

DOT&PF/AMHS proposes to construct a new terminal at Cascade Point, Bemers Bay, Alaska. The conceptual site plan shows a single-end loading ferry berth and Cascade Creek Bridge is 50' long which will lead to a staging and parking area. Associated upland access will include vehicle staging, parking, and other features. This would be an unmanned day-use terminal, with facilities such as a generator shed and pit-style restrooms including ancillary support infrastructure such as a 10,000-gallon sewage holding tank, 5,000-gallon fuel storage tank, electrical generation, and potable water. The sewage holding tank is critical; otherwise, a minimum of one day per week is needed to dump waste in Auke Bay, resulting in loss of service and revenue. Other options for water and fuel exist in Skagway, but it takes many hours, restricting routing options. The concept plan includes accommodations for other marine uses (Kensington Mine boat shuttle) by Goldbelt.

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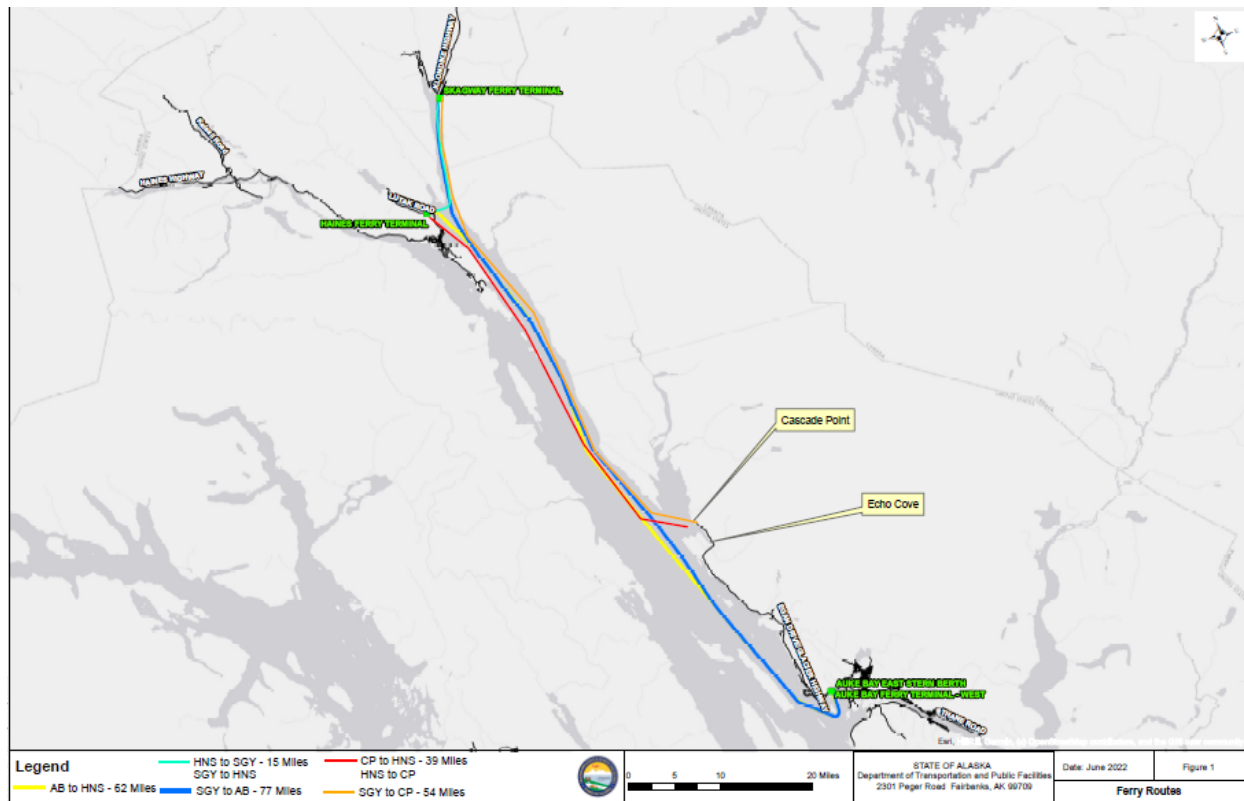
<sup>1</sup> See "Preliminary Scenario-based Modeling"

<sup>2</sup> See "IIJA Funding and Discretionary Grants" at <https://dot.alaska.gov/amhob/strategy.shtml>



### Tazlina Modifications (STIP Amendment #4: \$23m)

Crew quarters on Tazlina enable AMHS to operate beyond the USCG work/rest rules and support its deployment across SE Alaska. They also open possibilities for winter service. While numerous scenarios exist, service to North Lynn Canal remains limited without crew quarters. Modernizing Tazlina will also include digitization of operation by adding sensors and software to collect needed run-time data. It also could include magnetic mooring to allow for unmanned docking in ten seconds for improved crew safety and fuel savings. The Hubbard is currently under construction getting crew quarters installed at an estimated \$17.9m.



Route	Miles	Time
Auke Bay to Haines	62	4.1
Cascade Point to Haines	39	2.6
Haines to Skagway	15	1.0
Skagway to Auke Bay	77	5.1
Skagway to Cascade Point	54	3.6

### **Fiscal Impact**

The Tazlina Modifications are estimated to cost \$23m and the Cascade Point current estimate for the Cascade point Terminal is \$36M and will be broken out into four annual lease payments of \$9m.

**\*End\***

**CITY OF SKAGWAY, ALASKA****RESOLUTION NO. 03-08R**

**A RESOLUTION OF THE CITY OF SKAGWAY, ALASKA SUPPORTING IMPROVED FERRY SERVICE BETWEEN JUNEAU AND THE UPPER LYNN CANAL AND OPPOSING THE CONSTRUCTION OF ANY ROAD LINKING JUNEAU TO SKAGWAY OR HAINES.**

**WHEREAS**, Skagway treasures its geographical and historical uniqueness; and

**WHEREAS**, a transportation system should be compatible with the existing economy and lifestyle of a community; and

**WHEREAS**, the greatest demand for ferry service exists in the Upper Lynn Canal between the ports of Haines, Skagway and Juneau; and

**WHEREAS**, the current demand for reliable, consistent, and economic travel exists in the Upper Lynn Canal between the ports of Haines, Skagway and Juneau; and

**WHEREAS**, any road up Lynn Canal involves enormous construction expense, high maintenance costs, potential threat to public safety, and environmental degradation; and

**WHEREAS**, roads frequently have serious negative impacts and historically result in the closure of small, locally owned businesses and services; and

**WHEREAS**, a road link to Juneau could end Skagway's historic position as the Gateway to the Yukon and the northern port facility for goods going into the interior; and

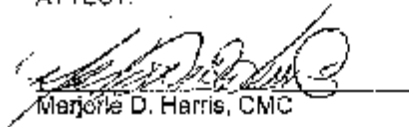
**WHEREAS**, a road could result in the loss of year-round jobs provided by tug and barge service, air service, freight and ore shipment, and ferry terminal and long shore services; and

**WHEREAS**, a road could alter cruise ship traffic patterns, which could have negative impacts on Skagway as a tourist destination;

**NOW THEREFORE, BE IT RESOLVED**, that the Skagway City Council urges Governor Murkowski to support improved ferry service between Juneau and Upper Lynn Canal and reconsider the construction of any road linking Juneau to Skagway or Haines.

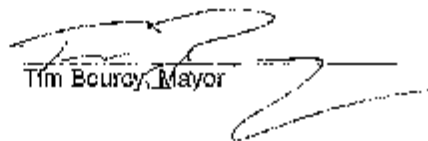
**PASSED AND APPROVED** this 15<sup>th</sup> day of January, 2004.

ATTEST:

  
Marjorie D. Harris, CMC

City Clerk

(SEAL)

  
Tim Bourcy, Mayor

March 18<sup>th</sup>, 2022

Governor Michael Dunleavy  
PO Box 110001  
Juneau, AK 99811-0001  
Re: Alaska Marine Highway

Dear Honorable Governor Dunleavy,

The Skagway School Board supports reliable and dependable ferry services in Alaska. The Alaska Marine Highway System (AMHS) is a critical part of our lives in Skagway. The students of Skagway and their families rely on ferry services for critical medical care, economic opportunities, and school athletic and academic activities.

Due to our limited medical system in Skagway, the AMHS provides life-saving transportation to our students and their families in need of medical services. There have been many students and their family members who have had to delay seeing medical specialist due to unreliable ferry service. Sadly, the difficulty in the ability to travel to Juneau, Anchorage, and Seattle to see medical specialist has impacted learning, and we have seen students' untreated medical conditions impact their ability to learn and grow with their peers.

The unreliable ferry service has also impacted our students and their families economically. Many of our students and their families have been struggling financially during the pandemic. Skagway has relied heavily on independent travelers, and these travelers rely on AMHS to get to Skagway and other communities in Southeast Alaska. Without consistent services, this tourism market has declined impacting our community's economic health.

The lack of consistent ferry services has also greatly impacted school activity related travel. The district has been forced to cancel or pay for expensive alternatives for our students to participate in athletic and academic events. At times, the District has had to charter flights at the cost of \$25,000 and \$30,000 to ensure our students had opportunities to participate in extracurricular activities. If there were reliable and consistent ferry services, these trips could have only cost the district around \$4,000. These extracurricular activities provide an opportunity for broadening our students' interests and perspectives, while helping them achieve higher self-esteem and closer relationships with each other. Without consistent AMHS service, the district may have to cut back on these important travel and learning opportunities for our students.

The State of Alaska has an opportunity to rebuild our ferry system to be the best in the world, and we urge you not to delay in investing and putting all the energy of the Governor's office into making AMHS into the reliable, cost effective, and safe way to travel that our students, their families and the other residents of Alaska deserve.

