STATE OF ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM: ALASKA MARINE HIGHWAY OPERATIONS BOARD (AMHOB)
December 2nd, 2022, 12:30-4:30

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, Paul Johnsen, Shirley Marquardt, Captain Keith Hillard, Deputy Commissioner Rob Carpenter, Captain Edward Page, and Norm Carson
DOT&PF Staff: Jocelyn Swindel, Captain John Falvey, Gregory Jennings, Matt McLaren, Joanne Schmidt, Katherine Keith, and Tera Ollila

12/2/2022 Agenda 12:30-4:30				
12:30	Item 1	Call to Order/Roll Call	Chair Shirley Marquardt	Information
	Item 2	Minutes Approval	Chair Shirley Marquardt	Information
	Item 3	Report of Board Chair	Chair Shirley Marquardt	Information
	Item 4	Report of Members	All Board Members	Information
12:40	Item 5	General Public Comments		
New Business				
12:55	Item 6	Updates and Review of Supplemental Information	Captain John Falvey, Gregory Jennings, and Katherine Keith	Discussion
	Item 7	Operating Budget CY24 Recommendations	Matt McLaren	Discussion
4:15	Item 8	Wrap-up	Chair Shirley Marquart	Discussion
Meeting Materials and Supplemental Information				
	Item S1	AMHOB Meeting Minutes		
	Item S2	Cascade Point Summary		
	Item S3	Supplemental Services History Summary		
	Item S4	Matanuska Dead-end Corridors Recommendations Summary		
Next Meeting Agenda Items				
Reviewing options for service levels (weeks of service and port calls) based on past service levels and community response				
Succession/training plan for critical positions throughout the system				

AGENDA ITEM 1: CALL TO ORDER/ROLL CALL

[No Materials]

AGENDA ITEM 2: MINUTES APPROVALS

[Minutes Attached as item "S1: Meeting Minutes"]

AGENDA ITEM 3: REPORT OF BOARD CHAIR

[No Materials]

AGENDA ITEM 4: REPORT OF MEMBERS

[Item 4: Captain Edward Page Re: Cascade Point]

ALASKA MARINE HIGHWAY OPERATIONS BOARD

TO: KATHERINE KEITH (ALASKA DOT).

COPY TO: SHIRLEY MARQUARDT, CHAIR, AMHOB
CAPT. JOHN FALVEY (DIRECTOR-AMHS)
MATT MCLAREN (AK-DOT)

FROM: CAPTAIN ED PAGE, AMHOB MEMBER

SUBJECT: CASCADE POINT FERRY TERMINAL

DATE: NOVEMBER 13, 2022

Can you please ensure this memo eceives appropriate distribution.

I have been querying a number of my friends, local users of AMHS and our local State legislative delegation regarding their thoughts on the potential establishment of a ferry terminal at Cascade Point, approximately 30 miles north of the current AMHS terminal at Auke Bay. I understand this proposal is intended to shorten the length of ferry transits to the northern Lynn Canal communities of Haines and Skagway. This is due to the fact the new ACF (Alaska Class Ferries) cannot make the entire run up and down to these communities in one day from the Auke Bay terminal but could do so from Cascade Point.

I have summarized below, questions and issues that have been raised. I personally believe this effort will benefit AMHS, however, at a cost and inconvenience to the users of AMHS that overweighs the benefits. However, I don't have a good understanding of all the factors considered by AMHS in coming up with this option. I suspect many of the issues outlined below have already been evaluated by AMHS' planners and possibly some of the issues may have not been considered. I'm confident there are pros and cons for establishing this terminal and at the end I would hope all factors are considered before a final decision is made that is overall the most prudent for AMHS, as well as the communities and users of the State's transportation system.

1. Safety: Safety is always brought up as a priority during AMHOB discussions as well as by AMHS. With respect to Cascade Point terminal, I suspect the shorter sailing routes to and from Haines and Skagway is a safer option for the vessels, passengers and crews when underway on the vessel. However, getting to and from Cascade Point terminal entails driving an additional 30 miles more each way than is required to embark or disembark from the existing Auke Bay terminal. A large majority (> *95%*) of the passengers , vehicles and crew on the ferries calling on Cascade Point will be traveling to Auke Bay or beyond after disembarking a ferry at Cascade Point to another ferry, or other areas of Juneau, all of which are beyond Auke Bay, thus adding 30 road miles of transit. The same additional road travel (30 miles each way) applies to passengers, vehicles and crew that will embark a ferry at Cascade Point. The road to Cascade Point is one of the most remote and hazardous roads in Juneau and a majority of the road is in areas outside cell phone range. There have been several lethal car accidents on this stretch of road that has no lighting and narrow shoulders. I assume DOT realizes the road will need to be

upgraded. I also understand the use of Cascade Point would be only operated seasonally in the summer months partially due to safety concerns.

2. Carbon Footprint and Emissions: Vessels are the most fuel-efficient means of transporting passengers and cargo. Vehicles are far less efficient. Has the projected aggregate fuel consumption of the ferries on the shortened run to Cascade Pt. vs Auke Bay and the additional fuel consumed by vehicles used to transport vessels' crews and passengers, AMHS staff, and passengers with vehicles the extra 30 miles each way to Cascade Point vs Auke Bay been evaluated to determine which sailing port (Cascade Pt or Auke Bay) is overall the most fuel efficient and less impactful on the environment?

3. Public Access to Ferry Transport: How much improved and frequent access between Upper Lynn Canal for travelers will be provided by Cascade Point? Many understand this would be almost daily service in the summer. How much shorter in on board ferry hours will a voyage on a ACF from Haines to Cascade Point be than to Auke Bay?

4. Crew Hours, Quarters and Costs: DOT, Coast Guard and Union would have to discuss and agree when their work shift starts, e.g. when crew reaches Cascade Point or when employee leaves home? Will DOT hire drivers to take employees to Cascade Point so their work hours do not start until they arrive at Cascade Point so they can remain within 12 hours as per Coast Guard work requirements? I see cost savings in crewing the vessels when sailing to Cascade Point vs Auke Bay. After adding crew quarters to the ACF vessels will they still be needed on the Lynn Canal route? I see where quarters can be an asset on other routes sailed on the ACF.

5. Affordability for Public: Many understand DOT says there will be reduced fares for public/business if the ferries sail out of Cascade Point. If this is correct, how much reduction in cost for passengers, vehicles and business? Is Cascade Point overall a cost effective alternative?

6. Public Transportation: Has providing public transportation to and from Cascade Point terminal been considered as well as the cost estimates to provide this as well as the costs to travelers. Would this transport be to and from Auke Bay?

Regards

Ed Page
Member AMHOB

AGENDA ITEM 5: GENERAL PUBLIC COMMENTS

[No Materials] **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).*

AGENDA ITEM 6: UPDATES AND REVIEW OF SUPPLEMENTAL INFORMATION

Item S1	AMHOB Meeting Minutes
Item S2	Cascade Point Summary
Item S3	Supplemental Services History Summary
Item S4	Matanuska Dead-end Corridors Recommendations Summary

Item S5 General Manager Monthly Update

Item 7: CALENDAR YEAR 2024 OPERATION OPTIONS ANALYSIS

Executive Summary:
Management of AMHS is presenting four options for service levels and vessel routes supported by the calendar year 2024 Department requested operating and capital budgets. The first option, Option A, essentially provides service with all nine vessels operating throughout the year apart from their required annual overhaul periods. There are no gaps in service with this option. Option B provides year-round service with eight vessels while still providing enough service to eliminate service gaps. Option C reduces service to seven vessels is not able to provide enough service to eliminate gaps. Option D further reduces the number of ships operating to six. This option will have service gaps while also reducing the number of high revenue trips to Bellingham.

Please Note
For financial calculations of the various Calendar Year 2024 operating alternatives the business rules of Calendar Year 2022 (Collective Bargaining Agreements effective July 1, 2022, Tariffs, etc.) are being used. In addition, the base budget price of delivered fuel of $3.00 per gallon is also being used. It is assumed in this analysis that Fuel Trigger legislation will not be authorized to provide for fuel pricing in excess of the base budget price. In this case, additional authority may need to be requested in order to access the Marine Highway Fund carry-over balance.

All Options provided assume the current crew shortage issues will be resolved by Calendar Year 2024. If crew shortages continue to 2024, a planned operating fleet of eight or nine vessels may need to be reduced to safely crew each vessel that is operating.

The IIJA funds listed in each Calendar Year 2024 option are based on the parameters listed by FTA in the Notice of Funding Opportunity for the IIJA grant. All options assume AMHS generated revenues will be to operate during the year. The Unrestricted General Funds (UGF) is the amount needed to operate the schedule under each option IIJA and AMHS revenues are used.

Option Descriptions:
Option A: (All Nine Vessels Operating)
This option provides service with all vessels operating, including three mainliners. This would allow AMHS to operate a dedicated SE Alaska/Prince Rupert mainliner while also having two vessels operating on the high revenue Bellingham route. The Tustumena would cover SW Alaska and either the Aurora or Tazlina would cover Prince William Sound. The Lituya would continue to service Metlakatla. The Hubbard would cover Lynn Canal while the LeConte covers the villages in the Northern Panhandle. The challenge to this option is that it leaves the Aurora or Tazlina (whichever one is not in PWS) with nowhere to operate except on a route that is already covered by another vessel. On the routes this vessel could operate, there is not

enough pent-up demand to require this additional service. There would be no service gaps with this option.

Option B (Eight Vessels Operating)
This option mirrors Option A with the exception of laying up the Aurora or the LeConte. The vessel that is laid up would be kept in ready status and could cover for the overhaul periods of the Hubbard, Tazlina, and the other 235' vessel. There would be no gaps in service with this option.

Option C: (Seven Vessels Operating)
This option mirrors Option B except for only operating two mainliners. The Columbia would not operate. This option would greatly reduce service to Prince Rupert. This option would leave gaps in service in PWS as well as Homer/Kodiak during those vessel overhauls.

Option D: (Service Reduction)
This option mirrors Option C, but would leave only one vessel to service both Lynn Canal and the villages of the Northern Panhandle. This would greatly reduce service levels in those areas. Additionally, both NLC and the Northern Panhandle would have a gap in service while this vessel is in her annual overhaul.

Financial and Operational Support

Financial and operational support for each option includes the following:

- Summary system operational costs and funding (Attachment 1)
- Detailed Operating Budget Variance Analysis (Attachment 2)
- Summary of Historical Port of Call Analysis (Attachment 3)
- State GF Capital Expenditures FY10-FY22 (Attachment 4)
- General Fund Capital Request (Attachment 5)
- Deferred Maintenance List (Attachment 6)

<u>FY 2024 General Fund Capital Needs:</u>
The 2024 itemized General Fund Capital request is detailed in Attachment 5 in this section. Total AMHS need is detailed as follows:

- Vessel/Terminal Overhaul: $20.0M – These funds are used for shipyard costs to maintain USCG Certificates of Inspection (COI) compliance. Smaller amounts of funds are used for Terminal maintenance.
- Deferred Maintenance: $4.3M – A detailed current inventory of deferred maintenance items is included in Attachment 6. If separate Deferred Maintenance funding is not approved in the FY 2024 budget, AMHS will try to complete some of the Deferred Maintenance items using the $20.0M of Vessel/Terminal Overhaul funding.

ALASKA MARINE HIGHWAY
CY 2024 Option Summary and Analysis

Description	Prior Fiscal Year Actuals 2018	2019	2020	2021	CY2022 Est.	CY 2023 Authorized	Calendar Year 2024 Opt A	Opt B	Opt C	Opt D
System Costs										
Vessel Costs	$ 121,167.4	$ 120,802.9	$ 79,852.9	$ 81,031.8	$ 101,518.8	$ 125,586.0	$ 147,985.8	$ 139,200.2	$ 120,198.0	$ 113,453.5
Shoreside Costs	17,556.5	16,865.0	12,702.0	12,976.2	17,148.7	18,245.2	18,610.1	18,610.1	18,610.1	18,610.1
Allocated Admin	3,287.4	3,203.1	2,091.2	2,102.0	1,953.7	1,945.9	1,984.8	1,984.8	1,984.8	1,984.8
Total Operating Costs	**$ 142,011.3**	**$ 140,871.0**	**$ 94,646.1**	**$ 96,110.0**	**$ 120,621.2**	**$ 145,777.1**	**$ 168,580.7**	**$ 159,795.1**	**$ 140,792.9**	**$ 134,048.4**
System Funding										
MHF Balance-Trad	$ 18,217.3	$ (16,503.0)	$ 16,217.1	$ (10,296.0)	$ (44,729.9)	$ (51,368.9)	$ -	$ -	$ -	$ -
Transfer from Capitalization Acct.						-	-	-	-	-
Generated Revenues	47,316.0	50,804.0	28,257.0	27,862.0	46,683.8	53,314.8	56,405.3	51,859.1	36,605.5	34,331.6
Restricted Revenues	977.0	399.0	734.0	276.0	872.1	868.7	868.7	868.7	868.7	868.7
Gen Fund Appr-Total	41,949.0	92,491.0	45,821.0	53,062.0	61,000.0	60,063.0	56,939.8	54,526.0	51,988.5	50,416.4
Tfr. From Comm. Quota Entity RLF	-	-	-	-	-	-	-	-	-	-
Motor Fuel Tax	3,552.0	3,617.0	3,617.0	3,617.0	3,617.1	-	-	-	-	-
Transfer from CBR	30,000.0	-	-	-	-	-	-	-	-	-
Fund Tfr. - Vessel Gaming Tax	-	10,063.0	-	-	-	-	-	-	-	-
Fund Tfr. - Inv. Loss Trust Fund	-	-	-	1,614.0	-	-	-	-	-	-
Fund Tfr. - AIDEA	-	-	-	14,475.0	-	-	-	-	-	-
Supplemental Reappropiration	-	-	-	5,500.0	-	-	-	-	-	-
Fed. CRRSAA Funds	-	-	-	-	53,178.1	-	-	-	-	-
FTA Rural Ferry Grant (IIJA)	-	-	-	-	-	82,899.5	54,367.0	52,541.3	51,330.3	48,431.7
Gen Fund Appr-Surplus Fuel Trg	-	-	-	-	-	-	-	-	-	-
Total System Funding	**$ 142,011.3**	**$ 140,871.0**	**$ 94,646.1**	**$ 96,110.0**	**$ 120,621.2**	**$ 145,777.1**	**$ 168,580.7**	**$ 159,795.1**	**$ 140,792.9**	**$ 134,048.4**
Operating Statistics										
Weeks of Service	317.5	329.1	203.0	200.3	249.5	362.7	370.5	336.0	301.0	253.3
Ports of Call	5,570.0	5,695.0	3,182.0	3,399.0	4,316.0	6,238.0	6,382	5,714	5,237	4,382
Fuel Burn (Gallons 000)	7,859.4	7,814.1	3,612.5	4,540.4	6,956.7	7,726.2	8,774.9	7,856.0	5,783.3	5,406.8
Fuel Price per Gallon	$ 2.40	$ 2.50	$ 2.26	$ 2.03	$ 2.36	$ 2.71	$ 3.00	$ 3.00	$ 3.00	$ 3.00

ALASKA MARINE HIGHWAY
CY 2024 AMHS Requested Budget - Option A
Operations and Financial Variance Analysis

	Historical							
Description	**FY18 Actual**	**FY19 Actual**	**FY20 Actual**	**FY21 Actual**	**CY22 Estimated**	**CY23 Authorized**	**CY24 Option A**	**Variance**
Fleet Status-Weeks								
Revenue Service	317.5	329.1	203.0	200.3	249.5	362.7	370.5	
Ports of Call	5,570.0	5,695.0	3,182.0	3,399.0	4,316.0	6,238.0	4,382.0	
Fuel Gallons (000)	7,859.4	7,814.1	3,612.5	4,540.4	6,956.7	7,726.2	8,774.9	
Fuel Price Total	$ 2.40	$ 2.50	$ 2.26	$ 2.03	$ 2.36	$ 2.71	$ 3.00	
Marine Vessel Operations								
Personel Services	$ 78,747.2	$ 77,510.0	$ 55,456.4	$ 56,842.0	$ 71,242.1	$ 87,797.4	$ 101,051.5	$ 13,254.1
Travel	2,111.8	2,431.9	1,759.0	1,494.6	1,928.8	2,126.4	3,076.9	950.5
Services	16,046.9	13,250.9	11,695.8	10,769.2	9,429.5	10,632.5	10,355.3	(277.2)
Fuel	18,895.4	19,540.0	8,175.0	9,216.6	16,417.9	20,905.8	26,324.7	5,418.9
Commodities	5,366.1	8,070.1	2,766.7	2,709.4	2,500.5	4,123.9	7,177.4	3,053.5
Subtotal Marine Operations	$ 121,167.4	$ 120,802.9	$ 79,852.9	$ 81,031.8	$ 101,518.8	$ 125,586.0	$ 147,985.8	$ 22,399.8
Shoreside Costs								
Marine Shore Operations	$ 7,620.0	$ 7,654.0	$ 6,000.0	$ 6,146.5	$ 7,806.3	$ 7,782.5	$ 7,775.5	$ (7.0)
Vessel Ops Management	4,067.1	4,096.0	3,619.0	3,437.7	4,149.6	4,175.7	4,554.2	378.5
Reservations & Marketing	1,565.4	1,531.0	1,207.0	1,087.2	1,534.9	1,528.7	1,531.9	3.2
Marine Engineering	2,712.0	1,998.0	1,584.0	1,765.6	3,054.7	3,058.3	3,048.5	(9.8)
Overhaul	1,592.0	1,586.0	292.0	539.2	603.2	1,700.0	1,700.0	-
Subtotal	$ 17,556.5	$ 16,865.0	$ 12,702.0	$ 12,976.2	$ 17,148.7	$ 18,245.2	$ 18,610.1	$ 364.9
Subtotal AMHS	**$ 138,723.9**	**$ 137,667.9**	**$ 92,554.9**	**$ 94,008.0**	**$ 118,667.5**	**$ 143,831.2**	**$ 166,595.9**	**$ 22,764.7**
Allocated Costs								
SE Support Services	$ 45.0	$ 45.0	$ 45.0	$ -	$ 45.6	$ 45.6	$ 46.5	$ 0.9
Admin Services	1,830.2	1,918.0	996.2	1,474.5	1,458.6	1,453.6	1,487.8	34.2
Human Resources	270.7	270.7	270.7	144.4	-	-	-	-
ISSD	815.5	728.0	675.2	438.2	192.0	192.0	195.8	3.8
Commissioner's Office	326.0	241.3	104.1	44.9	257.5	254.7	254.7	(0.1)
Subtotal	$ 3,287.4	$ 3,203.1	$ 2,091.2	$ 2,102.0	$ 1,953.7	$ 1,945.9	$ 1,984.8	$ 38.9
Total Approved Spending	**$ 142,011.3**	**$ 140,871.0**	**$ 94,646.1**	**$ 96,110.0**	**$ 120,621.2**	**$ 145,777.1**	**$ 168,580.7**	**$ 22,803.6**

