

## AMH Reshaping Work Group-Summary Minutes -April 30, 2020

Members Present: Tom Barrett(Chair), John Torgeson, Wanetta Ayers, Robert Venables, Tony Johansen, John Torgerson, Ben Goldrich, Senator Ben Stedman, Representative Louise Stutes, Tera Ollila (Admin)

Excused absence: Lee Ryan

The Chair called the meeting to order at 1:30 pm.

The meeting agenda consisted of:

- Strategic Objectives for Reshaping the Marine Highway System
- Innovative Solutions for Operating the System
- Future Meeting Schedule

Noted Northern Economics study the work group was previously briefed on, and multiple prior studies available to help inform work. Members proceeded to identify and discuss principal strategic objectives of the reshaping plan. These will inform and guide specific organizational design and implementation recommendations and transition plan for implementation. Objectives identified by members included:

RELIABILITY- dependability often more critical than service frequency to coastal community residents and businesses, seasonal aspects acknowledged, better overall understanding of core tribal and community economic and social transportation needs versus wants desirable.

INTEGRATED TRANSPORTATION FUNCTIONALITY- system transportation infrastructure economic driver, connection for coastal communities to roads and airports, mainland road system and other Alaska communities, able to move passengers and freight, emphasis on needs of Alaskan coastal communities not tourism per se. Improving ferry system integration and communication with ports and communities helpful.

GOVERNANCE MODEL- status quo suboptimal for responsive and financially accountable marine highway system, empowered board or state corporation, consistent recommendation of prior studies. Multiple reshaping options available to consider, adequate decision authority and practicality critical to success.

STABLE FINANCIAL MODEL- ferry system needs stable, clear and consistent budget goals that management can plan and work to, revenue sources, the financial goals, options and limits clearly identified and generally predictable

EFFICIENT AND EFFECTIVE BUSINESS PROCESSES – System operating cost and reliability critical factors, business practices should be designed and managed for effective and efficient asset

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management and service delivery, inefficient or ineffective practices should be changed or eliminated.

**CAPITAL ASSETS MATCHED TO LONG TERM SYSTEM NEEDS** – Current aging fleet not matched to current operating needs, limited agility/adaptability for changing needs. Forward looking adjustment and transition plan for more efficient, flexible, tailored to core services and safety requirements using ferries and/or private ferry services. Consider private sector partnerships and local authorities to operate system pieces.

**SIMPLIFY** – current fleet age, design, lines of service mix, crewing, contracts, contracting procedures, maintenance procedures and federal and state regulatory requirements add significant and costly operational and management process complexity. Simplify wherever possible.

**PEOPLE**- people operating and managing the AMHS are a source of professional expertise, they understand cost drivers, may be able to help identify smart changes, operating success depends on them, leverage their knowledge, discuss changes with them.

**GENERAL:** Need for focus on deliverables that can be implemented; over many years many good recommendations have been made but few acted on. We have an opportunity to help break that pattern for the benefit of Alaskans if we can identify a practical reshaping plan with detailed implementation steps that can be used if our recommendations are adopted.

The work group also discussed the need for innovative changes to streamline and improve system.

Suggestions noted in brief discussion included:

- Forward looking 5-year rolling budget model to enable managers to better manage budget
- Two week on-two week off vessel operating model
- Improved transparency around major asset maintenance
- Governance model changes that are quickly implemented by Governor (speed up change)
- Remove AMHS from Executive Budget Act constraints
- Contract out life-cycle system maintenance
- Dynamic Pricing

The work group agreed to have weekly meetings on Thursday afternoon.

The next meeting was scheduled for May 7, 2020. Meeting adjourned at 2:45pm.

An audio recording of the meeting including all member comments is available at [dot.amh-reshaping@alaska.gov](mailto:dot.amh-reshaping@alaska.gov)