Sincerely,

John Hischer  
Skagway School Board President

## Resolution 2022-03

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### **Alaska Marine Highway Operations Board**

Recommend that DOT&PF/AMHS include modifications to M/V Tazlina in the next statewide transportation improvement program (STIP) amendment.

**WHEREAS**, the Alaska Marine Highway Operations Board (AMHOB) was established by the State of Alaska House of Representatives Bill 63 to offer recommendations to the Alaska Department of Transportation and Public Facilities (DOT&PF), Alaska Marine Highway System (AMHS) regarding the statewide transportation improvement program (STIP); and

**WHEREAS**, at its meeting on July 1<sup>st</sup>, 2022, DOT&PF/AMHS discussed details regarding M/V Tazlina modifications; and

**WHEREAS**, the construction of crew quarters on Tazlina enables AMHS to operate with greater flexibility considering the 12 hour day USCG work/rest rules and supports its deployment across SE Alaska including possible winter service; and

**WHEREAS**, DOT&PF/AMHS recommends that Tazlina Modifications be included in the next STIP amendment to better serve residents on Alaska's marine highway; and

**WHEREAS**, DOT&PF/AMHS recommends to AMHOB members that they complete modifications to Tazlina, including the construction of crew quarters; and

**THEREFORE BE IT RESOLVED**, that AMHOB recommends that DOT&PF/AMHS begin modifications to Tazlina, including the construction of crew quarters, the first steps of which are to include it in the next STIP amendment and begin a formal public process.

### **CERTIFICATION**

The undersigned, the AMHOB Secretary, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Alaska Marine Highway Operations Board that was held on July 1<sup>st</sup>, 2022.

YEA:

NAY:

ABSTAIN:

ABSENT:

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Board Admin Assistant

**AGENDA ITEM 11: MATANUSKA DEAD END CORRIDORS****Meeting:** July 1<sup>st</sup>, 2022**MEMORANDUM**

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**TO:** AMHOB Members  
**FROM:** Katherine Keith, Change Management Director  
**SUBJECT:** Matanuska Dead End Corridors

**Options**

Action or no action

**Recommendation**

DOT&PF/AMHS recommends including necessary safety upgrades to mitigate the existing dead-end corridors on the cabin deck and install a Safety Center on M/V Matanuska in the next statewide transportation improvement program (STIP) amendment.

**Background**

The 2017-2019 repowering project was deemed a major conversion by the USCG. As part of this determination and follow-on work, several requirements for modifications to the M/V Matanuska were made by USCG Sector Juneau. One of these items was safety upgrades to mitigate the existing dead-end corridors on cabin deck of the Matanuska. It was determined to be infeasible to complete all the required upgrades during the repowering shipyard period. An alternative was requested by AMHS and granted by the USCG for a plan to replace all the staterooms on the cabin deck with a new arrangement meeting the current SOLAS requirements. A 5-year implementation period was required by the USCG. Recently there have been concerns identified related to the cost of this upgrade and prioritization of other work. We recommend continuing with the plan to replace the staterooms on the cabin deck along with the associated mechanical and electrical systems.

**Discussion**

Review letter from Glosten dated June 16<sup>th</sup>, 2022, included below for an in-depth discussion.

Given that there is currently no program to replace the Matanuska, Glosten and DOT&PF/AMHS feel strongly that the correct approach at the current time is to continue to invest in upgrades to bring the vessel into compliance with best practices for passenger vessel safety by proceeding with the refit of the cabin deck and the installation of a Safety Center.

**Impact of Options****Fiscal Impact**

The M/V Matanuska project will





16 June 2022  
File No. 21001.01

Cisco Flores  
Alaska Marine Highway System  
7037 N. Tongass Highway  
Ketchikan, Alaska 99901

Subject: *M/V Matanuska* Dead-End Corridor Elimination and Alternatives

- References:
1. USCG Marine Safety Center Letter H2-1500252, Major Conversion Determination, 31 March 2015.
  2. USCG Letter 2017-1070 *Matanuska*, O.N. 291533; Appeal Request: Major Conversion Determination, 15 November 2017.
  3. Glosten, AMHS *M/V Matanuska* Major Conversion Determination, SOLAS Survey & Gap Analysis, Document 14104.04.10, Rev. B, 10 October 2017.
  4. USCG Sector Juneau Letter to Mr. Narciso Flores, 5 December 2017.
  5. USCG Sector Juneau Letter to Mr. Narciso Flores, 1 October 2018.

Dear Cisco:

This letter contains a summary of the major conversion determination as it relates to the *Matanuska* dead-end corridors.

#### SUMMARY

The 2017-2019 repowering project was deemed a major conversion by the USCG. As part of this determination and follow-on work, several requirements for modifications to the *M/V Matanuska* were made by USCG Sector Juneau. One of these items was safety upgrades to mitigate the existing dead-end corridors on cabin deck of the *Matanuska*.

It was determined to be infeasible to complete all the required upgrades during the repowering shipyard period. An alternative was requested by AMHS and granted by the USCG for a plan to replace all the staterooms on the cabin deck with a new arrangement meeting the current SOLAS requirements. A 5-year implementation period was required by the USCG.

Recently there have been concerns identified related to the cost of this upgrade and prioritization of other work. We recommend continuing with the plan to replace the staterooms on the cabin deck along with the associated mechanical and electrical systems.

#### *M/V MATANUSKA* BRIEF HISTORY

The *Matanuska* was built in 1963 at Puget Sound Bridge & Drydock Co. in Seattle, Washington. Over the life of the vessel, it has undergone many modifications.

In 1978 the *Matanuska* was lengthened by 56 feet. At this time, the Promenade Deck was converted to the Cabin Deck and staterooms were installed. The arrangement of the Cabin



Cisco Flores  
Page 2

Deck contained the dead-end corridors, but was in compliance with USCG regulations. This Cabin Deck arrangement has remained largely unchanged since this modification.

In 1985 the *Matanuska* was repowered with new propulsion engines and propulsion shaftlines. During this repowering, a number of supporting systems and machinery upgrades were accomplished including replacement of the diesel generator sets.

In the early 2000's, the *Matanuska* went through several upgrades to comply with new and retroactive SOLAS requirements. As part of these upgrades, installation of a new cabin deck arrangement removing dead-end corridors should have been conducted. The requirement to eliminate dead-end corridors was retroactive to existing passenger vessels. It is not clear why these modifications were not performed during this time period.

Due to aging main propulsion engines and other equipment, starting in 2014, AMHS began developing plans and specifications for a second repower of the *Matanuska*. As part of the document review process, USCG MSC determined this project to be a major conversion (Reference 1) as defined in 46 USC 2101 and therefore subjected the entire vessel to additional upgrades to comply with current safety standards where both reasonable and practicable in their opinion.

AMHS appealed the major conversion determination, however this appeal was rejected. The appeal rejection letter indicated that the repowering was clearly intended to substantially prolong the service life of the vessel.

#### GAP ANALYSIS

A survey of the vessel was conducted with USCG and a "gaps list" was developed to identify certain SOLAS and USCG Regulations where the *Matanuska* was not in compliance with current safety standards. Among other items, dead-end corridors on the Cabin deck were identified as prohibited by SOLAS regulations (74 SOLAS Amended II-2/13.3.1.2), but allowed by USCG regulations (46 CFR 72.10 30(a)).

The gap analysis document was provided to USCG as information for the development of the vessel upgrades required by the major conversion determination. The 2017 major conversion letter stated the requirements that AMHS was to meet and timelines for compliance (Reference 4).

As an alternative to eliminating dead-end corridors and replacing entire cabin deck staterooms, the USCG required the following modifications be completed prior to returning to commercial service after the 2017-2019 repowering shipyard period:

- Stateroom Supplementary Lighting Upgrades
- Escape Route Signage Upgrades
- Smoke Detection Upgrades, including fire detection capable of alarming in all passenger accommodations in a given dead-end corridor if any one detector in that corridor is activated

This allowance for maintaining the cabin deck arrangements was based on the following argument (emphasis added):

Coupled with the existing measures including crew assisting evacuation at the stairwells and a complete room-by-room search of personnel, this alternative is sufficiently safe for the remainder of the MATANUSKA's planned life cycle. As such, complete redesign/refitting of the otherwise unmodified areas to eliminate

the existing dead-end corridors is considered beyond what is reasonable and practical.

The letter stated that the major conversion determination decisions were based on several factors including a service life ending in 2027.

As part of my decision process, I considered many factors including, but not limited to, the risks faced by MATANUSKA's operations, her history of marine casualties, passenger safety, crew safety, feasibility of obtaining funding in various timeframes, and your statement of the MATANUSKA's planned service life as ending in 2027.

AMHS and Glosten worked to develop plans and specifications to meet the requirements of the major conversion letter as most of the work was required to be completed prior to the end of the repowering shipyard period.

During the development of new plans and specifications to address the installation of new fire detection in all passenger accommodations on the Cabin Deck, it was determined that the vessel's existing fire detection system would not support the equipment necessary to meet the major conversion requirements. The only solution that was identified was to install an entirely new, vessel wide fire detection system. This work would not only include new cabin deck detectors and cabling, but vessel wide modifications outside the original intent and scope of the USCG major conversion requirements. The associated shipyard costs for this change order were about \$3 million. By comparison, the total cost of all other major conversion upgrades was \$2.4 million with an overhaul extension period of 6 months. The fire detection upgrades were expected to further extend the overhaul period by about 2 months, having an additional associated cost impact of about \$0.5 million.

#### **ALTERNATE CABIN DECK PROPOSAL**

Due to the high cost of replacement of the fire detection system as growth work during the repowering project, AMHS requested that an alternative be considered.

In lieu of replacing the fire detection during the timeframe identified, AMHS was prepared to refurbish the entire cabin deck with a new passenger accommodation arrangement that would eliminate all cabin deck dead-end corridors.