ALASKA MARINE HIGHWAY
CY 2024 AMHS Requested Budget - Option B
Operations and Financial Variance Analysis

	Historical							
Description	**FY18 Actual**	**FY19 Actual**	**FY20 Actual**	**FY21 Actual**	**CY22 Estimated**	**CY23 Authorized**	**CY24 Option B**	**Variance**
Fleet Status-Weeks								
Revenue Service	317.5	329.1	203.0	200.3	249.5	362.7	336.0	
Ports of Call	5,570.0	5,695.0	3,182.0	3,399.0	4,316.0	6,238.0	4,382.0	
Fuel Gallons (000)	7,859.4	7,814.1	3,612.5	4,540.4	6,956.7	7,726.2	7,856.0	
Fuel Price Total	$ 2.40	$ 2.50	$ 2.26	$ 2.03	$ 2.36	$ 2.71	$ 3.00	
Marine Vessel Operations								
Personel Services	$ 78,747.2	$ 77,510.0	$ 55,456.4	$ 56,842.0	$ 71,242.1	$ 87,797.4	$ 95,457.4	$ 7,660.0
Travel	2,111.8	2,431.9	1,759.0	1,494.6	1,928.8	2,126.4	3,079.0	952.6
Services	16,046.9	13,250.9	11,695.8	10,769.2	9,429.5	10,632.5	10,286.5	(346.0)
Fuel	18,895.4	19,540.0	8,175.0	9,216.6	16,417.9	20,905.8	23,568.0	2,662.2
Commodities	5,366.1	8,070.1	2,766.7	2,709.4	2,500.5	4,123.9	6,809.2	2,685.3
Subtotal Marine Operations	$ 121,167.4	$ 120,802.9	$ 79,852.9	$ 81,031.8	$ 101,518.8	$ 125,586.0	$ 139,200.2	$ 13,614.2
Shoreside Costs								
Marine Shore Operations	$ 7,620.0	$ 7,654.0	$ 6,000.0	$ 6,146.5	$ 7,806.3	$ 7,782.5	$ 7,775.5	$ (7.0)
Vessel Ops Management	4,067.1	4,096.0	3,619.0	3,437.7	4,149.6	4,175.7	4,554.2	378.5
Reservations & Marketing	1,565.4	1,531.0	1,207.0	1,087.2	1,534.9	1,528.7	1,531.9	3.2
Marine Engineering	2,712.0	1,998.0	1,584.0	1,765.6	3,054.7	3,058.3	3,048.5	(9.8)
Overhaul	1,592.0	1,586.0	292.0	539.2	603.2	1,700.0	1,700.0	-
Subtotal	$ 17,556.5	$ 16,865.0	$ 12,702.0	$ 12,976.2	$ 17,148.7	$ 18,245.2	$ 18,610.1	$ 364.9
Subtotal AMHS	**$ 138,723.9**	**$ 137,667.9**	**$ 92,554.9**	**$ 94,008.0**	**$ 118,667.5**	**$ 143,831.2**	**$ 157,810.3**	**$ 13,979.1**
Allocated Costs								
SE Support Services	$ 45.0	$ 45.0	$ 45.0	$ -	$ 45.6	$ 45.6	$ 46.5	$ 0.9
Admin Services	1,830.2	1,918.0	996.2	1,474.5	1,458.6	1,453.6	1,487.8	34.2
Human Resources	270.7	270.7	270.7	144.4	-	-	-	-
ISSD	815.5	728.0	675.2	438.2	192.0	192.0	195.8	3.8
Commissioner's Office	326.0	241.3	104.1	44.9	257.5	254.7	254.7	(0.1)
Subtotal	$ 3,287.4	$ 3,203.1	$ 2,091.2	$ 2,102.0	$ 1,953.7	$ 1,945.9	$ 1,984.8	$ 38.9
Total Approved Spending	**$ 142,011.3**	**$ 140,871.0**	**$ 94,646.1**	**$ 96,110.0**	**$ 120,621.2**	**$ 145,777.1**	**$ 159,795.1**	**$ 14,018.0**

ALASKA MARINE HIGHWAY
CY 2024 AMHS Requested Budget - Option C
Operations and Financial Variance Analysis

	Historical							
Description	**FY18 Actual**	**FY19 Actual**	**FY20 Actual**	**FY21 Actual**	**CY22 Estimated**	**CY23 Authorized**	**CY24 Option C**	**Variance**
Fleet Status-Weeks								
Revenue Service	317.5	329.1	203.0	200.3	249.5	362.7	301.0	
Ports of Call	5,570.0	5,695.0	3,182.0	3,399.0	4,316.0	6,238.0	4,382.0	
Fuel Gallons (000)	7,859.4	7,814.1	3,612.5	4,540.4	6,956.7	7,726.2	5,783.3	
Fuel Price Total	$ 2.40	$ 2.50	$ 2.26	$ 2.03	$ 2.36	$ 2.71	$ 3.00	
Marine Vessel Operations								
Personel Services	$ 78,747.2	$ 77,510.0	$ 55,456.4	$ 56,842.0	$ 71,242.1	$ 87,797.4	$ 83,845.9	$ (3,951.5)
Travel	2,111.8	2,431.9	1,759.0	1,494.6	1,928.8	2,126.4	3,121.1	994.7
Services	16,046.9	13,250.9	11,695.8	10,769.2	9,429.5	10,632.5	10,033.8	(598.7)
Fuel	18,895.4	19,540.0	8,175.0	9,216.6	16,417.9	20,905.8	17,349.9	(3,555.9)
Commodities	5,366.1	8,070.1	2,766.7	2,709.4	2,500.5	4,123.9	5,847.3	1,723.4
Subtotal Marine Operations	$ 121,167.4	$ 120,802.9	$ 79,852.9	$ 81,031.8	$ 101,518.8	$ 125,586.0	$ 120,198.0	$ (5,388.0)
Shoreside Costs								
Marine Shore Operations	$ 7,620.0	$ 7,654.0	$ 6,000.0	$ 6,146.5	$ 7,806.3	$ 7,782.5	$ 7,775.5	$ (7.0)
Vessel Ops Management	4,067.1	4,096.0	3,619.0	3,437.7	4,149.6	4,175.7	4,554.2	378.5
Reservations & Marketing	1,565.4	1,531.0	1,207.0	1,087.2	1,534.9	1,528.7	1,531.9	3.2
Marine Engineering	2,712.0	1,998.0	1,584.0	1,765.6	3,054.7	3,058.3	3,048.5	(9.8)
Overhaul	1,592.0	1,586.0	292.0	539.2	603.2	1,700.0	1,700.0	-
Subtotal	$ 17,556.5	$ 16,865.0	$ 12,702.0	$ 12,976.2	$ 17,148.7	$ 18,245.2	$ 18,610.1	$ 364.9
Subtotal AMHS	**$ 138,723.9**	**$ 137,667.9**	**$ 92,554.9**	**$ 94,008.0**	**$ 118,667.5**	**$ 143,831.2**	**$ 138,808.1**	**$ (5,023.1)**
Allocated Costs								
SE Support Services	$ 45.0	$ 45.0	$ 45.0	$ -	$ 45.6	$ 45.6	$ 46.5	$ 0.9
Admin Services	1,830.2	1,918.0	996.2	1,474.5	1,458.6	1,453.6	1,487.8	34.2
Human Resources	270.7	270.7	270.7	144.4	-	-	-	-
ISSD	815.5	728.0	675.2	438.2	192.0	192.0	195.8	3.8
Commissioner's Office	326.0	241.3	104.1	44.9	257.5	254.7	254.7	(0.1)
Subtotal	$ 3,287.4	$ 3,203.1	$ 2,091.2	$ 2,102.0	$ 1,953.7	$ 1,945.9	$ 1,984.8	$ 38.9
Total Approved Spending	**$ 142,011.3**	**$ 140,871.0**	**$ 94,646.1**	**$ 96,110.0**	**$ 120,621.2**	**$ 145,777.1**	**$ 140,792.9**	**$ (4,984.2)**

ALASKA MARINE HIGHWAY
CY 2024 AMHS Requested Budget - Option D
Operations and Financial Variance Analysis

	Historical							
Description	**FY18 Actual**	**FY19 Actual**	**FY20 Actual**	**FY21 Actual**	**CY22 Estimated**	**CY23 Authorized**	**CY24 Option D**	**Variance**
Fleet Status-Weeks								
Revenue Service	317.5	329.1	203.0	200.3	249.5	362.7	253.3	
Ports of Call	5,570.0	5,695.0	3,182.0	3,399.0	4,316.0	6,238.0	4,382.0	
Fuel Gallons (000)	7,859.4	7,814.1	3,612.5	4,540.4	6,956.7	7,726.2	5,406.8	
Fuel Price Total	$ 2.40	$ 2.50	$ 2.26	$ 2.03	$ 2.36	$ 2.71	$ 3.00	
Marine Vessel Operations								
Personel Services	$ 78,747.2	$ 77,510.0	$ 55,456.4	$ 56,842.0	$ 71,242.1	$ 87,797.4	$ 78,908.4	$ (8,889.0)
Travel	2,111.8	2,431.9	1,759.0	1,494.6	1,928.8	2,126.4	3,111.6	985.2
Services	16,046.9	13,250.9	11,695.8	10,769.2	9,429.5	10,632.5	9,938.4	(694.1)
Fuel	18,895.4	19,540.0	8,175.0	9,216.6	16,417.9	20,905.8	16,220.4	(4,685.4)
Commodities	5,366.1	8,070.1	2,766.7	2,709.4	2,500.5	4,123.9	5,274.8	1,150.9
Subtotal Marine Operations	$ 121,167.4	$ 120,802.9	$ 79,852.9	$ 81,031.8	$ 101,518.8	$ 125,586.0	$ 113,453.5	$ (12,132.5)
Shoreside Costs								
Marine Shore Operations	$ 7,620.0	$ 7,654.0	$ 6,000.0	$ 6,146.5	$ 7,806.3	$ 7,782.5	$ 7,775.5	$ (7.0)
Vessel Ops Management	4,067.1	4,096.0	3,619.0	3,437.7	4,149.6	4,175.7	4,554.2	378.5
Reservations & Marketing	1,565.4	1,531.0	1,207.0	1,087.2	1,534.9	1,528.7	1,531.9	3.2
Marine Engineering	2,712.0	1,998.0	1,584.0	1,765.6	3,054.7	3,058.3	3,048.5	(9.8)
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STATE OF ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM: ALASKA MARINE HIGHWAY OPERATIONS BOARD (AMHOB)
Meeting Minutes: UNAPPROVED
September 9, 2022 1:30-3:30

Board Members: Alan Austerman, Wanetta Ayers, Cynthia Berns, Norm Carson, Paul Johnsen, Shirley Marquardt, Captain Keith Hillard, Captain Edward Paige, and Deputy Commissioner Rob Carpenter
DOT&PF Staff: Katherine Keith, Tera Ollila, Captain Falvey, Commissioner Ryan Anderson, and Gregory Jennings

09/09/2022 Agenda				
1:30	Item 1	Call to Order/Roll Call		
	Item 2	Minutes Approval (Item S1 attached)		
	Item 3	Winter Schedule Update and public process	Commissioner Ryan Anderson	Information
	Item 4	Report of Board Chair	Chair Shirley Marquardt	Information
	Item 5	Report of Members	All Board Members	Information
1:40	Item 6	General Public Comments		
New Business				
	Item 7	Report from AMHS Manager and TRV Update	Captain John Falvey	Information
	Item 8	Modernization components of the Short-Term Plan	Katherine Keith	Information
	Item 9	Long-Range plan framework	Chair Shirley Marquardt	Information
Old Business				
		None	None	
Supplemental Information (Not on Agenda)				
	Item S1	AMHOB Meeting Minutes from 08/26/22	Katherine Keith	Information

Facebook Live Recording	September 9, 2022: https://www.facebook.com/AlaskaDOTPF/videos/1745344372506370/
Zoom Meeting Recording	https://us06web.zoom.us/j/87146476377?pwd=eXhiRFNvSGMvQlV6SnAwZzB6VTlIUT09 Passcode: 0000
Meeting Presentation and Material List	**Materials Reviewed:** • AMHOB Meeting Minutes from 8/26/22 • Modernization Plan and Short-Range Plan comparison table
Transcription	https://publicinput.com/Transcript/L07246

Note on Meeting Minutes: The transcription had significant errors in the timestamps, and meeting comments are disjointed and difficult to follow. However, the meeting recordings in Zoom and on Facebook live are intact and offer context.

Agenda Topics	Time	Speaker	Transcription
Items 1-6	1:30	Tera Ollila	Call to order/Roll call
	1:32	Chair Shirley Marquardt	Meeting Minutes Approval
	1:32	Commissioner Ryan Anderson	DOT&PF is launching a new program today related to the winter schedule we wanted to get to the board. In the program "Charting the course towards thriving communities," Katherine has put the link in the chat. After hearing from the public and the winter schedule comments, we worked through challenges with ships being down due to staffing and mechanical issues. We can start to get a handle on this. This will help us handle these items while focusing on the public and our employees. Katherine has taken the lead on this, and we consulted with Washington State ferries and other systems to understand needs and where they have found success. This will be implemented when the winter schedule comes out next week. With the winter schedule, we had over 300 comments from the communities with concerns. Many were regarding maintenance delays and limited crewing, causing service delays. Dynamic pricing and how we communicate vessel schedules are other concerns causing hardships to the community. This program will focus on these concerns and improve service to help us monitor operations. Katherine can speak on how we will use this site.
	1:36	Katherine Keith	I want to walk the board and the listening public about what you will see when you visit this website. We are moving forward with the phased approach and how we run our schedule, understanding that crew and fleet availability is low, making it hard to predict and offer reliable service. We are increasing our communication with the public using this bi-directional communication portal, publicinput.com. On this website, you can find your service area, information regarding your community area, and up-to-date information. Information will be updated weekly to show the status of vessels by phase. We will be able to communicate to the public where we are at with each vessel by phase and eventually get to recovery mode where we start making gains and get to full steam ahead, which would be restored access, consistent service, and employee morale is high. To do this, we understand there are basic things we need to work on. Those three components are crew, fleet, and budget. Towards the bottom of the page, you will see service area playbooks broken out by communities. When you click on your community, you will find information such as the number of times or months we are offering service and the vessels that can fit the service area. We also show the number of port calls and services we offer in the schedule. These playbooks allow us to communicate with the communities and provide alternative transportation options if vessels aren't available. The community can subscribe to receive updates on services we are offering and schedule updates. They are also to leave comments by service area, making it much easier for staff to sort through. We have captured community events and heard from the community that they would like AMHS to be available when they have these events. If we miss an event, the community can leave a comment, so the event is added.

1:40	Commissioner Ryan Anderson	We are going to eliminate dynamic pricing for the winter season schedule. That is important for us just because when we can't provide as reliable service as we would like, how can we expect the public to try and plan ahead and find cost savings. We will also be working on formalizing our policies for travel disruptions so that when we have an unanticipated disruption due to a mechanical or crewing issue, we can clearly communicate to the public. Lastly, we are excited about the playbooks that Katherine mentioned. This is a new way to engage with the communities and receive feedback on community needs. With the winter schedule, when we are in the stabilization phase, we are building trends to work with unions and communities to provide supplemental services for gaps created due to crewing and vessel conditions. As we go through the winter schedule, we can identify gaps and find ways, such as private businesses that can provide services. On the employee side, we have new tools available through publicinput.com for staff to communicate directly with management to understand how things are going. We will continue the hiring bonus while we are in the stabilization phase to attract new staff and do everything we can with the tools available. We will continue to work with the unions to ensure we compensate staff for going above and beyond. We are working on finding options for internet on vessels to allow better communications for staff, captains, and the communities.
1:44	Chair Shirley Marquardt	Thank you, Commissioner; we will go to the board for questions.
1:44	Alan Austerman	I have reviewed the website. Will you highlight this new tool with the winter schedule, so the community knows about this new tool?
1:45	Commissioner Ryan Anderson	Yes, we are putting out a press release today and internal communication, so staff knows about this new tool.
1:45	Wanetta Ayers	I appreciate this, language is important, and I feel the way this is framed will appeal to the communities to engage and see connections and transparency across the system. I'm sure crews will appreciate this new tool as well.
1:46	Commissioner Ryan Anderson	We can access this information with publicinput.com and these new platforms to see what the communities are saying. For example, with the winter schedule, we used publicinput.com, and you will receive email notifications to review comments and see all the feedback.
1:47	Captain Keith Hillard	Commissioner, do you realize the difference in pay scales that are out there in this industry is attached to why we are not having employee retention or drawing new employees based on the cost of living in Alaska?
1:47	Commissioner Ryan Anderson	Yes, this is across the board with not just AMHS staff but also with equipment operators. Many discussions are happening on how to address this issue. For example, we are working with unions on letters of agreement, hiring bonuses, and holdovers.
1:48	Captain Keith Hillard	That is the biggest hurdle to attracting new employees, and some jobs are being advertised for entry-level positions that make more than the captains on the vessels. So it's going to need an adjustment to fix crewing levels.
1:48	Commissioner Ryan Anderson	This is a worldwide problem; that’s one thing we have learned through this program that we are not alone. So I appreciate our staff who have gone down to Washington State to try and find solutions.
1:49	Chair Shirley Marquardt	Thank you, Commissioner; it is hard for us to compete with other companies. I do not see any more questions for you, Commissioner, this new program is a good start, and we are excited about it. I think it will take a lot of attention to keep it updated, so I hope the staff is prepared for that. Katherine, do you have anything else to report on the winter schedule update?

		Katherine Keith	Not at this time; Captain Falvey may have more updates in his portion of the agenda.
		Chair Shirley Marquardt	I do not have any updates on the report of the board chair. So I will turn it over to the report of the board members. Does anyone have updates?
	1:51	Rob Carpenter	We met the September 6 deadline for the rural ferry program grants submission, and we submitted a package of grants for both operating and capital projects. They went live and are available on the AMHOB website that includes priorities for Marine Highway System, including operating grants and multiple capital grants for both shoreside and vessels. That program and very tailored for Alaska, and we consider all the money ours which we are pursuing. Katherine has a great relationship with Alaska Municipal League and consultants to get grants that are very extensive and time-consuming. They were able to pull it together and loaded into the federal submission database, and we are waiting for the awards. On the AMHOB website, under the strategy link, it discusses each grant package that was submitted.
	1:53	Chair Shirley Marquardt	No other board members have updates, so will now go to public comments.
	1:55	Katherine Keith	We have a few people online, but they are unable to connect. We can circle back to public comments later in the meeting.
Item 7	1:58	Chair Shirley Marquardt	We can now go to the report from Captain Falvey; this report has been presented to the board for review. Again, the board has questions on how decisions are being made and what connections are there to understand the process by which changes are happening as the board is working on a long and short-range plan.
	2:00	Captain John Falvey	I will start with crewing issues, this is a worldwide problem, but we are gaining ground. Since we started the program 15 months ago, we are at about 100 new entry-level 100 new positions. We have since lost about 20, so we are currently at about 80 new but have another 40 - 50 in the queue that we are working to onboard and trained. We have to get these new employees onboarded and trained, which is challenging when we are trying to bring 1-3 on at a time. We have brought on four new ABs within the last eight weeks, so we hope to bring on more. We are continuing to work with UAF and AVTEC, and we have a headhunter going to AVTEC to meet with classes that graduate in November to see if we can recruit. We are pushing out training opportunities for staff to ensure they are aware of these opportunities. Many things are happening with docks and terminals, as well as deferred maintenance items coming up. We have a lot going on, but we are pushing hard. Pelican, Cordova, Tatitlek, and Chenega need docks upgraded as quickly as possible so they can accommodate an ACF. The Hubbard is moving along, it was supposed to be done by September 23, and we have known there is a delay due to a supply chain issue with electronic parts. We will be working with Vigor over the next couple of weeks as we approach the contract end date to discuss how to go forward with an extension.
	2:03	Chair Shirley Marquardt	There was a lot of information on job placement and crew development, and I have one question on Chenega and Tatitlek. One thing that was looked at for the future is outsourcing to Tatitlek. When you look at the numbers and the ridership, it is extremely low and a lot of money. Is there a plan to continue with the design portion but not make a final decision on actual construction?
	2:04	Captain John Falvey	We can't get an ACF in the wintertime in Prince William Sound until we get mooring dolphin arraignments changes made in Cordova because it's not safe. A lot is going on with terminals, and we have many projects to be finished. I am working through agreements with unions. We will have the Lituya operate out of the south, which is closest to the shipyard..

2:07	Norm Carson	I have a question on the Hubbard; I read in the materials that the crew quarters project has been delayed up to 45 weeks?
2:07	Captain John Falvey	We do not know yet; Vigor is working on cutting that timeframe down. I will know more in the next few weeks because we will have to work through an extension request. That was a very rough figure that was put out a few months ago, and they are trying to find ways to speed that up. There are potentially other parts that would suffice for what was going into the boat. So it will be very close within the next few weeks.
2:08	Norm Carson	Since the Tazlina is an identical ship, is it possible to order difficult parts in advance so avoid this in the future?
2:08	Captain John Falvey	Yes, that is something we can talk about. Over the past few months, we have been ordering parts that we know will be hard to get so we don't lose any time this winter. We are currently struggling to fix the stabilization system replacement parts on the Kennicott, which have a very long lead time. It may be to a point where we cannot fix items this winter because of supply shortages. The supply chain is still struggling due to Covid, but we have been advance ordering as much as we can.
2:09	Captain Keith Hillard	The short-term plan shows about $74 million in terminal repairs throughout the AMHS. Do we know what portion of that is funded in the STIP and the priority of getting terminals back to a well-functioning state?
2:10	Captain John Falvey	The STIP is one pot of money that can be used to fund these projects. We will do our best to complete as much as possible with the funds we can get. DOT has other work to be completed, so it is a balancing act. We have a good idea of top priorities that can be designed and completed over the next year, and we have funding.
2:11	Rob Carpenter	I want to add to what Captain Falvey said, we have our top priorities in STIP amendment 4, and many of those have to do with the grant opportunities we are pursuing. They need to be itemized in the STIP; what gets funded and how will depend on grant awards. We are hopeful and applied for over 200 million in grants for the rural ferry service program. A lot of that was for shoreside infrastructure and vessels. How those awards come back will depend on how it is funded, but it's all in the STIP, and we plan to pursue improvements aggressively.
2:12	Wanetta Ayers	Where is the funding for the Tazlina crew quarters, is that in waiting in anticipation of the rural ferry grant, or is that something we are self-funding through the state general fund?
2:12	Rob Carpenter	The Tazlina crew quarters was one of the grants we submitted, I don't recall the exact amount, but it is on the AMHOB website. We are hopeful that the grant will come through; if not, we will work with other federal angles.
2:13	Wanetta Ayers	I am glad to hear that; I feel that the interoperability between Tazlina and Hubbard is the key to system optimization.
2:13	Chair Shirley Marquardt	Does the legislature need to get involved in approving this funding or in allowing AMHS funds to be used, or with the grant, is there an idea of a timeline on when we will know if this grant is approved? If there is a match from the state, would that need to go to the legislature?
2:13	Rob Carpenter	Our capital budget now reverts to a line item allocation where we list each project. We may need to amend our capital request to have those allocations included to award some of these grants. There could be some legislative actions in that regard. The match, in theory, is covered; we have a broad match appropriation we receive every year for the federal highway and FTA grants package. But that's not to say we get this $200 million; there could be some additional match we will need to ask

		for. This will be evaluated as the grants come in, and as this budget development season progresses, we will have more clarity on where we are at.
2:15	Alan Austerman	In regards to Captain Falvey's report, in the maintenance & construction section, we discussed the Columbia CCP. Are you trying to get ahead of supply shortages and deadlines?
2:16	Captain John Falvey	We have been working on the Columbia for some time now and have been undergoing an extended state overhaul. We have done a lot of work and are finishing up some major steelwork discovered in the bar and the ball thruster area. The shafts will be installed shortly and will be back in the water, the life rafts off and serviced. Once we get to that point, we have a COI, so those that are operating it can use that time for licenses. We will take it out on trial; we have some vibration tests to complete but can't do those tests until the boat is fully loaded. So, within the next month, the ship will be ready to run if needed. As far as the CCP, we need to replace that system. The system is old, and we already had a major failure with that system a few years ago which took almost a year to build parts that were not available physically. We had put this project out to bid but did not have any interest; we then went to Vigor to see if there was a way we could sole source. We have sole-sourced to Vigor Industries, who owns many shipyards. We are now at the point where we are close to determining what shipyard the work will be completed at. As part of that agreement, we volunteered to owner furnish the equipment, which is less risky for the shipyard. We are currently working through identifying which shipyard where parts are sent, there are about $6.1 million in parts, and we are close to finalizing. The boat should be done close to mid-2024.
2:19	Chair Shirley Marquardt	With all of these timelines being stretched out because of the supply chain, is the hope that the Columbia and Matanuska will be providing summer service next year until the Columbia parts arrive and will need to go into construction, allowing the Kennicott to do more cross gulf?
2:20	Captain John Falvey	We are racing to get the winter schedule out by next week; the direction from leadership is we will next work on summer. We are working hard to find more crew; if we can find staffing, we can afford to run nine ships. We will try to run the Tazlina this winter, but it's a numbers game. I want to suggest Paul and Captain Hillard meet with our marine engineering manager. We can have up to three people meeting aside to talk about deck plates of engineering, diagrams, drawing, whys, and wherefores of what we are thinking about doing. Our engineering manager is more than willing to sit down and discuss concerns, and we can go from there.
2:22	Chair Shirley Marquardt	I know they have both asked specific questions, but it comes down more to how the decision was made. When we first spoke about this in the spring, there were many questions about what the Matanuska needed to provide and where we will be in Prince Rupert. One concern was the direction from the coast guard isn't clear regarding what we need to do to keep the ship running until 2027 in the Prince Rupert area. In addition, the board doesn't know the analysis and review process that brought this on.

2:24	Captain John Falvey	I agree; it is a very complex history that started when the ship was in repower, and this surfaced. We started going down the trail of alarms that would get us through it. We then realized that in itself was going to delay the repower. At that time, if we went that route, it would get us to 2024 and 2027 domestically but not SOLAS-wise. This led us to switch from lights, bells, alarms, and whistles to the cabin deck. It's not just dead-end corridors; it has to do with structural fire protection and fire boundaries and thus a lot more rebuilding to accommodate those things. What concerns me is reopening this with the coast guard; we are seeing that every year, the rules between domestic boats and SOLAS boats are getting tighter. I worry if we reopen this, they must tell us we will need to do more which is a risk. Would it be acceptable for Paul and Captain Hillard to meet with our manager?
2:26	Chair Shirley Marquardt	That is a tough question; I feel that all board members should be getting the same information. Prince Rupert's long-range plan for the AMHS is not set in stone.
2:27	Paul Johnson	I think it will need to be evaluated; the recommendation from Glosten states the recommendations are based on there is currently no program to replace the Matanuska. Since we have been planning on replacing the Matanuska, this will make a big difference in how much work we will be doing. My main objection to the plan is the ten-month out of service; if we could reduce that, I think we would be offering better service.
2:28	Captain John Falvey	Paul, to do this, we would need to go back to the coast guard, start negotiations, redesigning, more money and time, and there is no guarantee of success. So this is risky; our goal is to get beyond 2027, which is the recommendation.
2:28	Paul Johnson	That is all based on no plan to replace it.
2:28	Captain John Falvey	We do plan to replace it, but we know the timeline.
2:28	Rob Carpenter	We have design money for the next mainliner in the grant package in the legislatures's capital budget. That will be used to replace either the Matanuska or Columbia. If we started designing now, this would be many years out. However, we need that ship to run this winter, and to me, a small investment is worth it.
2:29	Chair Shirley Marquardt	In this particular project, there is no good answer. So the question is whether service can be provided until it can be replaced or a long-term decision can be made.
2:30	Captain John Falvey	That is what we think as well; the timeline for the replacement is the big question, but our goal is to try and keep the ship running.
2:30	Chair Shirley Marquardt	Do you anticipate Columbia and Matanuska both being in shipyards for overlapping periods?
2:30	Captain John Falvey	We would try hard not to let that happen for an extended length of time.
2:30	Paul Johnson	I wouldn't mind meeting with the engineer manager, but I still think we would be safe to just consult with Glosten. Knowing we will be replacing the ship, would that change the recommendations? If we could make the out-of-service period minimal, I think we should try.
2:31	Captain John Falvey	Paul, I will meet with them and ask them.
2:31	Chair Shirley Marquardt	The board agrees the question should be asked.
2:31	Captain John Falvey	To confirm, the two questions are if a replacement is coming, does that change the thought process, and is there a less expensive option?

2:32	Paul Johnson	Yes, I think there is less work that can be done. Replacing the cabin desk doesn't make it more reliable, and we could meet the requirements of the coast guard without having to replace everything and do it in a shorter period.
2:32	Captain John Falvey	It's SOLAS where this is getting more complicated, but we will meet with Glosten and update the board. Another project is to replace the two old generators on the Kennicott. Also, we are working on Wi-Fi on the ships; we have recently experienced communication issues and are now working closely with OIT. OIT is hiring four new dedicated IT staff for AMHS and an appointed AMHS staff to be the IT liaison. For staffing, we are still short almost 100 employees that are needed for all ships. We are making progress and are hopeful that our operations department is well-staffed. We are still short five engineering positions, which has been challenging. That staff works on the day-to-day maintenance and federal CIP projects, and we are heading into the winter season, where we will be getting SMRs knocked out. Many of the staffing issues are due to pay, this is a nationwide problem, but we are working through it the best we can. We now have K9s that can sniff drugs and bombs, which is going very well.
2:37	Chair Shirley Marquardt	We have a question on the TRV and the rewrite on the RFP, and we also have questions about how it is being written, the timeline, and how the state is pursuing an RFP. We are almost another year behind.
2:38	Captain John Falvey	I will defer to Gregory Jennings; we did a write-up on how we will be making changes to the CMGC process.
2:39	Gregory Jennings	The current status of the TRV procurement RFP documents is that we are producing the CMGC procurement package. This targets a propulsion system integrator to help Glosten and the state develop a plan for the vessel and how to meet regulations. We are developing that language right now; a scope of services has been put out for draft review by the internal team and is with Katherine's group for review. Department of Law is involved with honing our general provisions for CMGC pre-construction services. As we went through the contract, we found that we needed to polish those documents to ensure the state's best interests were being served and we weren't leaving anything on the table or opening up for difficulties later. Department of Law assists with that language and contracting to provide enough information to bidders.
2:40	Chair Shirley Marquardt	Captain Falvey, you are the chief contracting officer for AMHS. Are you working on these changes as well? Have you been involved with talking to the shipyards?
2:40	Captain John Falvey	Yes, I am involved and aware of the details.
2:41	Chair Shirley Marquardt	Do you have confidence that the changes will result in interest from shipyards? For example, I believe I saw that six shipyards now may be interested, going about it a different way.
2:41	Captain John Falvey	Yes, when we had no bidders, we regrouped and went back to the shipyards to discuss concerns. After many conversations, we regrouped and put it back out.
2:42	Chair Shirley Marquardt	Will the contract manager deal with three different subcontracts and the shipyard?
2:42	Gregory Jennings	It will be three primary contracts; a vehicle elevator turntable manufacturer, the shipyard, and the propulsion system integrator that will provide the propulsion system and help the shipyard integrate into the vessel. The state is taking on more responsibility in areas, but it's balanced against us being able to ensure that we get competitive offers. We have interested parties.
2:43	Chair Shirley Marquardt	Are we concerned about running into Buy America challenges with the propulsion system?

2:43	Gregory Jennings	The propulsion system will be an area where we have challenges; we are specifically putting the RFP that they will be responsible for identifying machinery and equipment to procure and using materials to avoid Buy America conflicts wherever possible. And also to help us to identify an unavoidable Buy America conflict. So at this point, there is a good potential we will not run into this issue with propulsion altogether. There is still a chance, but we have done much work with this issue and had many conversations with the propulsion integrators.
2:44	Alan Austerman	I have a question regarding the turntable and elevator. To my understanding, American-made is a brand new system that we will integrate into Alaska ferries. I am concerned that we will end up with a foreign system that is not tried and true.
2:45	Gregory Jennings	The elevator system currently in design is specifically the way it is because there are regulations that require us to design an elevator differently than we have in the past. If you look at the elevators we have installed in the past, specifically on the Tustumena was something brand new. We operate the only versions of these worldwide, so it is our system. If we need to make a design change to something that will make regulatory approval, we'll be blazing a path forward on that. As it is foreign sourced, we are looking for a manufacturer that will do the heavy mechanical engineering design development and production and will only target US companies. As far as mechanical and electrical components, those may be sourced as needed from other places.
2:46	Wanetta Ayers	Having worked at the ferry dock in Kodiak and as a customer, the elevator system on the Tustumena has been problematic and caused service interruptions. The TRV needs to have the elevator system given some of these challenges. I think this board and the communities will want to see a maintenance program and servicing and the capacity to address service interruptions because of elevator service in the future. I am not looking for an answer, but I feel that if we are seeking to develop a Marine Highway System that doesn't have unplanned service interruptions, we need to anticipate and have the capacity to maintain an elevator system and have the ability to respond to operational challenges.
2:48	Rob Carpenter	Could Mr. Jennings speak about the elevator system and how it is being developed?
2:48	Gregory Jennings	The elevator system is being developed to utilize existing known mechanical technologies to allow us to get ABS approval. ABS would approve and review our system annually for safety and operational ability. We are trying to consolidate under one set of rules. This is important because there is no set of rules for an elevator like this carrying people. ABS has offered a path forward, so we want to design to that. The outfall of this ball and screw mechanism that everybody knows is very different from what we have now and is fully developed to meet ABS requirements. We cannot meet the ABS rules with a drum and wire setup as we have used in the past. Ball and screw design have precedence in military applications, so very large elevators on military ships. Some have cables like we have, and some use the screw mechanism. This method uses a very robust mechanical system, a very simple technology. It is also being designed with an eye towards robustness and keeping it protected from the weather as much as possible to avoid those impacts. It is being designed with maintenance in mind and how we will maintain it with spare parts available for repairs. Part of the scope will include how often these elevators need to be repaired annually to avoid service interruptions.
2:51	Chair Shirley Marquardt	Is this a newer design than the original design for the elevator on the Tustumena?