The refurbished cabin deck and eliminated dead-end corridors is a better long-term solution for safety that will bring the *Matanuska* into more complete compliance with current SOLAS regulations. It will also provide the opportunity to inspect surrounding structural conditions and address any deficiencies in structural fire protection, related mechanical systems, and general habitability conditions. These items will further increase public safety and comfort.

#### **AMENDED MAJOR CONVERSION DECISION**

The proposal of AMHS was accepted by the USCG. This resulted in a letter from Sector Juneau (Reference 5) that amended several of the decisions in the earlier Sector Juneau letter. This letter articulated the requirements for upgrades of areas of deficient structural fire protection and modification of the vessel to remove the dead-end corridors. The deficient structural fire protection insulation was a previously unknown issue that was discovered during the development of other major conversion modifications and the progress of the 2017-2019 repowering shipyard period.

The USCG required that the dead-end corridors must be eliminated within 5 years following the completion of the 2017-2019 repowering shipyard period. Further, the plans for the

Cisco Flores  
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modifications of the cabin deck to eliminate the corridors were required to be submitted to the USCG Marine Safety Center by 1 October 2019, one year from the date of the letter.

#### VESSEL SERVICE LIFE

As clearly stated in the 2017 major conversion letter, the requirements for upgrades to the vessel were predicated on the assumption that the *Matanuska's* service life ends in 2027.

Requests for USCG to reevaluate these prior agreements will undoubtedly bring the service life issue into light. A planned extension of service life beyond that date could trigger another major conversion determination and associated requirements for upgrades to additional systems. AMHS does not currently have a procurement program in place to replace any mainline ferries. A design and construction cycle for a new ferry will be at least five years, likely significantly longer. This means that the *Matanuska* will be necessary to maintain a level of service as one of the few operating mainline ferries and one of only two SOLAS ferries until a new mainline vessel is ready to go into service.

We feel that the State's argument for operating the ferry past the stated service life end date of 2027 is strengthened if there have been significant investments in vessel and passenger safety. The upgrades to the cabin deck extend beyond a re-arrangement of the spaces. All of the steel boundaries of the cabin deck will be exposed, inspected, and repaired if necessary. Significant hazardous materials and coatings will be removed from the vessel. Electrical distribution systems in the cabin deck will be replaced. Heating and ventilation systems serving the cabin deck will be replaced. The existing vessel-wide public address system and general alarm system will be replaced.

#### PATH FORWARD

There are two obvious paths that could be pursued at this point.

##### Fire Detection Upgrades

The fire detection system was replaced following the 2017-2019 repowering shipyard period. It is possible that the new Consilium fire detection system could be modified to meet the stateroom alarm requirements of Sector Juneau's original 2017 major conversion letter. Based on initial communications with Consilium, audible alarm units were already installed along with the stateroom smoke detectors. A software change may be all that is required to comply with the 2017 letter requirements of:

Smoke Detection Upgrades including fire detection capable of alarming in all passenger accommodations in a given dead-end corridor if any one detector in that corridor is activated.

The scope of work needed to meet these requirements should be verified with Consilium prior to discussing this option further with USCG.

This fire detection upgrade would not address the structural fire protection deficiency or any of the other refit items associated with the dead-end corridor project.

This would require a request to USCG Sector Juneau to revert back to their earlier requirements. We expect that this request must necessarily address the expected service life of the *Matanuska* extending beyond 2027 and as such, the request might not be accepted without addressing other regulatory deficiencies.



### Cabin Deck Modifications

Plans and specifications have been developed for the modifications to the cabin deck. These plans have been submitted to and reviewed by ABS and the USCG Marine Safety Center.

The modifications to the Cabin Deck have been developed in compliance with the requirements of USCG, ABS, and SOLAS.

The planned modifications to the Cabin deck will address many safety issues and bring the *Matanuska* closer to compliance with the best practices of marine passenger vessel safety.

While this approach does not change the requirements of the major conversion decision, we recommend a discussion with Sector Juneau regarding the planned service life of the *Matanuska* as it relates to the items required to comply with the previous major conversion and if any additional requirements will be imposed given the planned service life extending beyond 2027. We feel that this path has a higher likelihood of gaining USCG approval for extending the service life beyond 2027.

### **SOLAS VERSUS USCG REQUIREMENTS**

There have been some discussions over the last few years that most of the major conversion modifications were based on SOLAS requirements and that the *Matanuska* largely complies with USCG requirements. Regarding the cabin deck dead-end corridors, it is true that the vessel complies with the USCG requirements limiting dead end corridors to less than 40 feet. It should be noted that the SOLAS requirements have been updated in response to major marine casualties such as the fire aboard the *Scandinavian Star* and the sinking of the *Herald of Free Enterprise* and *Estonia*.

If the *Matanuska* were to drop the SOLAS passenger vessel safety certificate there is potential that the dead end corridors would be allowed to remain indefinitely. The gap analysis that was performed as a part of the major conversion determination was focused on SOLAS requirements. We expect that the USCG would require a new gap analysis to be performed against the USCG passenger vessel requirements in the event that the SOLAS certificate was dropped from the *Matanuska*. It is possible that the Sector Juneau would still require the removal of the dead-end corridors based on the determinations of the major conversion letter.

Regardless of the actual requirements, there is no question that the best practice for passenger vessel safety is to have arrangements that do not allow passengers to become trapped without a means of escape.

### **SAFETY CENTER INSTALLATION**

The 2017 major conversion letter also required to installation of a Safety Center meeting the requirements of SOLAS within 5 years of completion of the repowering shipyard period. This item has received much less attention than the cabin deck arrangements. Glosten and AMHS developed plans and specifications for a safety center installation. These plans require revision to account for the completion of the repowering and other modifications that have occurred since the plans were developed in 2018.

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#### RECOMMENDATION

Given that there is currently no program to replace the *Matanuska*, we feel strongly that the correct approach at the current time is to continue to invest in upgrades to bring the vessel into compliance with best practices for passenger vessel safety by proceeding with the refit of the cabin deck and the installation of a Safety Center.

Sincerely,



Digitally Signed  
16-Jun-2022

Jim Wolfe  
Principal

**\*End\***

## AGENDA ITEM S1: CHANGE MANAGEMENT DIRECTOR REPORT

Meeting: July 1<sup>st</sup>, 2022

### MEMORANDUM

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**TO:** AMHOB Members  
**FROM:** Katherine Keith, Change Management Director  
**SUBJECT:** AMHS Change Management Report

#### Plans, Studies, Initiatives

**AMHS Evaluation.** Elliot Bay Design Group is in the final stages of contract negotiations with DOT&PF/AMHS. Ms. Keith met with the team leads in Seattle on June 28<sup>th</sup>, 2022, to discuss the project kickoff.

**AMHS Protects.** The AMHS Protects team has formed to create an interdisciplinary task force comprising AMHS shoreside/vessel staff, law enforcement, and community organizations to take a leadership role moving forward, research solutions, and brainstorm approaches to eliminate any sex trafficking, drug trafficking, or other threats to the health and safety of the communities served by AMHS. Initial meetings are pertaining to team logistics and scope while identifying high-level milestones.

**Low-Emission Electric Ferry.** The FHWA-funded research project for a low-emission/electric ferry is progressing with SE Conference and Elliott Bay Design Group creating a notional design for an electric vessel serving as a shuttle being modeled at three different AMHS routes. Efforts are focused on analysis that can be directly used for the BIL-IIJA discretionary grant for a low-emission/electric ferry.

**Innovation Norway.** A delegation of six Alaskans was invited to attend a tour in Norway to review technological advancements pertaining to automation, digitization, electrification, and alternative fuels for transportation. Presentations were also given by policymakers, regulators, and government officials. Delegates included AMHS (Ms. Keith and Captain Dan Askins), SE Conference (Robert Venables), Launch Alaska (Rob Roys and Tim Leach), and UAF (Chandler Kemp). A lessons learned document has been drafted for information sharing.

**AMHS Tustumena Replacement Vessel.** The CMGC RFP solicitation closed on June 23<sup>rd</sup> with no proposers. Ms. Keith and Greg Jennings, TRV Project Manager, went to Seattle to meet with Glosten and others from June 26<sup>th</sup> to June 28<sup>th</sup> to evaluate options including design modifications, different procurement methods, and timeframes.

**AMHS Long-Range Planning.** The AMHS planner job application period closed on June 24<sup>th</sup> with six applicants. Interviews are scheduled to begin the week of July 4<sup>th</sup> with the goal of having the new planner on board before the end of July. The AMHS long-range planning team has met multiple times with the focus on advertising for contractor support of planning efforts. This RFP is expected to be released July 15<sup>th</sup>.

**Other Business**

**Union Negotiations.** Negotiations have concluded with MEBA and MMP. Negotiations are ongoing with IBU with frequent sessions since June 20<sup>th</sup>.

**\*End\***

## AGENDA ITEM S2: AMHS GENERAL MANAGER REPORT

Meeting: July 1<sup>st</sup>, 2022

### MEMORANDUM

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**TO:** AMHOB Members  
**FROM:** John Falvey, General Manager  
**SUBJECT:** AMHS General Manager Report

#### AMHS Priorities

- Delivering Tustumena back into revenue service on July 15.
- Continue with the next phase of upgrades to the terminal and uplands for Full Pre-Clearance approval in Prince Rupert, along with planning for a causeway to the BC Ferries dock.
- Winter schedule is being worked on with booking availability planned for mid-August. Longer winter vessel overhauls will be required due to many vessel staff SMR requests.
- Continue to work with the Canadian Consul General in Seattle to pursue a SOLAS waiver for Prince Rupert.
- Will need a decision on the Matanuska dead-end corridors.
- RFI has been issued for Wi-Fi aboard vessels. Will continue to pursue technology to provide onboard Wi-Fi.
- Continue to work towards getting crew aboard Hubbard.
- Dock projects at Pelican, Cordova, Chenega Bay, and Tatitlek to accommodate an ACF vessel are a priority.
- Continue to work with vessel crew job placement contractor PeopleAK, who has been under contract since 2/14/22. Since February many AB, Oiler, and Jr. Engineers candidates have been located, although to date, only 2 ABs have been hired.
- Continue to hire new entry-level passenger services crew. Approximately 70 new entry-level crew have been hired over the last 8 months, of which we have lost approximately 10 and we are now processing another 30 applicants.