	2:52	Gregory Jennings	We have taken quite a bit of constructive criticism from our crews as we move through the design interactions. The old fashion wire and drum setup has been mentioned and has reliability issues. We are looking to avoid that with this new design. We recently looked at the fact that we made the boat wider for regulatory reasons, and there was a complex integrated door ramp system that nobody liked, but we didn't have ways around. Now that we have more beams, we don't need to use that anymore. We looked at moving the door and ramp into separate components so that if the ramp ever gets damaged, it won't affect our water-tight envelope, and we can sail and still dock with the other side of the ship or make repairs while we are sailing. We will now have options that we didn't have before with the previous design.
	2:53	Alan Austerman	Have we got a response back to Trident Seafood from the visit to Kodiak last summer?
	2:53	Gregory Jennings	Yes, Trident did provide an email with a request, we provided a reply and will distribute it for review from the board.
	2:54	Chair Shirley Marquardt	I recently rode the Tustumena a few weeks ago, and the vessel has no issues. However, things are tight; Trident's fleet has been growing by multiple temps, so they may also need to look into growth changes. Thank you, Gregory, for the information, and please provide the board with the response to Trident.
	2:55	Gregory Jennings	Yes, I will get that to the board.
	2:55	Paul Johnson	I am very experienced with the Tustumena; the last time they electrified it from a diesel engine, I wanted to say that the way they're going now makes a lot of sense and is a good plan.
	2:56	Chair Shirley Marquardt	I think this is the end of the updates; thank you, Captain Falvey and Gregory. We will now move to item 8 and turn it over to Katherine.
Item 8	2:56	Katherine Keith	I provided the board with a table by email, and I want to make sure everyone understands the information provided. If you all could use this table when reviewing the materials, it is broken out from the February modernization plan. This is an executive summary, assumptions, and financial analysis, and then it goes through items listed in the modernization plan. It then points to where in the current short-range plan that was carried forward or if it's something that will be better in the long-range plan. If the board wishes, we can go through this item by item, or you all can review and email your questions.
	2:58	Chair Shirley Marquardt	I will leave that up to the board. Have you all had a chance to review the document Katherine is presenting?
	2:58	Rob Carpenter	Katherine, can you go through a couple of examples from the list and how it ties to the modernization plan? Madam Chair, would that be ok?
	2:59	Chair Shirley Marquardt	That would be helpful from looking at the plan provided in February. But, again, it goes back to why we have been asking for the simple white paper and how it explains some assumptions and financial changes that have since changed.
	3:00	Alan Austerman	I have read through all the provided documents and tried to correlate them together. What I found is the white paper covers what was in the original modernization plan. So before we can make suggestions and recommendations for the short-term plan, we will need to get to a meeting where we come up with our own criteria that we plan to create at our in-person meeting.

	3:01	Katherine Keith reviews the "Modernization Plan and Short-Range Plan comparison table"	Thank you, Alan; that is a good point and highlights where these documents differ and that some of the things in the modernization plan require that updated analysis. Some items are more complex such as retiring vessels or how the operating budget or servicing levels may be, which are things that are being addressed that you all will be a part of the conversations in the long-range plan. Many items listed are perfect for the short-range plan, like capital projects in the STIP. If you look at the assumptions for the analysis on the left-hand side, numbers 4 & 5 are good examples. Number 4 is crew quarters that would be added, and number 5 is that the Aurora would be retired and eliminate the need for the $25 million engine repower federal project. We have taken that information in the short-range plan, and we know the Hubbard is nearing its completion, and the Tazlina has been added to the STIP. If you look at the short-range plan, the spreadsheet references page numbers where you can find up-to-date project information. It will have STIP IDs, including the project scope, design and construction cost, and the schedules for both design and construction. This will give you up-to-date information on the status of the projects; in the short-range plan, this information is important to what we need to plan for and complete. With the Aurora and the LeConte retiring, we have had many conversations about this, and there has been information brought to light that the Aurora can operate for eight more years without a repower. So that is a discussion item we would like to add to the long-range plan. The number of projects in the assumptions has to do with capital projects and cost. If you want to find any information on the projects, such as the federal ID, the scope, and the cost that are being estimated. You can also find information on the dock projects with up-to-date information. To take it to the next steps, those need to get into the STIP and have the scope schedules and estimates laid out. To help make decisions, you can find specific projects and the state of repairs. Some things not included in the short-range plan are related to union contract agreements. The board can bring up these items, which the planners can add to the long-range plan. In the financial analysis, the models are currently being updated since there has been a lot of change over the past few years. That will be done to provide future projects and can be added to the long-range plan. Lastly, I would like to mention that we look forward to updating the goals and performance measures that this board determines and will be included in this document. Without this, we are finding things that are useful in terms of a short-range plan. We are not doing this to override anything that the board will be providing us with guidance, but in the absence of that, we are identifying something to help us get closer to a performance-based system.
Item 9	2:08	Chair Shirley Marquardt	For the long-range plan framework, we have discussed this multiple times, and it sounds like the board would prefer to have an in-person meeting to discuss it. Paul provided elements that he feels are important for a long-range plan and showed how some short-term strategies might fit under those items. I did this to show how this will work and how to connect them. I have not received any other priorities and objectives from other board members for a long-range plan. I also want to ask the board to provide input on the mission and vision; Alan had put in a vision that he felt should be added, and I used the Southeast conference report from 2017 to pull some values. Those include safety, customers and staff, reliability and service, high customer satisfaction, support and respect for employees, accountability in our business decisions and actions, sustainable and strategic financial planning, and continuous system improvement and innovation. So, my question to the board is, what would you like to do with this agenda item?

3:09	Wanetta Ayers	I would encourage all the board members to reflect on these proposed statements and bring those items to our in-person meeting. I think it will be difficult to finalize this over zoom. However, I appreciate the work everyone has put in on this.
3:10	Alan Austerman	I think what you have listed out, madam chair is close to sufficient, and we can discuss it further at an in-person meeting.
3:10	Chair Shirley Marquardt	We have to start working on the short-term plan and make recommendations. So yes, we can work on this at our in-person meeting.
3:10	Alan Austerman	If we do that, we can list items on a whiteboard, and all decide on priorities and what the long-term plan should look like. I think we can list headings, starting with the long-range plan objectives and modernized downsized fleet. When we are in-person, we can come up with headers; for example, start with a modern and efficient fleet, and down from that, we base where we want to see that go. The same thing with ports served; we could have a realistic number of sailings and come up with those numbers. When we get down to revenue, we need to talk about what we want to see in both the long and short-range plans. We can't use the current information as a baseline but need to come up with something that has more realistic numbers back from the high to the low and then try to find where we want to be in the long term.
3:12	Chair Shirley Marquardt	I agree; as a reminder to the board, HB63 requires that the long-term plan consists of priorities and goals for AMHS and a proposed strategic maintenance and vessel replacement plan. A while back, we had a pre-formation survey asking what important short-term goals were. The board's first goal was to determine a vessel maintenance and preservation program. The second was the plan for fleet modernization, and the third was to resolve critical staffing levels. The fourth was to create financial stability and sustainability tied with defining optimal governance, then evaluating optimal levels of service and improving liability. I just wanted to remind everyone of these before our in-person meeting.
3:14	Captain Edward Page	I think the mission and vision statements are good; it's really the specifics we need to get to. I have listened to the briefings on the Tustumena replacement ship and contracting conversations, and I think they are doing a great job determining the contracting process. When we talk about vision and what we can add, things like new shifts, new types of delivery, and the needs of the customers. So much is oriented towards the ships and fixing and replacing items, shipyards, and timing. I think AMHS has got an excellent handle on that, there are a lot of delays, but there are so many things for the supply chain, etc. I think our board can look at other aspects, such as what each community needs and if we are fulfilling those items. The long-range plan talks about going down to six vessels, which I am not sure is the correct answer. I think having the same vessels eliminates each ship needing different parts and needs to add consistency. LeToya is a one-off, a purpose-built vessel for a particular port and route. We could look at things that haven't been addressed and something that the board could contribute. Also, what are the future needs of these communities, and how can we fulfill those needs with the vessels we have. We could have some flexibility with a couple of classes of vessels that can fit different needs but not 12 different types of vessels.
3:17	Chair Shirley Marquardt	Do any board members have any ideas of specifics that they would like to see at the in-person meeting? Or do we want to start with what we have, pick headers, and fill them in utilizing the information we got on the short-term plan?
3:18	Wanetta Ayers	I am hopeful we could have a third-party neutral facilitator for this process. A facilitator would be advisable for all of us to participate and have a productive meeting. Someone who can walk us through the agenda and control the meeting

		flow, so we ensure all work is completed. They can also be responsible for documentation and follow-through from the meeting.
3:19	Chair Shirley Marquardt	That person would need a strategic planning background to stay separated from the issue and help walk the board through creating this framework. They could help us help us find goals and help form the plan to achieve those goals. Does the rest of the board want a facilitator?
3:20	Paul Johnson	I like the idea of a facilitator.
3:20	Captain Edward Page	I was recently involved with a meeting a week ago with a facilitator, which was very helpful. It allowed everyone to be engaged, take notes, and can help us work through each item.
3:22	Alan Austerman	I agree with the facilitator.
3:23	Norm Carson	I also agree with the facilitator.
3:23	Rob Carpenter	No objection; I am not sure about the cost, but I agree.
3:23	Cynthia Berns	I agree with the facilitator.
3:24	Chair Shirley Marquardt	I agree with the facilitator; I think the next step is to have Katherine send out some proposals for a date, and I will assume the meeting is in Anchorage.
3:25	Katherine Keith	We are not clear where the board would like to have the meeting; after that is determined, we can start processing paperwork to have a facilitator.
3:25	Chair Shirley Marquardt	We can have the meeting in Anchorage, and the date for October 14 works. Norm, can you attend this in-person meeting?
3:26	Norm Carson	I am not sure I can travel at this time, but you can put me down as a maybe.
3:26	Chair Shirley Marquardt	Alan, Wanetta, Paul, Rob, Katherine, and Cynthia can all make it, Ed is not able to attend, and we will wait to hear from Captain Hillard. It would be helpful to have a few people from AMHS present, possibly Matt and Carrie, who can answer some of our questions.
3:28	Captain John Falvey	I think I can make it to the meeting, and Matt would be an excellent contact to have attend to answer questions.
3:29	Chair Shirley Marquardt	Cynthia will check the availability of a conference room. Katherine and Tera will put the meeting together with options.
3:30	Wanetta Ayers	The board room could be a good option for the location, but we should consider the public who would like to observe. The Atwood building has a large conference room that could accommodate. Regarding facilitators, someone familiar with the system would be good and can look into options.
3:31	Chair Shirley Marquardt	Katherine, if you need any names for a facilitator, please reach out. We will wait for an update from Katherine on the final details. For the board, please let Tera know your travel information, and please prepare for the upcoming meeting. I question if we should have a zoom meeting before the in-person meeting, but everyone needs to continue to collect information that will be relevant to our discussion. The board agrees to hold off on zoom meetings until we meet in person. Is there anyone from the public who would like to comment?
3:33	Katherine Keith	No one from the public would like to comment at this time, but you can comment on our new website to leave comments for the board and staff.
3:33	Chair Shirley Marquardt	Can we put that link on the AMHOB website?
3:33	Katherine Keith	Yes, we will put the website on the AMHOB website.

	3:34	Wanetta Ayers	I was monitoring Facebook live, we see the comments, and DOT will be responding.
	3:34	Alan Austerman	For public comments, as we discuss items, people don't always have the opportunity at the end of the meeting to add comments, and I hope we find a better process,
	3:35	Chair Shirley Marquardt	We can find a better system and ensure we have microphones at the in-person meeting so the public can participate.
	3:35	Chair Shirley Marquardt	Meeting Adjourned.

Facebook Live Public Comments	
Name	**Comment**
DOT&PF	https://dot.alaska.gov/chartingthecourse/
Chuck Culler	As a Washington State native now living in Alaska the past 27 years, I commend your insight to reach out to the Washington State Ferry system. They are ships, things do happen and recent issues haven't helped but the Washington State Ferry system is a viable resource. I have personally used the Alaskan Marine Highway and it is on an entirely different level. Looking forward to follow this schedule and program. Thanks for the transparency.
Lauel Anne	Looking for a location for an in-person meeting? Please consider coming to Seldovia! We would be glad to welcome you here.
Dione Elyse	The land is all public access and this public access continues on the other side of the bridge. The bridge is falling in and I can't find anyone to help. I am one of the owners of one of the cabins on that lake. However, the bridge is used by all residents adjacent to the lake and creek as well as a many recreation folks. The bridge is a major concern as fire and safety would not be able to access if the bridge washes away. We need help.
Dione Elyse	There is a foot path bridge that is at the lower summit lake on the Seward Highway. The state put in the paved pathway from the pullout down to the bridge. They also redid the bridge at the same time.
CJ Koan	When will the Fairview Loop project update be posted? Public comments ended last month
Beth Phillips	Thanks. One more question: Will there be a Kodiak to Bellingham ferry this winter?
Beth Phillips	When is the October ferry schedule coming out? Been waiting since summer for it.
Quinnion Tyler	How would we keep alaska connected without asking any of these basic questions
Quinnion Tyler	That's what happens when you defer year after year
Quinnion Tyler	Prince Rupert's dock needed to be repaired
Quinnion Tyler	Why is a subsidy of the state of alaska able to provide seven day service , why is the lituya only providing Metlakatla 5 days service
Quinnion Tyler	Why is the pricing fare for amhs so expensive for local ridership? If we lowered the fares a lot more traveling would happen throughout the state of alaska
Quinnion Tyler	Why is the pricing for the amhs unaffordable, not having a reliable schedule for the winter. Doesn't help
Quinnion Tyler	Lituya could run seven days a week
Quinnion Tyler	Can Metlakatla get seven day service
Christopher Henry	I work for NCDOT ferry system I never see new job posting for your positions that are ever updated regularly

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM: ALASKA MARINE HIGHWAY OPERATIONS BOARD (AMHOB)
4111 Aviation Avenue, DOT&PF-Main Conference Room Anchorage Alaska
This meeting was facilitated by Denali Daniels and Associates
Meeting Minutes: UNAPPROVED
October 14th, 2022 8:30-4:00

In-Person Board Members: Alan Austerman, Wanetta Ayers, Cynthia Berns, Paul Johnsen, Shirley Marquardt, Captain Keith Hillard, and Deputy Commissioner Rob Carpenter
Online Board Members: Captain Edward Page and Norm Carson
DOT&PF Staff: Captain John Falvey, Matt McLaren, Greg Jennings, Jocelyn Swindel, Joanne Schmidt, and Tera Ollila
Facilitator: Denali Daniels

10/14/2022 Agenda 8:30-4:00				
8:30	Item 1	Call to Order/Roll Call	Chair Shirley Marquardt	Information
	Item 2	Minutes Approval	Chair Shirley Marquardt	Information
	Item 3	Report of Board Chair	Chair Shirley Marquardt	Information
	Item 4	Report of Members	All Board Members	Information
8:45	Item 5	General Public Comments		
New Business				
9:00	Item 6	Board authority, roles, and responsibilities	Denali Daniels	Discussion
	Item 7	Board membership matrix	Denali Daniels	Discussion
12:00		Break for Lunch (Provided to Board)		
12:30	Item 8	Long-range plan framework	Denali Daniels	Discussion
3:15	Item 9	General Public Comments	Chair Shirley Marquardt	
3:30	Item 10	Wrap up	Denali Daniels	Discussion

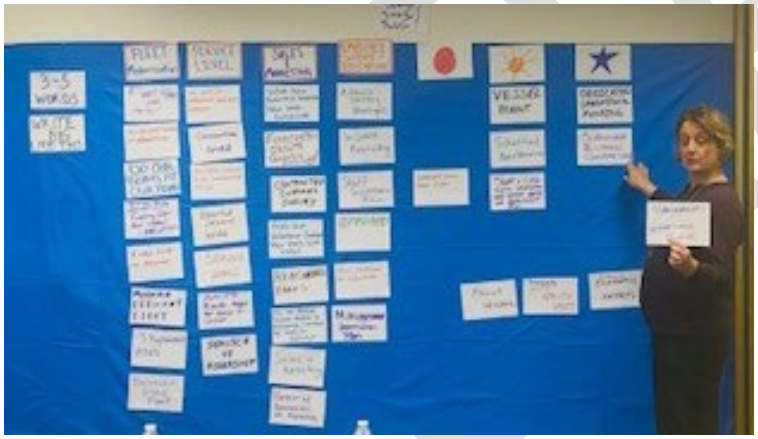
Facebook Live Recording	https://dot.alaska.gov/amhob/engage.shtml
Meeting Presentation and Material List	**Materials Reviewed:** Presentation by Denali Daniels
Transcription	https://publicinput.com/Transcript/H56833 https://publicinput.com/Transcript/A28216;

Total To-Date Engagement Stats	1,199 Participants; 8,112 Views; 159 comments; 1,999 subscribers

	Time	Speaker	Transcription
Item 1	8:30:00 AM	Tera Ollila	**CALL TO ORDER/ROLL CALL**
Item 2	8:32:00 AM	Chair Shirley Marquardt	**MEETING MINUTES APPROVAL**
Item 3	8:33:00 AM	Chair Shirley Marquardt	**REPORT FROM AMHOB CHAIR** It's been a while since we met; we needed to regroup and do some homework. The board decided at the last meeting to have a facilitator for a work session on elements of a long-term plan. Denali Daniels reached out to all board members a few times.Today we will discuss the long-term plan, roles and responsibilities, house bill 63, and a board capacity matrix to identify areas where the board needs more experience or background.
Item 4	8:34:00 AM		**REPORT FROM BOARD MEMBERS**
	8:35:00 AM	Alan Austerman	I had a request at the last meeting; I want to see the response concerning the ferry dock in Kodiak and the response from seafood processors.
	8:36:00 AM	Paul Johnsen	Captain Keith Hillard and I had a meeting with Cisco about the engineering on MV Matanuska; there is a rumor that something going on with the TRV design changes.
	8:36:00 AM	DC Rob Carpenter	The TRV is currently under design, so there may be changes; procurement has been broken into three RFPs – propulsion system integrator, vehicle elevator turntable, and the shipyard.
	8:37:00 AM	Paul Johnsen	The original specs are pretty clear; are we changing them?
	8:37:00 AM	Chair Shirley Marquardt	We will get an update from Gregory Jennings on that and get info and address at the next meeting.
BOARD MOTIONS TO ENTER INTO WORK SESSION/MOVE PUBLIC COMMENT PERIOD TO PM			
	8:40:00 AM	Alan Austerman	I make a motion to enter into a work session; we have three callers on the line.
	8:42:00 AM	Wanetta Ayers	I make a motion to hear public comments later in the afternoon.
	8:45:00 AM	Captain Keith Hillard	I second the motion.
ALL-DAY WORKSHOP WITH DENALI DANIELS			
	8:47:00 AM	All	INTRODUCTIONS, "What is your Why?
Item 6	9:11:00 AM	Denali Daniels	Denali Daniels reviewed a presentation on Boards, Types, Roles and Responsibilities, Authorities, Mission and Purpose, Goals and Objectives
	9:22:00 AM	Denali Daniels	Review and discussion of enabling statute - AUTHORITIES ROLES AND RESPONSIBILITIES; AS 19.65.011-180
	9:25:00 AM	Wanetta Ayers	GOVERNANCE INCONSISTENCIES:" May" overarching with a subordinate "shalls," seems in conflict with the language, causing confusion about language, what we may and what we shall do.