#### Operations and Maintenance

- Working towards a new online crew training delivery system and contract.
- Bars with beer, wine, and assorted mixed drinks now operating on the Matanuska and Kennicott with limited hours.
- When Lituya commences service following its CIP and overhaul, operational hours will be extended from 8:00 AM to 5:15 PM.
- ATLAS recordkeeping and dispatch system have been moved to the cloud.
- Facility security plans are being updated.
- Continue to process vessel SMR requests.
- Continue the facility security camera replacement project.
- Continue with ADEC and EPA facility and vessel reporting requirements.
- Drug and Alcohol Policy has been updated.
- Recently successfully completed the KCO office staff ISM External Audit with the ABS.



- Currently updating the ISM/ SMS manual.

#### **Maintenance and Construction**

- Hubbard CIP crew cabin install, and overhaul is on schedule for a November 8 commencement of service.
- Tustumena CIP on schedule for a July 15 re-delivery.
- Lituya CIP includes complete exterior painting, maintenance, and overhaul. The vessel is on schedule for a September 1, back in revenue service.
- Kennicott generator re- power CIP in the design phase.
- Management working thru the Columbia new CCP installation, via a sole source contract negotiation.
- Columbia now has a COI with minor USCG 835's, its shafts are in Seattle being inspected and re-certified, and the vessel hull is being painted while the ship is in the dry dock awaiting the return of its shafts, after which by mid –September the ship will be ready to operate, should we have sufficient crew. Columbia also continues to serve as a hotel ship for new entry-level vessel employees as needed.
- SMR system is being fully utilized to plan upcoming winter overhauls, which will focus especially on Aurora, Matanuska, and Kennicott.
- Currently ordering long-lead items for the upcoming winter overhauls due to supply chain concerns.

#### **Business Office**

- Terminals are beginning to see staffing challenges that may affect the ability to tie up ships in certain ports where on-call staff are not available.
- Cash flow report for the next 10 years for the modernization plan has been created, along with a comparison to actuals for the past few years.
- AMHS budget and finance continue to experience frequent challenges with our operating budget due to Federal spending restrictions, including a significant increase in both the complexity and volume of previously routine tasks. Additionally, the process required to produce timely federal billings is arduous and has resulted in tolerance issues that subsequently restrict spending authority, as we have experienced on multiple occasions throughout the year. The transition to a calendar year budget also creates challenges for AMHS. Currently, we are faced with finding workaround solutions to SOA/DOT initiated fiscal year-end close-out restrictions and procedures to continue to function as we normally would with another 6 months remaining in our budget.
- The AMHS accounting group is short-staffed currently, although is working extra to clear out transactions for the fiscal year-end to match with the rest of DOT&PF. It is unclear at this time how this will work at calendar year-end when AMHS's budget ends.

#### **Other Business**

- Contract between the State and the City of Bellingham for the commencement of Police drug and bomb dog coverage has been signed by the State and awaits the City of Bellingham's signature.
- Continue to work on the development of an APP for handheld devices for reservations via handheld devices.

- Securing a contract for launch service between Ketchikan and Metlakatla. All Lituya crew now live in Ketchikan and need to be transported to the Lituya berthed in Metlakatla and back to Ketchikan 5 days a week.
- AMHS visual standards manual has been published.
- TRV project manager had a successful trip to Kodiak, to explain to city leaders that the new TRV hull form will fit at the new dock.

**\*End\***

**AGENDA ITEM S3: REVIEW OF MONTH-END FINANCIAL STATEMENTS****Meeting:** July 1<sup>st</sup>, 2022**MEMORANDUM**

**TO:** AMHOB Members  
**FROM:** Matt McLaren, Business Manager  
**SUBJECT:** Review of CY22 Financial Statements Ending May 30, 2022

**Recommendation**

No Recommendation

**Summary**

None at this time.

**Financial Statement:**

Alaska Marine Highway System Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the Calendar Year Ending December 31, 2022  
 (In Thousands)

Revenues:	Authorized Budget	Actual through 5/31/22	Remaining Projected	Total Projected	Estimated +/-
Total Unrestricted Revenues	\$ 46,684	\$ 10,351	\$ 30,212	\$ 40,563	\$ (6,121)
Restricted Revenues	-	-	-	-	-
Indirect Cost Recovery	800	-	-	800	-
<b>Total Revenues</b>	<b>47,484</b>	<b>10,351</b>	<b>30,212</b>	<b>41,363</b>	<b>(6,121)</b>
Expenditures:					
Current Operating:					
Support Services	1,954	1,302	652	1,954	-
Marine Engineering	3,526	231	2,950	3,181	345
Overhaul	603	388	364	752	(149)
Operations Management	3,794	1,014	2,380	3,394	400
Reservations & Marketing	1,419	295	830	1,125	294
Shore Operations	7,736	2,930	5,500	8,430	(694)
Marine Fuel	16,418	5,280	10,900	16,180	238
Marine Vessel Operations	85,006	21,271	52,750	74,021	10,985
<b>Total Expenditures</b>	<b>120,456</b>	<b>32,712</b>	<b>76,326</b>	<b>109,038</b>	<b>11,419</b>
Financing Sources					
Fed. CRRSAA Funds	53,177	22,819	30,358	53,177	-
General Fund	62,862	9,894	41,550	51,444	11,419
Motor Fuel Tax	3,617	-	3,617	3,617	-
Restricted Revenues	800	-	800	800	-
<b>Total Sources of Cash</b>	<b>\$ 120,456</b>	<b>\$ 32,712</b>	<b>\$ 76,326</b>	<b>\$ 109,038</b>	<b>\$ 11,419</b>
	Beginning Balance	Actual through 5/31/22	Remaining Projected	Total Projected	Estimated Calendar Year-End
<b>AMHS Fund</b>	<b>\$ 22,063</b>	<b>\$ 10,351</b>	<b>\$ 30,212</b>	<b>\$ 40,563</b>	<b>\$ 62,626</b>

**Fiscal Impact**

No fiscal impact.

**\*End\***

**AGENDA ITEM S4: MEETING MINUTES FROM JUNE 3<sup>RD</sup>, 2022****Meeting:** July 1<sup>st</sup>, 2022**MEMORANDUM**

**STATE OF ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES  
ALASKA MARINE HIGHWAY SYSTEM: ALASKA MARINE HIGHWAY OPERATIONS BOARD (AMHOB)  
MEETING MINUTES  
June 3<sup>rd</sup>, 2022 1:30-3:30**

**PUBLIC FACEBOOK LIVE STREAM:** <https://dot.alaska.gov/amhob/engage.shtml>

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

**Staff:** Katherine Keith, Tera Ollila, Captain Falvey, Matt McLaren, Captain Dan Askins

**Agenda:**

- 1:30 p.m. 1.0 Roll Call, Review Agenda, and Approve Minutes**
- 1:35 p.m. 2.0 Opening Remarks**
- 1:40 p.m. 3.0 Public Comments**
- 1:55 p.m. 4.0 Presentation: Recent AMHS Updates** (Katherine Keith, Change Management Director)
- 2:10 p.m. 5.0 Presentation and Discussion: 5-Year Capital Plan** (Matt McLaren, Business Operations Manager, and other AMHS Staff)
- 3:00 p.m. 6.0 Modernization Plan Decision Points**
- 3:20 p.m. 7.0 Board Closing Comments and Next Steps**
- 3:30 p.m. Adjourn**

<b>Facebook Live Recording</b>	June 3 <sup>rd</sup> : <a href="https://dot.alaska.gov/amhob/engage.shtml">https://dot.alaska.gov/amhob/engage.shtml</a>
<b>Zoom Meeting Recording</b>	<a href="https://us06web.zoom.us/rec/share/aNDayKfsJAm-_2EBjIWkHwY0488-kOUj3XsNahharTPhJOqsDvdnXhwvGU1deJ7r.Y8-jiG0p7WCACd06">https://us06web.zoom.us/rec/share/aNDayKfsJAm-_2EBjIWkHwY0488-kOUj3XsNahharTPhJOqsDvdnXhwvGU1deJ7r.Y8-jiG0p7WCACd06</a> Access Passcode: ?6Y*Y2SI
<b>Meeting Presentation and Material List</b>	<b>Materials to Review:</b> <ul style="list-style-type: none"> <li>• 1.1 Agenda</li> <li>• 1.2 Draft Meeting Minutes from 5/2/2022 and 5/3/2022</li> <li>• 4.1 Katherine Keith Presentation</li> <li>• 5.1 Matt McLaren Presentation</li> <li>• 5.2 5-Year Capital Plan Summary Tables</li> </ul>
<b>Public Comments</b>	Comments are incorporated below.
<b>Transcription</b>	<a href="https://publicinput.com/Transcript/H03088">https://publicinput.com/Transcript/H03088</a>
<b>Total To-Date Engagement Stats</b>	As of 5/30/2022: <u>Public Input</u> : 3,859 views; 767 participants; 107 comments; 1,983 subscribers As of 6/10/2022: <u>Public Input</u> : 4,423 views; 838 participants; 112 comments; 1,986 subscribers
<b>Meeting Engagement Stats</b>	Error with the system. Statistics not captured.