	9:45:00AM	Denali Daniels	Review and discussion of language in statute related to the Short range plan and Long Range Plan- Sec. 19.65.011. Short-term and comprehensive [COMPREHENSIVE] long-range plans [PLAN].
	10:00:00AM	**MORNING BREAK**	
	11:05:00AM	Denali Daniels	Workshop discussion: For some of the pinch points, there are tools to sort this stuff out. What are the things the board does internally?
	11:21:00AM	Gregory Jennings & Captain John Falvey	The board has questions for Gregory Jennings on the Tustumena Replacement Vessel (TRV) such as has the TRV design changed to hybrid electric with batteries? Is there a projected cost increase?
	11:23:00AM	Gregory Jennings	Yes, we are considering a nominal capacity for battery storage. The goal is to have the infrastructure in place to expand, one battery room with 300 kilowatt-hours capacity primarily for peak shaving in heavy seas. The control system would pull power as needed for spikes. DOT and Glosten are working through cost impacts and need a design starting point if we want to do batteries.
	11:28:00AM	Chair Shirley Marquardt	Regarding adding batteries for the TRV- what does the USCG say? Do we have to change the hull?
	11:30:00AM	Gregory Jennings	We are in conversations with the USCG on the addition of batteries; Glosten working on basis of design and batteries. DNV is the global regulatory leader in maritime batteries and alternative fuels. USCG wants to see a base design before commenting further, and there is no change to the hull form to add a battery room. There is space allocated below deck and this addition does not affect the vessel.
	11:32:00AM	Chair Shirley Marquardt	Chair Marquardt asks what other options have been looked at? Has there been a discussion about this being too much to pack in when we are trying to get the vessel into service? Who made the decision to add all these unknowns into the TRV design?
	11:32:00AM	Gregory Jennings	The driving force behind these technologies is the need to future proof new construction, but we are still on schedule for a 2027 delivery date. We will be delivering a more mature package to the Shipyard. The available IIJA (Infrastructure Bill) is very much centered around efficiency and emissions reductions. DOT is learning a lot about diesel-hybrid propulsion, batteries, and other new technologies. All of which will benefit Alaskans.
	11:37:00AM	Gregory Jennings	Incorporation of battery technology results in more efficient propulsion, at a minimum we will realize a savings of 1-1.5% annually, but this could increase depending on system configuration. Once the propulsion system integrator is under contract, modeling will be completed to evaluate the cost/benefit over the vessel lifetime with various battery configurations.
	11:38:00AM	DC Rob Carpenter	In port, what would emissions be like?

	11:39:00AM	Gregory Jennings	We will be looking at how run from batteries while in port to reduce diesel consumption. With the TRV and the requirement for using a vehicle elevator which has high electric consumption, battery only operations may not be possible. Having hydropower for shoreside charging isn't available today but could be in a couple years. If we don't plan for it now, it will be more expensive later to retrofit. This is not new technology, northern Europeans are doing a lot with batterie and alternative fuels. We have a lot to learn from them and other states.
	11:39:00AM	Chair Shirley Marquardt	Will this impact the vehicle carrying capacity for the TRV?
	11:40:00AM	Gregory Jennings	No, we have not changed the car-carrying capacity.
	11:46:00AM	Denali Daniels	Denali Daniels reviews additional presentation material including slides on strategic plan framework, vision, mission, goals, priorities, actions, and leadership.
BREAK FOR LUNCH			
GROUP STICKY WALL EXERCISE - see the attached report by Denali Daniels, Facilitator			
Item 8	12:30pm	Denali Daniels	**AFTERNOON AMHOB BOARD EXERCISE:** In 3-5 words, what elements of a five-year plan for the AMHS should AMHOB consider in its recommendations to the DOT&PF?
	12:33:22 PM	Denali Daniels	Our goal today is to agree on framework that can be forwarded by way of recommendation to DOT as they move forward with their planning process. The goal here is to make a recommendation.



SAFETY - SAFETY - SAFETY!!!!!

1) Fleet Modernization
2) Funding
3) Employee Support & Retention
4) Service Level
5) Vessel Maintenance & Replacement Plan
6) Sales & Marketing
7) Management & Governance Structure

1 Fleet Modernization	2 Funding	3 Employee Support & Retention	4 Service Level	5 Vessel Maintenance & Replacement Plan	6 Sales & Marketing	7 Management/ Governance Structure
Fleet size and ability	Dedicated operational funding	Address staffing shortages	All ships in operation during the summer	Vessel maintenance	What new ridership incentives have been realized?	
ACFs in operation	Sustainable Bi-annual Operations funding	In-state recruiting	Communities served	Scheduled maintenance	Forecasted growth demands	
Do our boats fit our routes?	Fiscal structure	Staff succession plan	Reliable service to all communities served	Short/long term maintenance and vessel upgrade and replacement plan	Contracted customer survey	
IIJA funding for new vessel construction	Revenue portfolio (multiple source)	Employees	Essential (minimum) service		Has our ridership changed per port over time?	
3 new ships in process		Full staffing in Ketchikan	Service levels		Reasonable fares	
Modern, efficient fleet		Management succession plan	AMHS route analysis for service or contract		Do we utilize social media to encourage ridership for specific sailings?	
3 replacement vessels			Service versus ridership		Sales and marketing	
Balanced-sized fleet			Community economic impacts		Partner with communities on marketing	
			Community life-health-safety			

	02:08:22	**AFTERNOON BREAK**	
Item 9	**03:16:13**	**ONLINE PUBLIC COMMENT PERIOD OPEN**	
	03:19:10	Captain Keith Hillard and Captain John Falvey	Discussion about improvements to the Matanuska
	03:35:13	Chair Shirley Marquardt	Discussion about a plan to replace the Matanuska without IIJA money in the next five to seven years.

		and Captain John Falvey	
	03:37:15	**END OF THE FACILITATED BOARD WORKSHOP**	
	03:37:17	Denali Daniels	Part of my team's deliverable will be a meeting report for the portion of this meeting that we facilitated. You will have a report on this content and other discussions from today.
MOTION TO MOVE INTO REGULAR SESSION			
	03:39:09	Chair Shirley Marquardt	Do we move that we go back into regular sessions?
	03:39:33	Captain Keith Hillard	I'll second.
	03:39:37	Chair Shirley Marquardt	Okay. Without objection. We are moved out of the work session and are back into the regular session of the AMHOB Meeting.
MOTION TO ADOPT DRAFT FRAMEWORK FOR SHORT AND LONG-TERM PLANS			
		Chair Shirley Marquardt	The motion on the table has been that the board wishes to adopt this draft framework as a working document moving forward. The Chair moves that we adopt the framework discussed in our work session today as our working framework for a long-range plan and to inform a short-term plan as our draft. All in favor, say aye. Okay, the motion passes unanimously.
	03:40:43	Vice Chair Wanetta Ayers	Wanetta Ayers requests that Gregory Jennings join future meetings to provide updates on the TRV.
	03:40:48	Paul Johnsen	Mr. Johnsen requests to see changes made to the TRV from the last shared design.
	03:41:40	Chair Shirley Marquardt	Dates and times for the meetings are suggested to be Friday, November 4th, Friday, December 2nd, and Friday, January 6th, 2023, from 12:30-4:30.
	03:43:48	Chair Shirley Marquardt	The first meeting will need to be on the short-term plan and our next steps. It would be helpful to have an update from Matt McLaren on Plans B, C, and D for staffing shortages here through the winter and into the summer.
MOTION TO ADJOURN			
	03:53:00	Chair Shirley Marquardt	Motion to adjourn.
	04:00:00 PM	**MEETING ADJOURNED**	

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM: ALASKA MARINE HIGHWAY OPERATIONS BOARD (AMHOB)
Meeting Minutes: UNAPPROVED
November 4, 2022 12:30pm-4:30pm

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

DOT&PF Staff: Katherine Keith, Tera Ollila, Captain Falvey, Cisco Flores, Matthew McLaron, Gregory Jennings, Joanne Schmidt, and Jocelyn Swindel

11/4/2022 Agenda 12:30-4:30				
12:30	Item 1	Call to Order/Roll Call	Chair Shirley Marquardt	Information
	Item 2	Minutes Approval	Chair Shirley Marquardt	Information
	Item 3	Report of Board Chair	Chair Shirley Marquardt	Information
	Item 4	Report of Members	All Board Members	Information
12:40	Item 5	General Public Comments		
New Business				
12:55	Item 6	Updates on Operations, Staffing update, Tustumena Replacement Vessel, Marine Log update, Matanuska projects, IIJA funding, MRV update	Captain John Falvey, Gregory Jennings, Katherine Keith	Discussion
	Item 7	Recap of In-person meeting from 10/14	Chair Shirley Marquardt	Discussion
	Item 8	Short-Range Plan Review	Katherine Keith	Discussion
	Item 9	Short-Range Plan: Operating Budget CY24	Matt McLaren	Discussion
	Item 10	Short-Range Plan: Capital Projects	Cisco Flores	Discussion
4:15	Item 11	Wrap-up	Chair Shirley Marquardt	Discussion

Facebook Live Recording	November 4th 2022: https://www.facebook.com/AlaskaDOTPF/videos/1745344372506370/
Meeting Presentation and Material List	**Materials Reviewed:** • Glosten memo on the Matanuska Safety Improvement Project "2022-11-01_MAT DEC Alternatives Pros Cons" • TRV General Arrangements "13105.11-070-001-001_General Arrangement_Rev_P6_ signed" • AMHS Update from General Manager "20221104 AMHOB General Manager Update"

	• Denali Daniel's Summary Report from In-Person October Meeting "AMHOB October 2022 Meeting Recap" • Weekly Update on the TRV Project "TRV Weekly Project Report 102822" • AMHS Short-Range Plan
Transcription	https://publicinput.com/Transcript/X24036

	Time	Speaker	Transcription
Item 1	12:34:00 PM	Tera Ollila	Tera Ollila does roll call and Vice Chair Wanetta Ayers is absent but expects to join shortly.
Item 2	12:34:00 PM	Chair Shirley Marquardt	There are draft minutes for approval from the 9/19 and 10/14, KK wait and email them out, table the minutes approval until next week.
Item 3	12:36:00 PM	Chair Shirley Marquardt	Chair Marquardt, having technical issues, asks for Alan Austerman to run through agenda while sound issues are resolves and defers comments until later.
Item 4	12:37:00 PM	Alan Austerman for Chair Shirley Marquardt	Board members provide comment.
Item 5	12:42:00 PM	Katherine Keith	Ms. Keith provides instructions for for public comment period – no hands raised to speak.
	12:45:00 PM	Chair Shirley Marquardt	Start with questions from 10-14 meeting, General Manager's report
Item 6	12:46:00 PM	Captain John Falvey reviewing AMHS Update from General Manager	In the November 4th General Manager Update, Captain Falvey provides an update on AMHS priorities, pperations, maintenance, construction, business office, progress on the TRV project and Matanuska project.
	1:03:00 PM	Cisco Flores	Mr. Flores provides a report on the Matanuska Safety Improvement Project (Dead-end Corridors Project).
	1:14:00 PM	Chair Shirley Marquardt and Captain Keith Hilliard	Chair Marquardt states that the board has had many questions and comments about the Matanuska Safety Improvement Project. Keith Hillard asks how long is the Matanuska (MAT) going to be gone? How to manage in the short term? What about Prince Rupert? Another gap survey on MAT needs to be done to see how we match up with current federal regs, even considering dropping the SOLAS requirements.
	1:20:00 PM	Chair Shirley Marquardt	Recommendation from Cisco Flores, using info from Glosten, known role of USCG, what is recommendation for Long Range Plan, what do we do with Matanuska?
	1:22:00 PM	Captain John Falvey reviews Glosten	We can get a comprehensive summary developed for you at the next meeting – Captain Falvey will work with Cisco and Glosten to get something put together.

		memo on the Matanuska Safety Improvement Project	
	1:34:00 PM	DC Rob Carpenter	Good discussion on the Matanuska – so much progress, ready to go with design works. We'd like to commit to the plan we have in place. The proposed horseshoe design is something to consider but will also cost a lot of money. We don't want to restart design and start over work with USCG.
	1:37:00 PM	Wanetta Ayers	Review federal statutes pertaining to what requirements would be grandfathered in after a major construction project.
	1:40:00 PM	Gregory Jennings reviews Weekly Update on the TRV Project	Mr. Jennings shares information on the Tustumena Replacement Vessel (TRV) and shares how the new hull design will allow the vessel to be 3.5% more efficient.
	1:47:00 PM	Greg Jennings reviews TRV General Arrangements	Deputy Commissioner asks how Mr. Jennings came up with the 3.5% increase in efficiency? Mr. Jennings stated that we used computational fluid dynamics for hull optimization. Glosten and their subcontractor ran calculations with over 30k permutations. Mr. Jennings discussed the how batteries could be used to benefit operations of the TRV. He reviewing issues pertaining to load management, staff operations, fire protection, peak shaving dynamics, and spinning reserve. An RFP will soon close for a Propulsion System Integrator who will continue working with Glosten and DOT&PF on final plans and specs for system.
	1:47:00 PM	Katherine Keith	Mr. Carson asks if there are examples of batteries being used in other vessels of the same kind? Ms. Keith answers that there are many other RoPax vessels of a similar design. In Norway alone there are over 85 fully electric vessels; this is now industry standard technology. There are more diesel-hybrid vessels and we are seeing an increase in alternative fuels.
	1:52:00 PM	Wanetta Ayers	Wanetta Ayers shares concern that other *e*lectric vessels are running predominantly shorter routes. What is the operability of longer routes, and charging capability in the communities?
	2:06:00 PM	Gregory Jennings	With the TRV, at first we won't be using shore power to charge batteries. We plan to use them as reserve so that we can shift to them for peak shaving– batteries allow for power management. We are looking for the best combination of engine and battery while also future proofing the design to later on allow for upgrades and charging capacity such as shore charging with hydro power.
	2:06:00 PM	Katherine Keith	Our propulsion system integrator will hopefully be online in about 4 weeks. Their primary task will be evaluating performance of system and make recommendations. The impact on cost and performance will be modeled for data-driven decision making. IMO and a primary funding agency FTA are finding ways to encourage the use emissions reductions technologies where possible.
	2:06:00 PM	Chair Shirley Marquardt	The Chair asks what the timeframes are for the TRV RFPs and what changes have been made since earlier this year. Mr. Jennings describe the RFP process for the TRV which now includes three RFPs using a Construction Manager General Contractor (CMGC) Procurement

			method. The RFPs are for: 1) Propulsion System Integrator 2) Vehicle elevator, and 3) Shipyard
	2:13:00 PM	Gregory Jennings	Mr. Jennings describes the IMO regulations and requirement for tracking the CII (Carbon Intensity Index). The new TRV design will meet the IMO Standards.
	2:16:00 PM	Katherine Keith Gregory Jennings	Katherine Keith, Captain Dan Askins, and Gregory Jennings attended Marine Logs Conference in San Francisco, CA and learned about currently available technologies, electrification, and new fuels. Mr. Jennings and others met with shipyards interested in the TRV who are looking forward to being a part of the design process and want to engage in the process. Shipyards remain leery of the Alaska contact negotiation process and our reputation.
	2:2200 PM	Chair Shirley Marquardt	The Chair asked about the status of IIJA funding and how long before we know what we will have. Ms. Keith answered that DOT&PF submitted about $300M in requests to the FTA rural ferries program and $50m for their low/no-emissions discretionary grant, waiting to hear back.
	2:25:00 PM	James Marks	Mr. James Marks provided an updates on the formula side of the IIJA funds; there is a lot of opportunity. With AML, DOT&PF has launched a new map based clearinghouse. Through the CTP program, DOT&PF received 180 applications with paper applications still to be counted. Another program, Rural Ports and Barge Landings has new eligibility and can fund rural ports, docks, and landings. Another program to watch is Resiliency and Coastal Protections Program. DOT&PF also has a Sustainable Transportation and Energy program. We continue to appreciate our partnership with AML. Together we can work on grants, support grantees, and find better ways to engage with communities.
	2:36:00 PM	Katherine Keith	Ms. Keith reviewed where members and the public could find the grants that have already been applied for on the alaska.dot.gov/AMHOB website under the strategy tab.
	2:4100 PM	Paul Johnsen	Mr. Johnsen asks why the Matanuska Safety Project is not in the STIP? Deputy Commissioner Carpenter stated that we were originally going to use our annual allotment of Ferry Boat Funds for the project so it wasn't needing to be added to the STIP. However, for purposes of grant applications, funding agencies prefer that projects be in STIP, so we will likely add it to the next amendment.
	2:36:00 PM	Chair Shirley Marquardt	Chair Marquardt asked for clarification of the board's role in STIP recommendations. The language in HB63 states that the board "Shall contribute to development of the STIP."
	2:43:00 PM	Wanetta Ayers	Mrs. Ayers requests that DOT&PF finds a better way to track requests made by the board. We would like to track the requests and when they are fulfilled – we have made requests that have NOT been responded to. Mrs. Ayers would like us to commit to follow through on information requests. It felt like there was momentum from last meeting but we have now hit a wall. The board needs a way to follow up on legislatively mandated action, such as having a calendar and schedule – so we can be prepared.
	2:43:00 PM	Chair Shirley Marquardt	Chair Marquardt asks if we will be using IIJA funds for the TRV and does DOT&PF plan to use IIJA funds for operations. Deputy Commissioner Carpenter answered that we are going after all grant money available and if we are not successful, projects will be programmed into STIP. It has been the