6/10/2022 Meeting Minutes			
Agenda Topics	Speaker	Time	Transcription
<b>1.0 Roll Call, Review Agenda, &amp; Approve Minutes</b>	Shirley Marquardt	00:15:17	Meeting called to order
	Shirley Marquardt	00:16:20	Quorum established.
	Alan Austerman	00:16:45	A. Austerman requests a letter to the governor supporting the budget.
	Paul Johnsen	00:17:31	Paul requests that Hyder be included on the agenda and 20 minutes is insufficient for decision points.
	Wanetta Ayers	00:20:14	W. Ayers requests to get the information more in advance than just a day or two.
	Shirley Marquardt	00:21:49	Chair Marquardt suggests shortening some of the presentations on the recent AMHS updates in order to have a little more time.
	Cynthia Burns	00:22:31	Agenda Approved.
	Shirley Marquardt	00:22:33	Regarding the minutes from the last meeting, they don't reflect the questions that we had about Cascade Point and Tazlina Crew Quarters.
	Shirley Marquardt	00:23:49	Minutes Approved. Opening remarks made by Chair Marquardt: getting information for this meeting half hour before the meeting makes it a little bit difficult.
<b>2.0 Opening Remarks</b>	Shirley Marquardt	00:25:12	Chair brought up concerns that information requests in Ketchikan weren't responded to.
<b>3.0 Public Comments</b>	Katherine Keith	00:26:48	Public comment period open.
	Shirley Marquardt		And if I may, if it's alright with the board in the interest of time, if we don't have any member of the public within the five minutes calling to make comments at the beginning of the meeting, I'd like to just go ahead and, and keep moving through the agenda. And we'll just give it till 4 45.
	Robert Venables		Robert Venables: Okay, good afternoon. And thank you. I won't belabor any of the points, but I think because we didn't get to see the information either. So I'm, I'm, I'm looking forward to the presentation, but just two points that would like to put out there to remind you that while staff will give you a very realistic viewpoints of the realities of planning during these federal guidelines that they're familiar with, I would hope the board would use some imagination to take a look at what the fleet could and should be 10, 20 years from now, not what we can make this current fleet into to better serve the communities. If we do that, we're going to continue to stay in reverse and not make progress that we need to do with the new ships that we need to build. The other thing is regarding the essential service. I don't know what staff's position is on that, but I think that we're going to need a, a fairly intensive round of community engagement to really determine what that service is. And it depends on with what vessel you're going to serve it with, whether it's passenger or whether it's the traditional blue canoe. So I just want to put those two concepts out there and pledge Southeast conference support to the board and the department to pursue the best information possible so you can make the best recommendations possible. Thank you.

	Katherine Keith		No Further Public Comments.
<b>4.0 Presentation: Recent AMHS Updates</b> (Katherine Keith, Change Management Director)	Katherine Keith	00:31:54	Tustumena Replacement Vessel (TRV) RFP closed on May 26th. We did not have receive proposals and it has been extended until June 23rd. The Malaspina sale was finalized.
	Rob Carpenter	00:33:09	Deputy Commissioner Carpenter discussed the benefits of the Malaspina sale. He is most excited that it maintains Marine highway history as a museum of sorts and that it home port will likely remain Ketchikan. It's a great ending to a proud vessel that served Alaska a long time.
	Katherine Keith	00:34:16	The comprehensive evaluation RFP closed May 23rd and we did have a successful proposal. A notice of intent has been issued that the protest period will conclude on the 16th. They've assembled a strong team of subject matter experts including the maritime group, McKinley research group, WASK associates and LG Rayfield. They have their specialties in ferry management and operations marine system planning, passenger vessel, and ferry design and construction engineering information systems and technology finance and accounting stakeholder and community engagement. As a reminder, some of the tasks we had established as part of this proposal was to do operational resiliency and efficiency analysis and analyze our IT systems for data integrity and also protection. We expect to have a contract in place probably within the third week of June.
	Katherine Keith	00:36:23	A request for interest RFI pertaining to vessel Wi-Fi went out on June 2nd and due on the 24th. Lack of connectivity that staff may have with their families has been tagged as a common morale recruitment retention issue. We'd like to look at options to expand this to passengers as well. We're also looking at that on our terminals as well.
	Captain Falvey	00:37:37	Captain Falvey discussed how AMHS has opened up a pilot project for bar service on the Kennecott and Matanuska. It's somewhat limited; with beer and wine, and eventually a type of mixed package drinking.
	Katherine Keith	00:41:07	Submitted 5 discretionary grants through an excellent partnership with Alaska municipal league to the Port Infrastructure Development Program (PIDP) and the Multimodal Program Discretionary Grants (MPDG) for ferry terminal and dock modifications in Cordova, Tatitlek, Cordova, Pelican, and Auka Bay. Also submitted a proposal for TRV construction. We have the grants on the AMHOB Website : Multimodal Project Discretionary Grants (MPDG) AMHS Tustumena Replacement Vessel Construction AMHS Prince William Sound Ferry Terminals Port Infrastructure Development Program (PIDP) Grants Prince William Sound Ferry Terminals-Submitted by the Prince William Sound Economic Development District Pelican Ferry Terminal New Side Berth Submitted by the City of Pelican AMHS Auke Bay Ferry Terminal East Berth Improvements Phase 1: East Berth Dolphin Improvements
	Katherine Keith	00:43:32	The engineering department has been very busy to consolidate the SMR list with the Fleet Condition Survey report This list is now cross referenced with what Glosson has identified as being priority maintenance needs during their annual survey. Now we're working on how we can take this list and

			then continually get it with our captains and chief engineers on board the vessel. Recommended work for the fleet with the vessels is 162 million.
	Katherine Keith	00:45:53	And so we know that of all of the work that's recommended, 78 million of it is considered priority one. And then some of that has already been identified as a federal project and may or may not have funding depending on the project here. And then beyond that work, that is of a lesser priority. Still important though is 83 million. What this does, we can now look at this from year by year basis and try to get a better understanding of what our maintenance needs really are. And if we need to be requesting more money into our maintenance program to help keep up the fleet while we have to run some of these vessels. Want me to, for any questions on this before moving on
	Wanetta Ayers	00:48:45	W. Ayers questioned the value of combining and cross referencing the lists and indicated that crew could be given greater authority to complete maintenance needs.
	Keith Hillard	00:51:45	It's good to track everything. What the crew wants, what AMHS needs, what engineering needs, as long as this is painting an accurate package of the maintenance needs of the boat. This is a huge step forward for us on the boats.
	Keith Hillard	00:53:02	Regarding the Matanuska. I don't think that we really need to do the dead end corridors.
	Katherine Keith	00:53:57	Ms. Keith discusses AMHS's response to the Fentanyl crisis with the formation of the AMHS Protects team and asks Port Captain Dan Askins to provide an update.
	Dan Askins	00:54:55	Captain Dan Askins discusses AMHS Protects team and how it will handle public safety concerns with a focus on crew, of course. It's stems from the governor's fentanyl initiative along with several issues that have been brought up with the coast guard recent recently with regards to embark policy, as every Mariner deserves respect. The team will also address sexual assault and sexual harassment training too.
	Shirley Marquardt	00:57:10	Thanks. The one item on their low emissions are electric ferry. Has that gone anywhere with Southeast conference?
	Katherine Keith	00:57:26	The low emission and electric ferry project is underway. We have Southeast conference and they have a subcontractor on board for about a week. There's been a couple kickoff meetings.
	Alan Austerman	00:58:00	A. Austerman asks for further details on the Malaspina sale.
	Rob Carpenter	00:58:19	D. Commissioner Carpenter states that the MAL sold for \$128,250 which does go into the vessel replacement fund.
	Alan Austerman	00:59:54	A. Austerman asks if the grants required matching funds.
	Katherine Keith	01:00:18	There are matching fund requirements and the state of Alaska had committed to that match.
	Keith Hillard	01:01:44	Captain Hillard requests that Elliot Bay, via our evaluation RFP, work with AMHOB to establish priorities of work for their scope and to help provide information.
	Shirley Marquardt	01:03:55	All right. Thank you. I, I think that if we ask management to Catherine to keep the board involved on the first meetings and the list as the scope gets a little more focused, that it goes before the board, that the board has the

			chance to go over it, just to make sure that we feel everything is being caught, that needs to be caught. And I, I think that's what, what you're suggesting and, and that, that makes sense. So, Katherine, is that something that can happen with the board?
	Katherine Keith	01:04:30	Ms. Keith indicates that was the intention all along and perhaps one of the main purposes for this comprehensive evaluation. So we had asked for input on the scope a couple times from members and we certainly will continue to do so. And, you know, we hope once they come on board, which may be in advance of the, the next two week meeting that they can come on and, and introduce themselves and start that dialogue early.
	Wanetta Ayers	01:05:58	And I understand the operating limitations on some vessels with regard to contracting out that service. But I do think that it's probably, I think in the board's purview to at least consider long term how contracting service might work. I know there's a lot of work that's been done on this in the past. And I do think that just, you know, if past is prologue that having some difficulty in providing this service as a direct state service, as opposed to a contracted service on a state vessel, I think that it's, it, it begs us to look at that question and look at it for the long term as to what, what that looks like on vessels. So that's something I would hope we would consider.
	Shirley Marquardt	01:06:53	Chair asked why we didn't have responses to the TRV solicitation.
	Katherine Keith	01:07:39	Ms. Keith stated that we had a pretty expedited timeline for construction. And while CMGC, which is construction manager, general contractor, procurement method is new for shipyards. It hasn't been identified as those reasons for those not submitting. Our team is currently reviewing what needs to happen to be sure that we can get a ship yard on board.
	Katherine Keith	01:10:50	Ms. Keith and Matt McLaren go through the next part of the presentation on the 5 year capital plan and scenario-based modeling. We had a number of people, including the commissioner, deputy commissioner, Captain Falvey, Captain Dan Askins, Barb Henry from engineering, Matt McLaren, Kirk Miller (south coast marine engineering overseeing shore side facility construction). Our main focus was to centralize information so that we could offer AMHOB common assumptions that different departments all agreed as a solid basis for making decisions moving forward.
	Katherine Keith	01:11:54	Ms. Keith discussed the process and meetings held to create the model. This effort is focused on these five years with the incoming infrastructure bill money, identifying needs, and what could be possible with new construction. You can see we have a list of multiple funding streams.
	Matt McLaren	01:13:47	Matt McLaren goes in detail through the income fund streams. This is still DRAFT.
	Shirley Marquardt	01:14:52	Chair asked a about the section 1103 rural ferry funds for clarification between operating and capital.
	Matt McLaren	01:15:14	M. McLaren replied that this is based on the approved budget. If we have to use 89.2 million for operating, then we'd have 70.8 billion left for capital that we could potentially use there if we potentially get 80% of the ferry boat funds. For this scenario, we were just modeling a flat, like a flat annual cost. The \$60 million of UGF coming from the state, would be a huge help



			for us to be able to, to use potentially that federal money for capital projects and build the ships we need.
<b>5.0 Presentation and Discussion: 5-Year Capital Plan (Matt McLaren, Business Operations Manager, and other AMHS Staff)</b>	Matt McLaren	01:17:46	W. Ayers indicates she would like to see operating and capital separated and asked about CRSA funds and the fuel tax. Ms. Keith pulled up the tables with separate operating and capital costs.
	Wanetta Ayers	01:19:01	M. McLaren discussed CRSA funds as a onetime event and how it is not a source that will occur moving forward. Also that the state motor fuel tax may no longer be in effect for AMHS so it isn't being added to the breakdown for future years.
	Alan Austerman	01:20:19	W. Ayers discussed her dissatisfaction with how information is being presented.
	Katherine Keith	01:21:40	A. Austerman also wanted to see information differently.
	Keith Hillard	01:22:18	Ms. Keith mentioned this is only the first slide and the breakdowns they are requesting is in later slides.
	Katherine Keith	01:22:42	Captain Hillard has concerns with the overhaul and maintenance numbers.
	Wanetta Ayers	01:24:47	Ms. Keith again stated that we are presenting the awareness of currently available information and that the scenario model is draft. Ms. Keith went over a slide that details vessel construction and vessel overhaul and maintenance costs.
	Matt McLaren	01:27:20	W. Ayers is wondering why there is a \$40m increase in operating budget.
	Wanetta Ayers	01:28:10	M. McLaren stated that the Governor's Office asked AMHS to increase levels of service significantly for CY23 and the increased budget reflects that.
	Wanetta Ayers	01:30:19	W. Ayers is unable about tradeoffs being made implicit in the budgets that are being presented here are really a philosophical difference between a short term approach to using that money versus a long term approach to, to using that money. She has difficulty recommending using money for propping up a fleet that does not serve the communities. We definitely have some short term capital improvements that need to be made to fix the vessels that are most likely to serve the fleet in the communities in the long run.
	Shirley Marquardt	01:31:39	W. Ayers is cognizant of the effects in state government of using what may be short term federal money to fill a gap that the state of Alaska has a moral obligation to provide; the state of Alaska is not off the hook in terms of operating AMHS. The sooner the state of Alaska figures out how to configure AMHS in a manner that it can afford to operate the better off the state of Alaska and the Alaska Marine highway and its personnel and the communities that it serves and its customers are going to be. I just remain concerned about the way those funds are going to be used for operating costs. So thank you.
	Keith Hillard	01:33:04	Chair Marquardt shares W. Ayers concerns. Those are two that really strong points we've talked about since almost since day one. It makes me very nervous and I don't think it's the best use of the money in the long term.
	Katherine Keith	01:34:12	So looking at the five year plan here and doing this this once again, to me looking at the shore side construction expenditures, we got 30,000,022, another 14,000,023, and then almost 77,000,024. What boats are we going to have to go to these terminals that we're spending all this money on? So

			we're, we're, we're building, we're, we're going to have docks really nice docks with no boats to show up at that's it.
	Shirley Marquardt	01:34:56	Ms. Keith highlights that there are two new vessels. It's not that there isn't a plan for new construction. The TRV is included here as is 325 million for a new main liner to get online as soon as possible, especially with the 30 million that was just at appropriated for design. And that being said, these are going to take five to 10 years to get constructed. Operationally for us to do what we need to do to keep the vessels running so that we can serve communities while we wait for the new construction to happen is really what our team had been focused on, what needs to happen. So we can keep serving communities while we are constructing new vessels that might not be till 2031.
	Matt McLaren	01:37:26	Captain Hillard and Chair Marquardt asks if it possible to fast track financing new construction and group vessels together into one RFP to save money.
	Captain Falvey	01:37:42	M. McLaren indicates that we can consider options for alternative financing.
	Rob Carpenter	01:41:00	Captain Falvey responded to the request of grouping vessels saying that we don't want to impact the TRV solicitation which has taken many years to get to this point.
	Rob Carpenter	01:43:10	R. Carpenter added that these are federal projects with federal process. We have to go to bid, we have competing shipyards. We can't just pile on another ship. And, and this was a hugely long public process.
	Shirley Marquardt	01:44:10	R. Carpenter added that we do need to proceed with the Matanuska dead-end corridors because we need that ship. There's no way we don't need MAT to get us to this next main liner. The TRV is a, is a decision that's been made and we're going forth with that. Discussing grouping vessels in one RFP is just piling conjecture about possible savings
	Paul Johnsen	01:45:33	Thank you. And, and that is clear. And I, I think, I think the board certainly agrees with that understands that that, that that's not possible. But again, I think I just want to make sure that you understand that the board, you know, the hope there is with the further to mainline vessels that they POS that they could be combined for, you know, time, time, and cost, if, if possible. And I think you got that loud and clear, so we'll go to Paul real quick and then we are going to have to move forward. I'm not, we, we, we still have quite a lot to look at .
	Rob Carpenter	01:46:08	P. Johnsen asks if we have the ability to, to issue bonds, the process of getting funding for the main liners.
	Shirley Marquardt	01:46:29	AMHS doesn't have the ability to bond at the moment. The state of Alaska, of course, can bond with general obligation bonds, or a variety of other kinds of bonding. There are other creative financing through federal highway administration. Once we get that picture of our funding availability and the need then we can start working funding options.
	Rob Carpenter	01:47:50	Chair Marquardt states there are just so many unknowns right now. Such as what different pods of money can be used, how it can be used when it may come. And it sounds like you're looking at all of those things and there's just no concrete answers as of yet. Is that a fair statement?
	Katherine Keith	01:48:15	R. Carpenter responds that yes even the 200 million annually isn't known. . I mean, there's no guidance out yet.

	Wanetta Ayers	01:49:16	Ms. Keith continued with the presentation. South coast Marine engineering group keeps a great repository of project needs. And so we worked with them to compile a list of what they believed to be needed in the next five years including some of the dock modifications and improvements grants were submitted for. It includes cascade point, which is being discussed as lease payments rather than upfront payments on any work that's done.
	Katherine Keith	01:51:04	W. Ayers questions why are cascade point and prince Rupert prioritized now over other needs such as villages as opposed to getting the work done as needed in Pelican, Cordova, and Chenega Bay; W. Ayers states these should be flipped.
	Wanetta Ayers	01:52:02	Ms. Keith responded that it's not about priorities, that the design and permitting takes two years. So they're currently being worked on right now. All of them have project starts, preliminary design is completed. It just takes time.
	Shirley Marquardt	01:52:33	W. Ayers complains that we can't see the whole picture and wants to see the STIP to better understand priorities.
	Katherine Keith	01:53:03	Chair Marquardt has questions about Cascade Point and the Tazlina Crew Quarters. What is the justification for Cascade Point and why is it being requested?
	Shirley Marquardt	01:54:08	Ms. Keith responds by saying over the past month, because of the questions that the members brought up, we did spend a lot of time evaluating different scenarios for Cascade Point versus Auke Bay with Tazlina crew quarters and without crew quarters. At this point done quite a thorough analysis, and while we're constantly improving these assumptions, I feel we can collectively now make pretty informed decisions. Information on that is later in the presentation and ask if the boards want to skip ahead.
	Katherine Keith	01:54:49	Chair Marquardt, states that in the half hour of time they had with materials she didn't see any changes. Stating frustration that AMHOB has been tasked by the legislature to provide recommendations on long term planning and she's trying to find out where the Cascade Point fits into a long term plan for the system.
	Shirley Marquardt	01:55:28	Ms. Keith again points to the presentation and requests to share with you the very methodical approach that was taken to evaluate that answer. That AMHOB does now have information and numbers that we can share on this topic. Our capital planning team went through assumptions and routing, all of the different factors, to determine what it would take to make it work and the value.
	Katherine Keith	01:56:20	Chair Marquardt indicated to Ms. Keith that she should just stick with your presentation and we'll get there eventually.
	Wanetta Ayers	01:56:27	Ms. Keith continued with the presentation regarding operation expenditures using a current flat rate at \$120 which can be improved as we create and understand the service levels. The summary slide shows all expenditures, capital broken out from operations, over the next five years. We can begin to see the impacts of decisions and the impact that IJA and UGF has on what is possible. Right now, we are at a loss of \$100m after five years indicating our need to pursue discretionary grant to complete needed work and have new vessel construction