			intent of the administration to fund a portion of the operating budget with federal IIJA funds from the beginning.
Item 7	2:48:00 PM	Chair Shirley Marquardt reviews Denali Daniel's Summary Report from In-Person October Meeting	Chair Marquardt runs through a **recap of the 10/14/22 in-person meeting.** Our #1 Goal/Priority is clearly safety, everything falls under this umbrella. The board's other priorities 1-5, all go together. It was a good discussion.
	3:00:00 PM	**BREAK**	
Item 8	3:15:00 PM	Katherine Keith reviews the AMHS Short-Range Plan.	**Draft AMHS Short-Range Plan.** Ms. Keith runs through an overview of the AMHS Short-Range Plan. The DOT&PF 2050 Long-Range Plan was basis for guidance in lieu of an AMHS Long Range Plan. The AMHS Short-Range Plan offers a baseline of info to house data in one place. EBDG is still on contact to complete an system evaluation. Staff has been working many hours with EBDG to identify and gather data. Ms. Keith also reviews how the Charting the Course phases are relevant to the Short-Range Plan.
Item 9	3:15:00 PM	Matt McLaren	**Operating Budget CY24.** Mr. McLaren reviews what has been developed for CY24 operating costs based on a few scenarios. The number of port calls and vessels in operation varies from six to nine.
Item 10	3:22:00 PM	Cisco Flores	**Short-Range Plan: Capital Projects.** Cisco Flores reviews the status of capital projects that are listed in the Short-Range Plan.
Item 11	3:22:00 PM	Chair Shirley Marquardt	**Wrap Up and Closing Comments.** The board discusses union contracts and how the state can contract with private vendors; DOT&PF is trying to fill gaps in service by offering supplemental service where possible. ACTION ITEM: Chair Marquardt requests background info about how contracts have been used in the past, why they have been used, and what the results were.
	3:22:00 PM	Captain Ed Page	Allen Marine has always been interested in supporting coastal communities. Maybe Allen Marine can do a presentation or provide a white paper about what they can provide. AMHS vessels vs smaller Allen Marine, size and cost makes a difference to the frequency of service we can offer. ACTION ITEM: Request Allen Marine or Goldbelt to present at the next meeting on 12/2/22.
	3:35:00 PM	DC Carpenter and Chair Shirley Marquardt	The board has a budget discussion on how AMHOB can best provide recommendations to Governor/Legislature. If the board has budget scenarios for review, they can make a recommendation?
	3:35:00 PM	Chair Shirley Marquardt	ACTION ITEM: Mr. McLaren to provide a menu of budget options based on scenarios so that AMHOB can come up with recommendations
	3:42:00 PM	Discussion with Chair Shirley Marquardt	Chair Marquardt asks if the new categories stemming from IIJA and other federal funding sources are going to increase our operating costs? Specifically, will the emphasis on Environmental Justice, Racial equity, Barriers to Opportunity, and Justice40 Initiative increase the operating budget? All are a

		and Katherine Keith	strong push to provide service to those smaller communities that are not revenue drivers for the system. Ms. Keith answered that these criteria are forming the backbone of operating principles and should help to guide decision-making.
	3:56:00 PM	Katherine Keith	Ms. Keith provides an overview of the CY22-CY23 Winter Schedule including the gap analysis and overhaul schedule. The Charting the Course Community Playbooks and performance metrics are also a part of the Short-Range Plan .
	04:06:00 PM	Chair Shirley Marquardt	Chair Marquardt requests that a final opportunity be provided for the public to provide comments.
	04:11:00 PM	Katherine Keith	Ms. Keith opened up the line for public comment but had no interest .
	04:15:00 PM	Wanetta Ayers	Mrs. Ayers requests that the board enter into executive session as the next meeting to discuss personnel issues**.**
	04:18:00 PM	DC Rob Carpenter	It will be important for AMHOB to make any budget recommendations to the Governor at the 12/02 meeting. The Governor's budget is prepared for a 12/15 release.
	04:22:00 PM	Chair Shirley Marquardt	ACTION**:** Request that subsequent meeting dates be posted immediately after dates are set and that meeting materials made available more in advance of the meeting.
	04:25:00 PM	Chair Shirley Marquardt	Chair Marquardt and board members provide closing comments.
	04:30:00 PM	Chair Shirley Marquardt	Meeting Adjourned

POST MEETING ACTION ITEMS FOR FOLLOW UP

1. The board requests a comprehensive summary on the next steps and recommended action on the Matanuska Safety Improvement Project (Dead-end Corridors).
2. The board requests a list of past supplemental services contracts used when AMHS was not able to provide services and how these contracts performed. Provide any information available such as the number of passengers, cost, and overall how it worked.
3. The board requests more information on Cascade Point – such as how will the new facility be used and what ship will be servicing that port.
4. Request that Allen Marine or Goldbelt present at the next meeting on 12/2/22.
5. Request that subsequent meeting dates be posted immediately after dates are set and that meeting materials made available more in advance of the meeting.
6. Matt McLaren to provide a menu of budget options based on scenarios so that AMHOB can come up with recommendations at the 12/2/22 meeting in advance of the Governor's budget.

Cascade Point Lease Payments (Need ID 33974)

The State of Alaska is investing in the aging Alaska Marine Highway System (AMHS). The Alaska Department of Transportation and Public Facilities (DOT&PF), through the Statewide Transportation Improvement Program, is focused on investments in projects that improve safety, keep the fleet in a state of good repair, foster economic vitality, improve resiliency, and are sustainable in the future. The Infrastructure Investment and Jobs Act (IIJA) provides new investment opportunities to improve service to communities.

Offering increased ferry service between North Lynn Canal (NLC), Alaska's capital city, and our contiguous National Highway System is critical for the movement of people in Alaska. Historically, the North Lynn Canal route is AMHS's second-largest volume run. Residents and elected leaders of the NLC communities continue to ask for more reliable and dependable service.

October 2020, the AMHS Reshaping Work Group estimated that a ferry terminal at Cascade Point, MP 42 of Glacier Highway, would reduce Juneau-Haines and Juneau-Skagway one-way sailing by about 30 miles and 2.1 hours. The working group concluded that constructing a Cascade Point ferry terminal would reduce ferry operating costs and enhance route revenue. In early 2021, DOT&PF and Goldbelt Inc. signed a letter of intent to study the Cascade Point option.

The public benefits from the construction of a Cascade Point ferry terminal not only include the time and operating cost savings achieved from the shorter sailing distances, but also in improved access to NLC for the movement of people and vehicles at a reduced fare. Initial estimates indicate that passengers may realize a 25% reduction in the price of passage, as compared to traveling from Auke Bay. Operations are currently planned as summer only, although winter opportunities may be supported in the future which would include addressing winter road maintenance concerns. DOT&PF recognizes that public transit from Auke Bay to Cascade Point is not established, and operations will not be viable until transit options exist.

Further investigation and discussions regarding a proposed single end-loading ferry berth dock, vehicle staging area, parking, and other improvements are required with the property owner, Goldbelt Inc., before DOT&PF determines the feasibility and suitability of leasing a terminal at Cascade Point. During the initial design phase of the project, comprehensive studies on the proposed project's environmental impacts will be undertaken as part of the NEPA process. State and federal agencies will be consulted and there will be additional opportunities for public comment specific to environmental impacts.

The STIP reflects our current estimated cost of lease payments. As of this point, there is no recent funding approved and allocated for the construction of the Cascade Terminal, nor has money been contracted for the Cascade Terminal. Once started, engineering, design, and environmental work will take approximately 14 months, followed by a two-year construction season.

All work completed as part of a project will follow all State and Federal environmental laws and regulations. There will be additional public comment opportunities as more information on the project is available.

Response Prepared for the Statewide Transportation Improvement Program (STIP)

Cascade Point Overview

The original plan for the Alaska Class Ferries (ACFs) was for both to be deployed in Lynn Canal in order to provide similar weekly capacity as provided by the Fast Vehicle Ferry and Malaspina to meet historical demand. Only one ACF will be deployed in Lynn Canal for the foreseeable future; reducing capacity well below demand. Constructing a summer terminal at Cascade Point will allow one ACF to provide similar capacity as two ACFs from Auke Bay and reduce AMHS operating costs.

Operational Differences

Auke Bay – 1 ACF – 14 Hours Single Crew	**Cascade Point – 1 ACF – 12 Hours Single Crew**
	Approx. 30 miles closer to Haines and Skagway
	Fuel cost and consumption is reduced per day
18 crew members	14-15 crew members
Overtime is 2 hours a day for all 18 crew members	No overtime
Crew is paid 7 days a week for 6 days of service because of work rest regulations	7 days of service a week
Route is Juneau – Haines – Skagway – Juneau or reversing	Route is Juneau – Haines – Skagway – Haines – Juneau or reversing
Special event can only be accommodated by bringing in another vessel	Special events in Haines can be serviced 2 times a day, no additional vessel needed

User Benefits

- Reduced travel time
- Reduced out-of-pocket costs
- No impact to other AMHS serviced communities when increasing capacity in Lynn Canal for special events

Build Cost Estimate

No additional funding sources would be needed to complete this project. There are approximately $42 million appropriated for Juneau Access Project which can be used for this project. The total estimated project cost for this facility $36 million. The attached conceptual site plan shows a single end loading ferry berth and associated upland access, vehicle staging, parking and other features. This would be an unmanned day use terminal, with facilities only for a generator shed and pit style restrooms. The concept plan includes accommodation of other marine uses (Kensington Mine boat shuttle) by Goldbelt. The ferry terminal related cost estimate does not include any Goldbelt related marine structures, floats or the ancillary access road to the Goldbelt small boat mooring facility.

Should the decision to operate in the winter occur, it would require an additional $15 million wave barrier to be added. Currently this is not being pursued, as most of the demand is summer travel.

Schedule

Engineering design and environmental work will take approximately 14-months. A two year construction season may be needed considering timing windows for marine mammal wildlife and fish permitting issues.

Right of Way

The existing property is owned by the Goldbelt. The Department and Goldbelt are currently in negotiations for a ground lease agreement and facilities development agreement. Goldbelt has also expressed interest in providing transportation to/from the terminal with its existing buses.

Permitting

Correspondence from US Army Corps of Engineers, US Fish & Wildlife Service and the Environmental Protection Agency during the Juneau Access Improvement Project EIS process indicated that they favored construction of a state ferry terminal at Cascade Point instead of Sawmill Cove. The reasons included minimization of impacts to aquatic resources, lower overall environmental impacts, reducing ferry travel distance and round-trip time, and co-location with an already permitted project. Goldbelt originally secured a Corps of Engineers permit for their previous development plan in 2005 and it has been modified several times and kept current. It is anticipated there may be some synergy by working with Goldbelt.

Additional Details

For more comprehensive details, please go to https://dot.alaska.gov/sereg/projects/juneau_access/. The Juneau Access Improvements Environmental Impact Statement (JAI EIS) has comprehensive details on differing routes and runs of the ACF's. The most pertinent for the Cascade Point Ferry Terminal would be:

Alternative 4C *(as described in the JAI EIS)*

Alternative 4C would use Day Boat ACFs to provide additional ferry service in Lynn Canal. No new roads would be built for this alternative. The Auke Bay Ferry Terminal would be expanded to include a new double end berth, and the Skagway Ferry Terminal would be modified to include a new end berth to accommodate the Day Boat ACF. A new conventional monohull ferry would be constructed and would operate between Haines and Skagway. In summer, one Day Juneau Access Improvements Project Final SEIS 2017 Revised Alternatives Descriptions - 6- Boat ACF would make one round trip per day between Auke Bay and Haines, and one Day Boat ACF would make one round trip per day between Auke Bay and Skagway. During winter, one Day Boat ACF would alternate between a round trip to Haines one day and a round trip to Skagway the next day. Mainline ferry service between Auke Bay and Haines/Skagway would continue, with two weekly trips estimated in summer and one in winter.

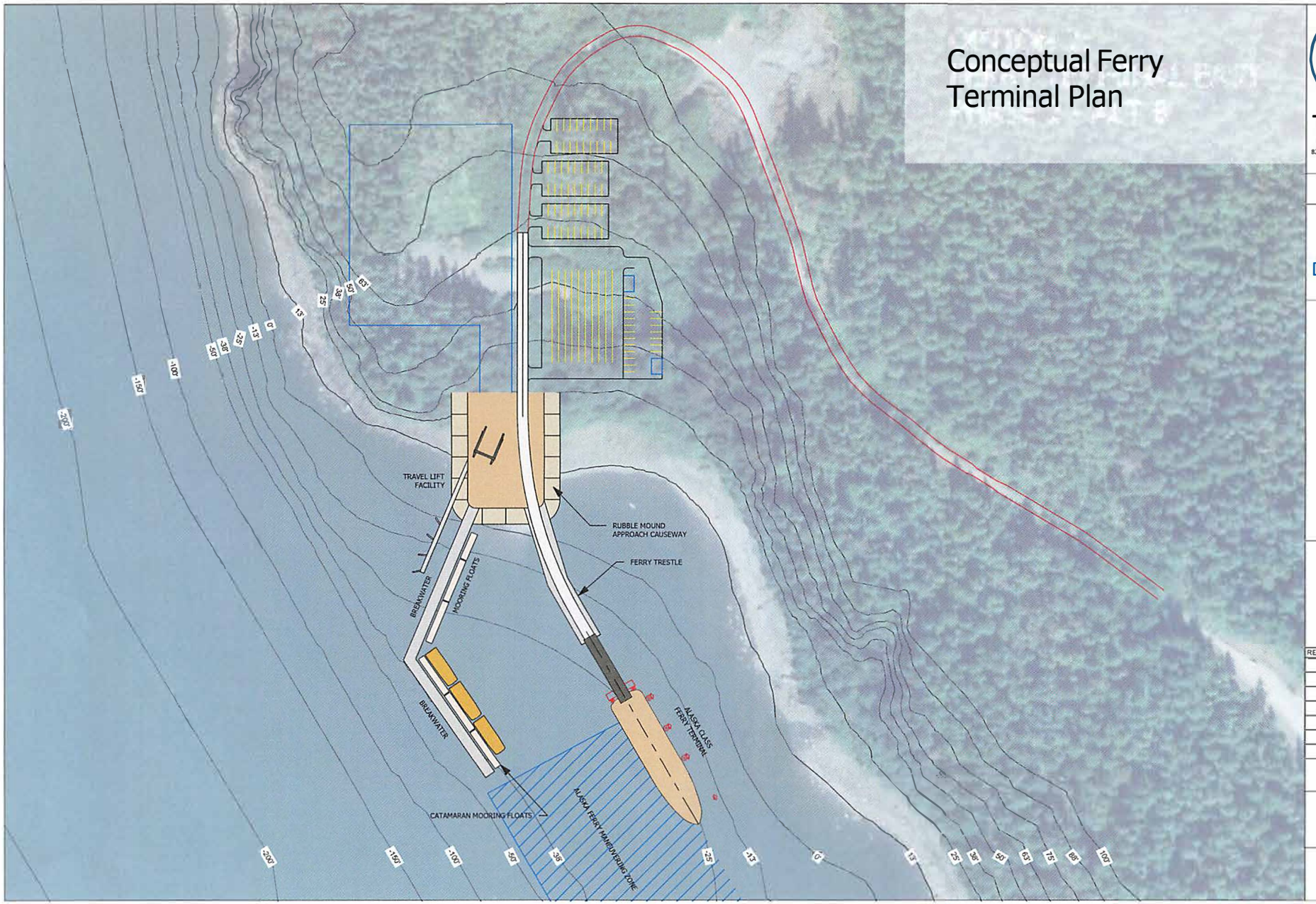
Alternative 4D *(as described in the JAI EIS)*

Alternative 4D would use Day Boat ACFs to provide additional ferry service in Lynn Canal. This alternative would upgrade/extend Glacier Highway (5.2 miles, including 2.3 miles of new highway and 2.9 miles of the existing Glacier Highway) from Echo Cove to Sawmill Cove in Berners Bay where a new ferry terminal would be constructed. The Auke Bay Ferry Terminal would be expanded to include a new

double end berth, and the Skagway Ferry Terminal would be modified to include a new end berth. This alternative includes construction of a new conventional monohull ferry that would operate between Haines and Skagway. In summer, the Day Boat ACFs would make two trips per day between Sawmill Cove and Haines and two trips per day between Sawmill Cove and Skagway. During winter, a Day Boat ACF would operate from Auke Bay, alternating between a round trip to Haines one day and to Skagway the next day. Mainline service from Auke Bay to Haines/Skagway would continue, with two weekly trips estimated in summer and one in winter.

Attachments: Conceptual Ferry Terminal Plan

Conceptual Ferry Terminal Plan



Turnagain
Marine Construction
8241 DIMOND HOOK DR, UNIT A
ANCHORAGE, AK 99507
PHONE: (907) 261-8960

PROJECT NUMBER:
20-019

CONCEPT DESIGN DRAWINGS

CASCADE POINT DEVELOPMENT
JUNEAU, ALASKA

REV#	DESCRIPTION	DATE

ISSUE DATE:
JULY 20, 2021

SHEET TITLE:
OPTION 2 PHASE 2
TRAVEL LIFT ALT

SHEET NUMBER
S202

SC Region - Marine Engineering

Project Cost Estimate

PROJECT NUMBER: SSHWY00232
PROJECT TITLE: Cascade Point Ferry Terminal
DESCRIPTION: Cascade Point - Single Berth
Date: 3/22/2019

Item No.	Item	Units	Unit Price	Quantity	Amount		
1	***General***						
	Mobilization/Demobilization	LS	$800,000	1	$800,000		
	Temporary Erosion and Pollution Control	CS	$250,000	1	$250,000		
	Construction Surveying	LS	$100,000	1	$100,000		
	Field Offices	LS	$75,000	1	$75,000		
2	***Dredged Mooring Basin***						
	Dredged Mooring Basin	CY	$35	52,000	$1,820,000		
	(Includes placement as upland fill or disposal)						
3	***Marine Facilities***						
	Pile Supported Bridge Approach Abutment	EA	$80,000	1	$80,000		
	~~Sheet Pile Wave Barrier Structure~~	~~LF~~	~~$10,000~~	~~500~~			
	20'x142' Steel Transfer Bridge	EA	$900,000	1	$900,000		
	50'x80' Steel Bridge Float (or Lift Bridge System)	EA	$1,600,000	1	$1,600,000		
	(w/ Intermediate Ramp, Apron & Fenders)						
	4-Pile Stern Dolphin Structures	EA	$650,000	2	$1,300,000		
	4-Pile Breasting Dolphins	EA	$650,000	3	$1,950,000		
	3-Pile Mooring Dolphins	EA	$500,000	2	$1,000,000		
	Steel Access Catwalks	EA	$65,000	5	$325,000		
	Electrical Power and Lighting System (Terminal)	LS	$400,000	1	$400,000		
						Marine Structures =	$7,555,000
3	***Upland Improvements (Access/Staging Area)***						
	Access Road Improvements (Widen/Reconstruct/Chip Seal)	LF	$500	1,600	$800,000		
	Cascade Creek Bridge - 50' Length	EA	$800,000	1	$800,000		
	Staging/Parking Areas Excavation	CY	$20	36,200	$724,000		
	Causeway Embankment (Local Excavation + Import)	CY	$15	77,000	$1,155,000		
	Riprap Slope Protection	CY	$70	15,000	$1,050,000		
	12" Aggregate Surface Course	CY	$25	5,840	$146,007		
	(Approx 3.62 acres uplands)						
	Asphalt Concrete Surfacing or Stablized Base/Chip Seal	Ton	$200	2,437	$487,403		
	(Approx 3.62 acres uplands + Access Road)						
	Metal Beam Guardrail	LF	$55	1,120	$61,600		
	Painted Traffic Markings	LS	$45,000	1	$45,000		
						Upland / Access =	$5,269,010
	~~Potable Water Supply (Well & Piping)~~	~~LS~~	~~$200,000~~	~~1~~			
	~~Sanitary Sewer for Bldg (Pkg Treatment Plant/Outfall/Leach Field or Holding Tank)~~	~~LS~~	~~$650,000~~	~~1~~			
	Diesel Generator System, Bldg & Fuel Storage Tank	LS	$600,000	1	$600,000		
	Electrical Power Supply & Area Lighting System	LS	$650,000	1	$650,000		
						Utilities =	$1,250,000
5	***Building Structures***						
	~~Utility / Restroom Building (16'x32')~~	~~SF~~	~~$500~~	~~512.00~~			
	Pit Toilet Public Restroom Facility	LS	$80,000	1	$80,000		

Item Totals	*$17,119,010*
Estimating & Construction Contingencies @ 15%	$2,567,852
Construction Subtotal	***$19,686,862***
10% Design & Permitting	$1,968,686
20% Construction Engineering	$3,937,372
5.7% ICAP	$1,458,796.45
Project Total =	***$27,051,717***

Prepared by: KDM **Date:** 03/22/19
Checked by: KDM **Date:**

SC Region - Marine Engineering

Project Cost Estimate

PROJECT NUMBER: SSHWY00232
PROJECT TITLE: Cascade Point Ferry Terminal Highway Improvements
DESCRIPTION: Resurface / Reconstruct Existing Highway Besse Creek to Cascade Point
Date: 3/22/2019

Option	Item	Length (miles)	Width (ft)	Surface Area	Units	Unit Price	Amount
A1	***Chip Seal Besse Creek to Echo (no stabilized subbase / no widening)*** 26' Wide Chip Seal no Stabilized Base	5.87	26.00	806,000	SF	$0.80	644,800

Item Totals *$644,800*
Estimating & Construction Contingencies @ 10% $64,480

Construction Subtotal ***$709,280***

10% Design & Permitting $70,928
10% Construction Engineering $64,480

5.7% ICAP $48,147

Project Total = ***$892,835***

Option	Item	Length (miles)	Width (ft)	Surface Area	Units	Unit Price	Amount
A2	***Chip Seal Echo to Cascade (no stabilized subbase / no widening)*** 26' Wide Chip Seal no Stabilized Base	2.84	26.00	390,000	SF	$0.80	312,000

Item Totals *$312,000*
Estimating & Construction Contingencies @ 10% $31,200

Construction Subtotal ***$343,200***

10% Design & Permitting $34,320
10% Construction Engineering $31,200

5.7% ICAP $23,297

Project Total = ***$432,017***

Option	Item	Length (miles)	Width (ft)	Surface Area	Units	Unit Price	Amount
B1	***Stabilized Base + Chip Seal Besse Creek to Echo (no widening)*** 26' Wide Stabilized Base w/ Chip Seal Surfacing	5.87	26.00	806,000	SF	$4.25	3,425,500

Item Totals *$3,425,500*
Estimating & Construction Contingencies @ 10% $342,550

Construction Subtotal ***$3,768,050***

10% Design & Permitting $376,805
15% Construction Engineering $565,208

5.7% ICAP $268,473.56

Project Total = ***$4,978,536***

Option	Item	Length (miles)	Width (ft)	Surface Area	Units	Unit Price	Amount
B2	***Stabilized Base + Chip Seal Echo to Cascade (no widening)*** 26' Wide Stabilized Base w/ Chip Seal Surfacing	2.84	26.00	390,000	SF	$4.25	1,657,500

Item Totals *$1,657,500*
Estimating & Construction Contingencies @ 10% $165,750

Construction Subtotal ***$1,823,250***

10% Design & Permitting $182,325
15% Construction Engineering $273,488

5.7% ICAP $129,906.56

Project Total = ***$2,408,969***

Option	Item	Length (miles)	Width (ft)	Surface Area	Units	Unit Price	Amount
C	***Reconstruct Besse Creek to Echo Cove - 30' width*** 30' width w/ stabilized subbase/chip seal or AC pavement	5.87	30.00	930,000	SF	$7.00	6,510,000

Item Totals *$6,510,000*
Estimating & Construction Contingencies @ 15% $976,500

Construction Subtotal ***$7,486,500***

15% Design & Permitting $1,122,975
20% Construction Engineering $1,497,300

5.7% ICAP $576,086.18

Project Total = ***$10,682,861***

Option	Item				Units	Unit Price	Quantity
D	***Reconstruct Echo Cove to Cascade Point - 30' width*** 30' width w/ stabilized subbase/chip seal or AC pavement	2.84	30.00	450,000	SF	$7.00	3,150,000

Item Totals *$3,150,000*
Estimating & Construction Contingencies @ 15% $472,500

Construction Subtotal ***$3,622,500***

20% Design & Permitting $724,500
20% Construction Engineering $724,500

5.7% ICAP $289,075.50

Project Total = ***$5,360,576***

History of Supplemental Transportation Services Contracts for AMHS Service Gaps

FY10

RFP:	2510S005
Issued:	6/12/2009
Title:	Alternate Ferry Services for Northern Panhandle/Village Route
Contractor:	Allen Marine with a term from 9/1/2009 to 10/31/2009
Interested Parties:	Allen Marine was only entity that submitted
Not to Exceed Amount:	$350,000.00
Avg. Pax per Trip:	22
Avg. Veh per Trip:	1

FY11

RFP:	2511S002
Issued:	6/29/2010
Title:	Alternate Ferry Services for Northern Panhandle/Village Route
Contractor:	Allen Marine with a term from 9/15/2010 through 10/15/2010. Optional term form 2/2011 through 3/2011 available.
Interested Parties:	Allen Marine was only entity that submitted.
Not to Exceed Amount:	$200,000.00
Avg. Pax per Trip:	28
Avg. Veh per Trip:	2

RFP:	2511S005
Issued:	7/14/2010
Title:	Alternate Ferry Services for Prince William Sound: Lot 1: Whittier to Chenega: Lot 2: Valdez to Tatitlek
Contractor:	Allen Marine with a term from 10/1/2010 through 3/31/201. Contract Lot 1 cancelled on 12/8/2010 due to lack of ridership and community support
Interested Parties:	Allen Marine and Kimberlins Water Taxi
Not to Exceed Amount:	$250,000.00
Avg. Pax per Trip:	1
Avg. Veh per Trip:	0

RFP:	2511S023
Issued:	7/14/2010
Title:	Alternate Ferry Services for Prince William Sound: Lot 1: Valdez to Tatitlek
Contractor:	Kimberline Water Taxi with term from 10/1/2010 through 3/31/2021
Interested Parties:	Appears to have been awarded as a result of RFP 2521S005 above
Not to Exceed Amount:	$30,000.00
Avg. Pax per Trip:	6
Avg. Veh per Trip:	0

RFP: 2511S089
Issued: 5/20/2011
Title: Alternate Ferry Services for Juneau to Angoon and Tenakee
Contractor: Allen Marine with term from 9/9/2011 through 9/30/2011
Interested Parties: Allen Marine was only entity that submitted
Not to Exceed Amount: $125,000.00
Avg. Pax per Trip: 25
Avg. Veh per Trip: 3

RFI: 2511S094
Issued: 6/7/2011
Title: AMHS Alternate Ferry Services-Southwest Alaska
Contractor: No award made, this was a Request for Information
Interested Parties: Seldovia Bay Ferry and Kenai Fjords Tours
Not to Exceed Amount: No Award

FY12 No Known procurements in FY12

FY13

RFQ: 2513S066
Issued: 2/15/2013
Title: Supplemental Ferry Services for Seldovia
Contractor: Alaska Marine Transport and Salvage with a term from 2/22/2013 to 3/31/2013
Interested Parties: Alaska Marine Transport and Salvage only known interested party
Not to Exceed Amount: $50,000.00
Avg. Pax per Trip: 1
Avg. Veh per Trip: 4

RFI: 2513S101
Issued: 5/24/2013
Title: AMHS Alternate Ferry Services-Southwest Alaska
Contractor: No award made, this was a Request for Information
Interested Parties: Bering Marine is only known interested party
Not to Exceed Amount: No Award

FY14

RFQ: 2514S015
Issued: 6/16/2013
Title: Supplemental Ferry Services for Seldovia

Contractor: Bering Marine with a term from 7/22/2013 to 8/20/2013
Interested Parties: Bering Marine only known interested party
Not to Exceed Amount: $20,000.00
Avg. Pax per Trip: 0
Avg. Veh per Trip: 0

MOA: 2514S061
Issued: Unknown
Title: Alternate Ferry Service – Clark Bay Terminal Closure
Contractor: IFA-**No record** of this being executed
Interested Parties: IFA only known interested party
Not to Exceed Amount: $112,000.00
Avg. Pax per Trip: 0
Avg. Veh per Trip: 0

FY15 No Known procurements in FY15

FY16

RFP: 2516S033
Issued: Project cancelled, no procurement conducted

FY17

MOA: 2517S033
Issued: 9/29/2016
Title: Alternate Unscheduled Ferry Service – Annette Island School District
Contractor: AMHS
Interested Parties: None
Not to Exceed Amount: **Revenue Generating**

MOA: 2517S036
Issued: Unknown
Title: Alternate Unscheduled Ferry Service – Annette Island School District
Contractor: AMHS-**No record** of this being executed
Interested Parties: None
Not to Exceed Amount: **Revenue Generating**

FY18 No Known procurements in FY18

FY19 No known procurements in FY19

FY20

EMERGENCY:	2520S068
Issued:	9/29/2016
Title:	Replace Matanuska for run to Haines and Skagway
Contractor:	Allen Marine-Term is 1/27/2020 to 1/27/2020
Interested Parties:	None
Not to Exceed Amount:	$11,000.00
Avg. Pax per Trip:	0
Avg. Veh per Trip:	0

RFI:	2520S071
Issued:	2/3/2020
Title:	RFI for services from Juneau to Hoonah, Angoon, and Kake during week of 2/3/2020
Contractor:	No award made, this was a Request for Information
Interested Parties:	No known responses to this RFI
Not to Exceed Amount:	No Award

RFQ:	2520S072
Issued:	2/13/2020
Title:	Supplemental Ferry Services for Angoon, Gustavus, Hoonah, Kake, Pelican, Sitka, Tenakee, Haines, Skagway
Contractor:	Contracts awarded to Allen Marine and Goldbelt with a term from2/25/2020 to 3/31/2020. See 2520S079 and 2520S080 below
Interested Parties:	Allen Marine and Goldbelt only interested parties
Not to Exceed Amount:	$100,000.00
Avg. Pax per Trip:	24
Avg. Veh per Trip:	0

ITB:	2520S075
Issued:	NA
Title:	Marine Vessel Charters from 4/3/20220 for approximately 6 months
Contractor:	No award made, it does not appear this ITB was ever issued.
Interested Parties:	NA-Solicitation never issued
Not to Exceed Amount:	No Award

RFQ:	2520S079
Issued:	NA
Title:	Marine Vessel Charters from 4/3/20220 for approximately 6 months
Contractor:	Allen Marine with a term form 2/25/2020 to 3/31/2020. See RFQ 2520S072 above.
Interested Parties:	Allen Marine and Goldbelt
Not to Exceed Amount:	$30,000.00
Avg. Pax per Trip:	0
Avg. Veh per Trip:	0

RFQ: 2520S080
Issued: NA
Title: Marine Vessel Charters from 4/3/20220 for approximately 6 months
Contractor: Goldbelt with a term form 2/25/2020 to 3/31/2020. See RFQ 2520S072 above.
Interested Parties: Allen Marine and Goldbelt
Not to Exceed Amount: $20,000.00
Avg. Pax per Trip: 0
Avg. Veh per Trip: 0

RFI: 2520S084
Issued: NA
Title: NA
Contractor: Does not appear this RFI was ever issued
Interested Parties: No known responses to this RFI
Not to Exceed Amount: No Award

MOA: 2520S103
Issued: 5/27/2020
Title: Alternate Unscheduled Ferry Service – Ketchikan to Hollis 5/28/2020 to 6/11/2020
Contractor: AMHS
Interested Parties: None
Not to Exceed Amount: **Revenue Generating**

FY21

MOA: 2521S054
Issued: 5/14/2021
Title: Alternate Unscheduled Ferry Service – Ketchikan to Hollis: 5/14/2021 to 3/31/2022, one renewal that has been exercised, current term expires on 3/31/2023
Contractor: AMHS
Interested Parties: None
Not to Exceed Amount: **Revenue Generating**

FY22

ITB: 2522S037
Issued: 11/29/2021
Title: Supplemental Passenger and Vehicle Transportation for Angoon, Gustavus, Hoonah, Pelican, Tenakee
Contractor: Allen Marine and Goldbelt (Passengers Only) with terms from 1/7/2022 through 12/31/2022. The first of two renewals has been exercised and the current term expires on 12/31/2023
Interested Parties: Allen Marine and Goldbelt submitted for Passengers services and Bowhead and Breakaway submitted for Vehicles. Bowhead and Breakaway were non-responsive.
Not to Exceed Amount: Allen Marine: $200,000.00 per term. Goldbelt: $400,000.00 per term
Avg. Pax per Trip: 7

Avg. Veh per Trip: 0

ITB: 2522S045
Issued: 12/31/2022
Title: Supplemental Passenger Transportation for Haines, Skagway, Wrangell, Petersburg, Sitka, Ketchikan
Contractor: Allen Marine and Goldbelt with terms from 1/20/2022 through 12/31/2022. The first of two renewals has been exercised and the current term expires on 12/31/2023
Interested Parties: Allen Marine and Goldbelt
Not to Exceed Amount: Allen Marine: $200,000.00 per term. Goldbelt: $400,000.00 per term
Avg. Pax per Trip: 19
Avg. Veh per Trip: 0

ITB: 2522S077
Issued: Cancelled, see FY23
Title: Supplemental Passenger Transportation for Southwest and Southcentral Routes
Contractor: No Award made, see FY23
Interested Parties: NA
Not to Exceed Amount: NA

FY23

ITB: 2523S010
Issued: 6/8/2022
Title: Supplemental Passenger and Vehicle Transportation for Chenega bay, Cordova, Homer, Kodiak, Old Harbor, Ouzinkie, Port Lions, Seldovia, Tatitlek, Valdez, Whittier
Contractor: No Award made, One bid received from Kimberlin was non responsive
Interested Parties: Only Submission was from Kimberlin
Not to Exceed Amount: NA

ITB: 2523S041
Issued: 10/7/2022
Title: Supplemental Passenger and Vehicle Transportation for Chenega bay, Cordova, Tatitlek, Valdez, Whittier
Contractor: Phillips Tours and Kimberlin Water Taxi with terms from 11/1/2022 through 12/31/2022, no renewal options available
Interested Parties: Phillips and Kimberlin only entities that submitted
Not to Exceed Amount: Kimberlin: $300,000.00: Phillips: $400,000.00
Avg. Pax per Trip: 0
Avg. Veh per Trip: 0

Keith, Katherine M (DOT)

From: Falvey, John F (DOT)
Sent: Saturday, November 12, 2022 4:00 PM
To: Carpenter, Rob S (DOT); Keith, Katherine M (DOT)
Subject: Matanuska Dead End Corridors Decision For AHMOB
Attachments: NoReply.AMHS.Sharp@alaska.gov_20221109_120858.pdf; NoReply.AMHS.Sharp@alaska.gov_20221109_121210.pdf; NoReply.AMHS.Sharp@alaska.gov_20221109_121247.pdf; NoReply.AMHS.Sharp@alaska.gov_20221109_121232.pdf; NoReply.AMHS.Sharp@alaska.gov_20221109_121303.pdf; NoReply.AMHS.Sharp@alaska.gov_20221109_121322.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Subject : AHMOB Requested.. AMHS Decision Regards Matanuska Dead End Corridors

After considering the information contained within the provided attachments, all the pros and cons , multiple conversations with our consultants along with AMHS engineering staff , and also taking into account the concerns and recommendations of certain AHMOB members , along with the AMHS concern of approaching the USCG for a third time requesting yet another change to our already approved plans, the AMHS has decided to proceed ahead with its currently approved plans and conduct a complete passenger cabin deck replacement and correction of the dead end corridors along with the correction of other items as required by the USCG as indicated in the attachments. The AMHS also feels that a complete passenger cabin deck replacement will give the Matanuska its best chance of operating beyond 2027.