	Matt McLaren	02:00:06	W. Ayers asks why AMHS revenues not used as operating funds.
	Wanetta Ayers	02:00:31	In CY22 and CY23, the legislature hasn't appropriated for us to spend that revenue. The goal has been to build up the marine highway fund balance so we can use it for new vessel construction.
	Rob Carpenter	02:01:51	W. Ayers asks what the projected spending is for CY23 and CY24 and if there is the potential for bonds to fill the gaps.
	Katherine Keith	02:02:25	R. Carpenter indicates that the next step is evaluating cash flow impacts so we can understand what the possibilities are.
	Shirley Marquardt	02:02:50	Ms. Keith resumes presentation on the scenario-based model begun for AMHS which was applied to Cascade Pt and Tazlina configurations as requested by AMHOB at the last in person meeting. Assumptions and scenarios were reviewed. With the goal being to increase service levels, what is the best scenario? It took a lot of creative thinking for our team to go through many scenarios. Outputs of the model include the number of port calls, # of passengers, # of vehicles, net cost, and payback. All capital costs were included as well as the needed revenue. We can see these runs profitable based on these assumptions. Time is a factor with these different scenarios.
	Katherine Keith	02:05:46	Chair Marquardt asks how Auke Bay without crew quarters is going to work this time around when it couldn't work last time. Why doesn't the crew need to overnight in Haines or Skagway?
	Dan Askins	02:06:13	Ms. Keith responds that the schedule four days a week versus seven which results in reduced service that if you had crew quarters. Ms. Keith asks Port Captain Dan to respond.
	Shirley Marquardt	02:07:09	Our scenario is how Tazlina has been running this last February and March when she was giving limited service there with a four day on three day off rotation.
	Dan Askins	02:07:54	Chair Marquardt stated that this wasn't how it was run two summers ago.
	Norm Carsen	02:08:09	D. Askins agreed that he is not speaking about two summers ago but a few months ago when we was the Port Captain in charge of the vessel and can attest to the schedule and what it took to meet the USCG work/rest requirements. There's two restrictions: can't exceed a 12 hour day. You can go up to a 16 hour day, but the next day is limited to 8 hours and can't exceed 77 hours a week.
	Dan Askins	02:09:04	N. Carsen wants to clarify that the vessel is tied up for 3 days per week when not operating.
	Norm Carsen	02:09:19	D. Askins confirms and also mentions that without crew quarters, staff not local to Juneau need hotels. These scenarios highlight the benefits/impacts of crew quarters and also how a home port change to Cascade Point changes things.
	Dan Askins	02:09:56	N. Carsen asks what happens to communities when LeConte is retired.
	Norm Carsen	02:10:13	D. Askins responds that if Tazlina does get crew quarters, she should be able to cover any community LeConte services. The questions is about operations but safety as defined by USCG who measures the amount of crew it takes to safely scan the vessel to offload the passengers.
	Katherine Keith	02:11:04	N. Carsen states that's why it's important Tazlina gets crew orders.

	Wanetta Ayers	02:11:16	Ms. Keith resumes with the presentation stating that our findings also concluded the inherent benefit with crew quarters to increase flexibility, not just these routes, but throughout the whole system. She points to another scenario with Cascade Points and Tazlina crew quarters which can run daily. The capital costs in this scenario included adding infrastructure at Cascade Point to include potable water, fuel storage, waste dumping and also adding in a vessel waste system. Even with all of that, the payback is under ten years. For this routing, there's probably a good four or five different scenarios analyzed by the team. This is a significantly profitable scenario in spite of the \$61m investment in Cascade Point and other infrastructure. Payback is in years, but we are only considering 20 weeks of revenue service.
	Katherine Keith	02:14:07	W. Ayers asks what the assumption of utilization level in terms of passengers per week?
	Norm Carsen	02:14:36	Ms. Keith stated the current assumption is at 75% of capacity. After reviewing historical data, the 2055 forecasted traffic levels from the Juneau Access EIS, it was decided that this flat percentage is most clear and will allow for a sensitivity analysis to be done.
	Katherine Keith	02:15:17	N. Carsen wants to see the impact on the system with LeConte retires. When we are adding another 26 miles each way to go to other communities, if you're leaving Cascade Point 52 overall. I think it's important to remember that is Cascade Point going to be that important for summer run only five years from now.
	Shirley Marquardt	02:16:12	Ms. Keith discusses next steps with the model and how Elliott Bay's team has excellent programming capabilities to help creating an application rather than an Excel spreadsheet, one that it's online and open source. These configurations can be run by multiple parties; we want to be transparent about this and extend this model now to other questions.
	Katherine Keith	02:17:03	S. Marquardt says there is no modeling attempt to show the ACF with crew quarters going from Auke Bay.
	Shirley Marquardt	02:17:23	Ms. Keith indicated it is on the summary table but the detailed version was left out of the presentation for the sake of time as 20 different scenarios were modeled. It was modeled.
	Captain Falvey	02:17:40	Chair Marquardt states that looking at the model that crew quarters seems to be bring the greatest benefit and asks Captain Falvey to chime in about why Cascade Point is a part of the long-term planning conversation.
	Shirley Marquardt	02:18:35	Captain Falvey states that the team spent an entire day reviewing information and coming up with scenarios and that no decision has been made yet.
	Captain Falvey	02:18:58	Chair Marquardt again asks if AMHS management team and staff brought this to DOT's attention as something that increases system efficiency.
	Shirley Marquardt	02:19:14	Captain Falvey responds that it was discussed during the capital planning meeting in Ketchikan.
	Captain Falvey	02:19:17	Chair Marquardt asks again the source of the project if it was requested, identified, or supported by AMHS management staff. Trying to understand where this fits in a long term plan for just AMHS particularly since we've all, we've seemed to all agree that ACS without crew quarters are just not

			flexible and usable unusable enough in the system. S. Marquardt asks where's the benefit to the ridership end of the system for a \$37 million terminal at cascade point, when we know we have to put about the same amount of money or less, and our other terminals, like Cordova.
	Rob Carpenter	02:20:11	Captain Falvey states that Cascade Point has been around for a while, but it's only been very recently seriously discussed.
	Shirley Marquardt	02:20:20	R. Carpenter add that Cascade Point has been around since Juneau access, as option 4D or something. It was the next best option to building a road all the way. That was modeled with two ACFS running; there has been considerable discussion ever since then about Cascade Point and the benefits. We have internally been trying to get it going since R. Carpenter began at DOT working to provide analysis. We are finding that with crew quarters on it pencils out as a good investment which is what Katherine's trying to present to you. This is very draft and it's a very deep discussion that frankly we're six minutes past our, our deadline here for the meeting. R. Carpenter recommends the entire next meeting to review the models. This isn't a new topic by any means is my point; and here we are trying to discuss all the merits, the pros and cons.
	Wanetta Ayers	02:22:07	Chair Marquardt states that this has been a hot potato for a long time and that she is trying to understand is how this fits into a long term plan for AMHS as a seasonal summer only terminal.
	Alan Austerman	02:22:53	W. Ayers reminds everyone that this is a volunteer board who are committing our time to this issue. She states that it feels like there are separate paths occurring concurrently, and she question the role and efficacy of the board process. If we are not included in a clear, candid and transparent communication process. And it feels to me like there are decisions that are happening on a faster pace than the board is able to, to act on that will lock in certain decisions. And that is, that is it, it makes me question this process. So I understand that there's a system that has to operate and that, that requires day to day management operating decisions. There are a suite of very complicated capital investment decisions that are being contemplated here. And because of the long term nature of them, it, and it creates an automatic lock. It, it eliminates other scenarios down line. And if we're supposed to be creating a short term operating or short term recommendations and long-term recommendations, it seems to me that there has to be some candor that, that the department and the system are moving at a more rapid pace and, and leapfrogging those decisions before the board really is going to get there. I wish the board could move at a more rapid pace, but this process, the complexity, the level of capital involvement. Staff works on this daily and they get a half an hour to look at partial information and then are asked to ultimately be able to make recommendations on it. It seems to me to be a baked in situation that we are either going to have to default to what management and the administration has already decided. And therefore, what the hell are we here for? I'm sorry to be so critical about this, but I'm a volunteer. I agreed to do this because I believe in this system. And, but I don't feel like this process is serving the public, the legislative intent and my

			commitment to public service. If you want me to sit at another one of these meetings, I need to get information in advance and I need some candor about decisions that you guys are already making, because you've already done it to us today showed us that you're making decisions without looking to this board for recommendations. Thank you.
	Katherine Keith	02:26:40	A. Austerman agrees with W. Ayers. We received today's agenda items half hour before the meeting. There's seven pages of intensive capital expenditures and information here that we can't have a solid conversation about them. A. Austerman recognizes that AMHS has been handicapped a long time without the funds necessary. Every two weeks, you spend the first hour talking about everything, except the real item that you really want to try to discuss. As soon as we discuss the five year plan, it became very obvious that we need to study that five year plan yesterday or day before. So we could sit here and have a conversation today and spent the two hours working on it rather than one hour and not coming to any kind, a concrete decision.
	Shirley Marquardt	02:28:22	Ms. Keith states that regarding the short notice of information, this has been a significant work-in-progress representing hundreds of work hours that have gone into putting together this information for you. It is not yet in the final state. We do want to offer the greatest review possible, but sometimes we're doing the best we can operationally given our other responsibilities. As always, we will commit to getting information to you more in advance, but the intention of today's meeting was to demonstrate the outcomes we can share and the status of this current model. This isn't the actual 5 - year plan, the reason there's draft all over this is because we are sharing a process with you. Decisions have not been pre-made, but we're trying to share with you information as we get it and if we can be more transparent, we absolutely want to do so. Our number one priority to be transparent with not only the, the board, but the public as well about things about the operation of the system and decisions. So any ideas you have for that, please let me know, and we'll continue to polish both this and the financial cash flow information that Matt had mentioned is being worked on. And as soon as you'd like to schedule another meeting, just to get into the details on that, we'd be happy to facilitate that.
	Rob Carpenter	02:29:57	Chair Marquardt states that we are 15 minutes over but wants to look over the modernization decision points on. I think we can go through fairly quickly because some of them just need more flushing out. Is there any board still conflict with adding crew quarters to the Tazlina?
<b>6.0 Modernization Plan Decision Points</b>	Shirley Marquardt	02:32:45	R. Carpenter asks the chair why is it now that we need to make this motion.
	Rob Carpenter	02:33:19	Chair Marquardt states that the very first time we saw this modernization plan was that it was timely to decide. That in order to move forward with long term planning elements of the long term planning, there just are some things that need to be taken by the board one by one, and given what their recommendation is, yay RNA. So that AMHS and a DOT understand the direction AMHOB is recommending. She asks the Deputy Commissioner what other information is it that you're going to need or discussion that

			you're going to need in order to make a decision on the Tazlina crew quarters.
	Shirley Marquardt	02:34:33	R. Carpenter states that it's a great question and while he's supportive conceptually, he's not sure right now at 20 minutes over is the best time for decision-making.
	Matt McLaren	02:34:48	Chair Marquardt states that this was on the agenda for specific reasons. While we are past our time, I would ask Matt in terms of timing, is this, is this a decision point or a recommendation, a formal recommendation from the board that would be helpful to get sooner or later? Or can we continue to wait?
	Shirley Marquardt	02:35:26	M. McLaren states that it's up to the board. We need to take steps to get the project going and needs to evaluate cash flow. There are advantages and disadvantages either way.
	Wanetta Ayers	02:35:52	Chair Marquardt states that AMHOB is a board that makes recommendations. Does the board agree that Tazlina with crew quarters is an important element of long term planning?
	Shirley Marquardt	02:36:27	W. Ayers indicates her comfort would be greater if it was being made as part of a Yeah. I, I, I guess if, if the discussion today is to get a general sense of the board on this question to inform management, I mean, I, I, I, I think I would feel more comfortable if we were making this in terms of A comprehensive plan, as opposed to a single decision point. There's a whole suite of decisions that need to be made and I don't feel that they can be made incrementally. I think we need to be looking at these decisions as a suite of decisions and looking at the impacts of those on the system. And that takes me back to our meeting in Ketchikan. And one of the things that Commissioner Anderson said, which I firmly believe in, is looking at scenario planning. While I appreciate the work that staff has done again, we're not seeing all of the work that was done and we're not taking into consideration the incremental impacts of these long term decisions on either revenues operating profile or, or other considerations that we should be making in terms of our advisory capacity in the legislative mandate for this board. If the question is, is the sense of the board that crew quarter should be built on the Tazlina, then yes? I raise my hand. Yes. If it is an official action of this board, then no. W. Ayers would be more comfortable addressing that question if we were looking at it more holistically
	Keith Hillard	02:38:29	Chair Marquardt reframes that we could consider the importance of Tazlina crew quarters as a part of that long term plan.
	Shirley Marquardt	02:39:03	Captain Hillard complains that he has six things he's been asking about that haven't been addressed. They keep getting more and more information and we're not making any decisions on stuff. Maybe we don't have enough information; Maybe we do. We need to kind of go back and take a general consensus of, of all the materials presented to us and come up with really good topics for the next meeting and plan accordingly.
	Shirley Marquardt	02:40:10	We need to start with an elements of long term plan because we've talked about a lot of these elements, some are time sensitive. You know, if we're, if we are recommending that Tazlina gets crew quarter, that's kind of some low hanging fruit that's been there for quite a while. It would be helpful to



			make that recommendation. So possibly that could move forward up to the administration. But I think at this point, there's just no way that we're going to have that conversation today on all of them.
	Shirley Marquardt	02:41:02	At the next meeting, we start late looking at a framework, what long term plan elements include and, and pull together some of these elements based on information and conversations. Let's start making somewhat of a framework that we then can be ready to move forward with. We should have an update to the legislature and administration in October likely.
	Shirley Marquardt	02:42:08	Cynthia Berns left meeting at 3:30 pm. We're down to next steps and closing comments. So let's go with the future meetings and topics. Long term plan start of framework elements. I will send out an email to the board, Catherine, and to the board of what I see as those elements based on our, our past meetings; I hope that others would do the same so that we can start collecting those. Go back to the modernization decision points and understand clearly from AMHS, which ones are time sensitive issues. We have to go back to essential service, what that looks like for the modernized fleet. What else would the board like to see?
<b>7.0 Board Closing Comments and Next Steps</b>	Keith Hillard	02:43:49	Chair Marquardt requests that the board review the modernization plan.
	Shirley Marquardt	02:45:13	Captain Hillard wants to make a motion to get printed materials to the board at least a week ahead of meetings?
	Rob Carpenter	02:45:33	Chair Marquardt indicates that not make a motion but work with staff to find a better way.
	Paul Johnsen	02:47:00	R. Carpenter indicates that its maybe we don't have a standing meeting but schedule them after materials are fully prepared and ready for review. We hear your frustrations but also staff are working their butt off to try and provide this and, and do all their other work. I'm going to try and get a list of the actual tasks and statute that we're tasked with and that we can refer back to in some easy to read format that, so we actually know what, what we're supposed to do very clearly and how everything we're speaking to addresses those tasks. That would be good for me anyway, so I can, you know, understand and help guide.
	Rob Carpenter	02:48:42	P. Johnsen states that for the next meeting, we should go start out right into the decision points and really discuss these things. We've had so many presentations, but we haven't shared our thoughts on this to the administration. Then pick up all the items we've left un talked about including, you know, like Hyder. So, yeah, and I, I think we should have the whole meeting devoted to that before we move into new subjects.
	Paul Johnsen	02:49:26	R. Carpenter states that he doesn't understand how Hyder plays into anything that I read here in SB HB 63, it's an operational decision. How does it plays into long term planning, short term planning, operating capital budget, Other than providing written responses on the topic, I, I don't know why we keep going back to Hyder.
	Shirley Marquardt	02:49:57	P. Johnsen states that first of all, it was brought up a meeting and he's waiting to hear if the administration thinks it's a good idea or bad idea. I haven't heard anything from the administration. There's some pluses and minuses, but yeah, it, it affects a long term plan. Are we going to improve Prince Rupert terminal or are we going to go all Solas ships? There's a lot of

			long term planning involved. If the administration says, it's a bad idea and we agree, let's put it off the table, but at least we would've talked about it.
	Rob Carpenter	02:50:43	Chair Marquardt states that what P. Johnson and herself have requested in an email prior to the meeting is a very short white paper from AMHS stating whether it's something of interest that they're looking might be looking at in the future.
	Shirley Marquardt	02:51:24	R. Carpenter apologizes, saying that we did provide that information but if it didn't suffice we can double back. Logistically given the road and everything else, it does not make sense, but we can circle back.
	Alan Austerman	02:51:46	S. Marquardt suggests that the analysis you did was good but for the board we should have one pager for record that indicates AMHS's recommendation for Hyder. The board could then state that they agree or we disagree.
	Wanetta Ayers	02:52:22	A. Austerman, states that he agrees with Rob, on HB63. On page 2, line 20-30 tells you what we're supposed to be doing and how we're supposed to be doing it. AMHS has to come forward with what they expect out of a long term plan and what they would write up for a long term plan on a short term plan. They haven't had one before. They're mandated now by basically this bill that we have to create one and we have to help them. And, but I'd like to see some format. And I appreciate all of the information that is provided to us but has a problem with, with not being able to absorb it prior to sitting down and try to have a concrete, informative discussion about it. We have to figure out a better way of running these meetings and can't be loading the meetings up.
	Shirley Marquardt	02:54:02	W. Ayers states that in HB 63, the one and only task is a long term plan. We may be a little too mired in, in some operational detail, but I think that, I think that what we need is to talk about the performance standards that we expect from the system and the utilization of assets and the standards by which capital investments should be made. And those, those are the kinds of decisions that typically occupy private boards, private sector boards. And so what I'd really like to see is focus on those kinds of things, some of the other things that we've discussed. Rather than evaluating a single port, we should be saying to ourselves when and under what conditions the, the system should consider expanding service to new ports. So I'd really like to see us start moving the conversation in that direction. And again, looking at overall performance of the system, how the system should be evaluated and how capital investments should be made to hopefully move the system forward. The big decision points with regard to, with re I, I'm trying to think of the full list before I make a blanket statement, but some of those decision points I do believe are probably more near term than, than the long term planning standards that we might be discussing. So I think that by their nature, because they lock in other future decisions with regard to long term planning, we should at least make some recommendations about them. So, they may not necessarily fit the format of a long term plan. They, they are key to crafting a long term plan that will best serve the public interest and the communities that are served by the system.

	Shirley Marquardt	02:57:02	S. Marquardt suggest that Hyder summary be sent out to the board which gives the straight, yes or no and reasons why. The letter to the governor is something that I'll start working on and to get the correct language there and support of the board, which is the simple letter, is just that we, we fully support the funding level in the legislature that the legislature approved for this session.
	Shirley Marquardt	02:58:05	Thank Captain Falvey and Matt McLaren and requests that Carrie come back online.
	Wanetta Ayers	02:58:45	Chair Marquardt requests that we have information Wednesday afternoon prior to meetings.
	Wanetta Ayers	02:59:41	Shirley, can I just say one thing about that?
	Shirley Marquardt	02:59:45	W. Ayers suggests that we upload materials to a drop box or similar mail system so members can pull from it as it is available.
	Katherine Keith	03:00:36	Chair Marquardt asks if Ms. Keith as any comments.
	Shirley Marquardt	03:01:19	Ms. Keith states that she doesn't but thanks everyone for your time. And we'll get back with everyone on, on a plan moving forward.
	Shirley Marquardt	03:01:30	Chair Marquardt thanks the public for participation and asks for comments to be submitted.
		03:02:08	Meeting Adjourned.