The AMHS took Matanuska operational acceptance following its re power and major conversion on December 2, 2019, and thus per agreement with the USCG, the Matanuska must be in a shipyard by December 2024, or it can no longer operate as a SOLAS vessel and cannot call at Prince Rupert.

U.S. Department of Homeland Security

United States Coast Guard

Commander
United States Coast Guard
Sector Juneau

P.O. Box 25517
Juneau, AK 99802-5517
Phone: (907) 463-2836
FAX: (907) 463-2842

16700
05 December 2017

Mr. Narcisco Flores
Alaska Marine Highway System (AMHS)
7037 North Tongass Highway
Ketchikan, AK 99901-9101

Dear Mr. Flores,

This letter reflects my decisions as the Officer in Charge, Marine Inspections (OCMI) regarding which areas of the AMHS passenger vessel MATANUSKA must be brought into compliance with current regulations, consistent with the Marine Safety Center's Major Conversion Determination letter H2-1500252 of 31 March, 2015. AMHS and the Coast Guard worked together to identify which portions of the MATANUSKA did not meet current requirements and your contractor submitted the Gap Analysis Report to my office as the foundation for my review.

MATANUSKA was originally built to U.S. passenger vessel regulations as of 1963 and the 1960 International Convention for Safety of Life at Sea (60 SOLAS) requirements. In 2009, AMHS made SOLAS upgrades to fire-fighting and lifesaving systems and over the years has made many updates to keep the MATANUSKA compliant with new requirements. AMHS plans on a significant repower project on the MATANUSKA beginning in Fall 2017. The planned modifications were reviewed by the Marine Safety Center and determined to be a major conversion. As stated in MSC letter H2-1500252, when an alteration constitutes a major conversion, it is appropriate to bring the entire vessel into compliance with the safety standards in effect at the time the work is completed, where it is both reasonable and practicable to do so. This means that all U.S. requirements and the 1974 SOLAS Convention with amendments having an effective date prior to 1 November, 2017 (74 SOLAS, Amended) are now applicable to all of MATANUSKA's systems, unless otherwise noted below. As per NVIC 10-81, SOLAS II-1/1.3, and SOLAS II-2/1.3.2 the Administration is given the authority to dispense with any requirement when deemed unreasonable or impracticable. As such, unless directly stated, an exemption or equivalency will not be required for those regulations for which a dispensation is granted below.

For items identified in the gap analysis report dated 10 October 2017, I am using the reference numbers assigned in that report. The review team identified 59 items that could be affected by the change in SOLAS applicability and, of those, 18 were either non-compliant or partially compliant with the current requirements described above. Based on input from AMHS personnel, Marine Safety Unit Portland, my staff, and various offices at USCG Headquarters, I am making the following applicability determinations and resolution timelines. 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. The decisions are grouped by how quickly AMHS must take action. Additional information on specific SOLAS, U.S. regulations,

and policy guidance associated with each item listed below is available in the Gap Analysis Report.

MPS 017: *Safe Return to Port*. This SOLAS regulation establishes design criteria for a ship's safe return to port under its own propulsion after a casualty that does not exceed a casualty threshold and also provides functional requirements and performance standards for safe areas (*74 SOLAS Amended II-2 / 21*). MATANUSKA does not meet the structural and system redundancy requirements.

- Decision: **No action required**. MATANUSKA does not have to meet this SOLAS requirement.
- Reasoning: The MATANUSKA's construction does not allow for a reasonable application of this requirement. Given MATANUSKA's history of safe service in Southeast Alaska and British Columbia, their normal route which does not take them far offshore or from more protected waters, and the cost of making the necessary updates, this requirement is neither reasonable nor practicable to require compliance.

S&A 071: *Berths Below the Loadline*. In passenger ships, the competent authority may, on the condition that satisfactory arrangements are made for lighting and ventilation, permit the location of sleeping rooms below the load line, but in no case shall they be located immediately beneath working alleyways (*MLC 2006 A3.1.6.d*). MATANUSKA's unlicensed crew quarters are below the main deck which is also the car deck, which is essentially a working alleyway.

- Decision: **No action is required**. MATANUSKA's current layout is compliant with U.S. regulations and does not need to be changed. Since the U.S. is not signatory to the Maritime Labour Convention (MLC), there is no need to request a waiver from COMDT(CG-CVC-1).
- Reasoning:
  a) As discussed in NVIC 02-13, Ch 1, the MLC entered into force on 20 August 2013. Under the convention, certain vessels flagged by ratifying countries are required to maintain a valid MLC certificate issued by their flag administration. As of the date of this letter, the United States has not ratified the MLC. Until such time that the United States ratifies the MLC, the Coast Guard cannot mandate enforcement of its requirements for U.S. vessels or for foreign vessels while operating on the navigable waters of the United States.
  b) Article V, Paragraph 7, of the Convention, however, contains a "no more favorable treatment clause" that requires ratifying governments to impose Convention requirements on all vessels—even those from a non-ratifying government—when calling on their ports. As a result, U.S. vessels that cannot demonstrate compliance with the MLC may be at risk for Port State Control actions, including detention, when operating in the port of a ratifying nation. Canada ratified the MLC on 15 June, 2010.
  c) The Coast Guard is working with Transport Canada to address those vessels that transit on waters bordering both countries. It is envisioned that certain vessels operating exclusively between ports in the United States and Canada could demonstrate conformance with MLC standards through compliance with existing U.S. laws, regulations and other measures. AMHS is not requesting a Statement of Voluntary Compliance at this time.
  d) The fire insulation around the crew spaces provides adequate sound damping for their operations to minimize a noisy sleeping environment.

S&A 027: *Means of Escape, Machinery Space*. Where a machinery space is below the bulkhead deck, the two means of escape must consist of one steel ladder leading to a door in the upper part of the space from which access is provided to the embarkation deck and, in a position well separated, a steel door capable of being operated from each side and which provides a safe escape route to the embarkation deck (*74 SOLAS Amended II-2 / 13.4.1.1*). Additionally, on ships greater than 1000 gross tons, one means of escape may be dispensed of, so long as either a door or steel ladder provides a safe escape route to the embarkation deck (*74 SOLAS Amended II-2 / 13.4.1.3*). This gap was originally focused on the aft stores space and was identified by the team as a non-machinery space in the gap analysis, but further review showed it to be a machinery space as defined in SOLAS due to the refrigeration machinery contained within. Reviewing the vessel revealed several other machinery spaces whose means of escape should be considered as well. All the spaces listed below are considered a type 10 space, meaning an auxiliary machinery space with little fire risk (*74 SOLAS Amended II-2 / 9.2.2.3*). The embarkation deck on the MATANUSKA is Deck 6. There are several issues related to this gap in the following auxiliary machinery spaces:

a) *Bow thruster compartment* on Deck 1, frames 19-35, has a single vertical ladder that exits to the Deck 3 and is neither fire protected or fully enclosed.
b) *Marine Sanitation Device (MSD) room* on Deck 1, frames 75-89, has two means of escape; a watertight sliding door that accesses the lower Auxiliary Machinery Room and steps that exit to the crew quarters on Deck 2 through a door. Neither escape is fire protected or fully enclosed.
c) *Shaft alley* on Deck 1, frames 131-150, has two vertical ladders on the port & starboard sides of the No. 9 Diesel Oil storage tank that join together and exit to the trunk on Deck 3. Neither vertical ladder is fire protected or fully enclosed throughout its length.
d) *Steering gear room* on Deck 1, frames 175-190, has two vertical ladders on the port and starboard side, neither of which are fire protected or fully enclosed.
e) *Aft stores* on Deck 2, frames 130-145, has two means of escape; stairs accessible outside the main vertical zone at frame 145 and a vertical ladder at approximately frame 142. Both escapes exit to the central trunk on Deck 3. The vertical ladder, however, is not fire protected or fully enclosed and the escapes are not widely separated. The stairs are protected in accordance with *74 SOLAS Amended II-2 / 13.4.1.1*.

- Decision: **No action is required.** MATANUSKA meets SOLAS requirements under 74 SOLAS Amended II-2 / 13.4.1.3 for the following spaces.
  a) *Bow thruster compartment.* No additional action required.
  b) *Marine Sanitation Device (MSD) room.* No additional action required.
  c) *Shaft alley.* No additional action required.
  d) *Steering gear room.* No additional action required.
  e) *Aft stores.* No additional action required.
  f) This letter and the associated plans approved by the Marine Safety Center will serve as the Administration's acceptance of these arrangements as providing a single safe escape route from these spaces in accordance with *74 SOLAS Amended II-2 / 13.4.1.3*.
- Reasoning: With due consideration given to the nature and location of these spaces, whether persons are normally employed in these spaces, and the minimal fire risk associated with these spaces, any modifications in this regard are considered beyond reasonable and practicable.

a) *Bow thruster compartment.* Considering how infrequently this space is occupied and the layout, a second escape is unnecessary. The fire risk from the electric thruster is minimal and a fully protected exit is unnecessary.
b) *MSD Room.* Considering how infrequently this space is occupied and the layout, a second escape is unnecessary. The additional protection provided by a fully fire protected escape to the embarkation deck is also not significant for these spaces given the minimal fire risk and should not be required, considering the cost.
c) *Shaft alley.* Two means of escape already exist to a higher deck. The additional protection provided by a fully fire protected escape to the embarkation deck is also not significant for this space given the minimal fire risk and should not be required.
d) *Steering gear room.* Two means of escape already exist to a higher deck. The additional protection provided by a fully fire protected escape to the embarkation deck is not significant for this space given the minimal fire risk and should not be required.
e) *Aft stores.* Although the escapes are not well separated, the machinery space is sufficiently equipped with escape routes. The additional protection provided by a fully fire protected escape to the embarkation deck is also not significant for this space given the minimal fire risk and should not be required.

S&A 072: *Asbestos*. SOLAS prohibits the new installation of materials which contain asbestos on all ships (*74 SOLAS Amended II-1 / 3-5*). As a 'new ship' MATANUSKA should not have any asbestos containing materials onboard, like all ships subject to SOLAS built after 2011. MATANUSKA has asbestos containing materials on board that were in place prior to this requirement being implemented.

- Decision: MATANUSKA must continue removing asbestos-containing material as it is uncovered during current and future projects. Otherwise, maintain encapsulation for areas with asbestos containing materials, do not disturb, and permit no more asbestos containing material to be added to the ship. **There is no deadline** for complete asbestos removal.
- Reasoning: The costs and effort required to remove asbestos containing material throughout the ship is not reasonable to require at this time. While encapsulated in an undisturbed state, asbestos is not a significant health risk. As it becomes necessary to perform work on areas with asbestos, AMHS must properly remove and replace it with non-asbestos material.

S&A 070: *Safety Centre*. A safety centre shall either be a part of the navigation bridge or be located in a separate space adjacent to and having direct access to the navigation bridge, so that the management of emergencies can be performed without distracting watch officers from their navigational duties (*74 SOLAS Amended II-2 / 23*). MATANUSKA does not have a Safety Centre.

- Decision: MATANUSKA must have a safety centre established per 74 SOLAS Amended standards **within 5 years** of completing the 2017/2018 yard period.
- Reasoning: This SOLAS requirement is aimed at facilitating a space to assist in the management of emergency situations on board without negatively impacting safe navigation. It was established to help mitigate the challenges with managing a large passenger vessel's onboard emergency response efforts. The current arrangement location of the fire control station on the bridge is not optimal since the small bridge makes the emergency management actions very likely to be distracting to the navigation team. The current layout of the bridge and adjacent spaces (1st Assistant Engineer's cabin and Chief Mate's cabin) do not allow for an easy resolution of this gap. It is reasonable and practical to make improvements to fill the

gap after AMHS researches alternatives and procures funding for restructuring the Bridge Deck to include a Safety Centre.

- Mitigations: None proposed.

S&A 039: *Means of Escape, Machinery Space*. Where a machinery space is below the bulkhead deck, the two means of escape must consist of two sets of steel ladders as widely separated as possible, leading to doors in the upper part of the space similarly separated and from which access is provided to the appropriate lifeboat and life raft embarkation decks. One of the ladders must provide continuous fire shelter from the lower part of the space to a safe position outside the space (*74 SOLAS Amended II-2 / 13.4.1.1*). There are several issues related to this gap in the following machinery spaces:

a) *Upper Main Machinery* space on Deck 2, frames 103-131, has steps and a vertical ladder leading to the trunk on Deck 3 and to decks above. Neither escapes are fire protected or fully enclosed.
b) *Lower Main Machinery* space on Deck 1, frames 103-131, has steps leading to the Main Machinery Upper space. This escape is neither fire protected nor fully enclosed. There is a watertight Class 3 door leading aft to Shaft Alley, but that door is required to be closed and cannot be considered an escape.
c) *Upper Aux Machinery* space on Deck 2, frames 89-103, has steps and a vertical ladder leading to Deck 3. This escape is neither fire protected nor fully enclosed. Both escapes are located close to each other in the center of the space.
d) *Lower Aux Machinery* space on Deck 1, frames 89-103, has steps to the Upper Aux Machinery space. That escape is not fire protected all the way to the embarkation deck. A sliding door is installed in frame 103 gives access to the upper Main Machinery space.
e) See S&A 040 for another SOLAS escape option.

- Decision: MATANUSKA must have emergency escapes as described below, consistent 74 SOLAS Amended standards, **within 2 years** of completing the 2017/2018 yard period.
  a) *Upper Main Machinery* space. Ensure one escape is fully fire protected to Deck 3 or higher.
  b) *Lower Main Machinery* space. Add a second escape, well separated from the existing escape. Ensure one escape is fully fire protected to Deck 3 or higher.
  c) *Upper Aux Machinery* space. Ensure one escape is fully fire protected to Deck 3 or higher.
  d) *Lower Aux Machinery* space. Add a second escape, well separated from the existing escape. Ensure one escape is fully fire protected to Deck 3 or higher.
- Reasoning: Adding a full fire protection trunk and associated structural alterations to go from Category A machinery spaces to the embarkation deck is not reasonable and practicable considering the estimated remaining years of life for the MATANUSKA. This alternative adds second escape routes provide the crew alternatives that don't currently exist and protects at least one escape in each space to provide additional personnel protection.
- Mitigations: None proposed.

S&A 040: *Means of Escape, Machinery Space*.
(Alternative to S&A 039) Where a machinery space is below the bulkhead deck, the two means of escape must consist of one steel ladder leading to a door in the upper part of the space from which access is provided to the embarkation deck and a steel door capable of being operated from each side and which provides a safe escape route to the embarkation deck (*74 SOLAS*

Amended II-2 / 13.4.1.1). MATANUSKA's machinery space escape issues are discussed in more detail with S&A 039.

- Decision: This issue is identical to S&A 039 and can be resolved as discussed in that section.
- Reasoning: See reasoning associated with S&A 039.

STA 001: *Stability*. MATANUSKA currently meets U.S. stability requirements for Partially Protected waters. New vessels operating on the same route are required to meet stability requirements for Exposed waters. Additionally, 46 CFR 170.165 and 46 CFR 171.001 require new vessels to meet SOLAS intact and damage stability requirements (*International Code on Intact Stability, 2008* and *74 SOLAS Amended II-1/4 - 8*)..

- Decision: MATANUSKA must meet U.S. stability standards for Exposed Waters and the requirements of the International Code on Intact Stability, 2008 (IS Code, 2008) prior to returning to commercial service after the **2017/2018 yard period**. MATANUSKA is not required to meet SOLAS probabilistic damage stability. **No action is required** with regard to the SOLAS damage stability requirements.
- Reasoning: MATANUSKA clearly operates outside of Partially Protected waters, both within Southeast Alaska and in Canada and has done so safely for decades. Preliminary calculations indicate MATANUSKA meets U.S. Exposed water stability criteria, and given the SOLAS route, compliance with the IS Code, 2008 is reasonable. Given the re-powering, verification that this passenger vessel does not exceed the maximum heel angle on account of turning (*IS Code, 2008 A.3.1.2*) is appropriate. Compliance with IS Code, 2008 A.2.2 and A.2.3 obviates the need to demonstrate compliance with 46 CFR 170.170 and 170.173. In regards to damage stability, Regulation 1.3 of Resolution MSC.281(85) clearly states that a passenger ship built before January 1, 2009 that undergoes alterations or modifications of a major character may still remain under the damage stability regulations applicable to ships built before January 1, 2009.

COM 003: *Public Address System*. The public address (PA) system shall be clearly audible above the ambient noise in all spaces (*74 SOLAS Amended III / 6.5*). Many of the MATANUSKA's PA speakers were not clearly audible during the walk through.

- Decision: MATANUSKA must ensure the PA system meets 46 CFR 113.50 and 74 SOLAS Amended prior to returning to commercial service after the **2017/2018 yard period**.
- Reasoning: Notifying the crew and passengers of safety issues and providing direction is important to keeping control when responding to an incident. Having a public address system that cannot be clearly heard over the ambient ship noise is a significant safety issue. Replacement parts/upgrades are easily obtained and AMHS has indicated their intention to resolve the gap during the upcoming yard period. It is reasonable and practical to make improvements to fill the gap.

FD 005: *Automatically Closing Doors*. Doors other than power-operated watertight doors must be arranged so that positive closure is assured in case of fire in the space and having a fail-safe hold-back facility, provided with a remotely operated release device. Doors for emergency escape trunks need not be fitted with a fail-safe hold-back facility and a remotely operated release device (*74 SOLAS Amended II-2 / 9.5.2.5*). Some of MATANUSKA's fire doors are not closing fully or are wasted.

- Decision: MATANUSKA must ensure all fire doors are operable and in good condition prior to returning to commercial service after the **2017/2018 yard period**.

- Reasoning: This upgrade was already identified for being included in the upcoming 2017/2018 repower project. It is reasonable and practical to make improvements to fill the gap.

FD 010: *Hold-back Hooks, not fail-safe*. Hold-back hooks, not subject to control station release, are not permitted on fire doors in main vertical zone bulkheads, doors required to be self-closing, and stairway enclosures (*74 SOLAS Amended II-2 / 9.4.2.2*). Hold-back hooks were observed on MATANUSKA during the gap analysis walk through.

- Decision: MATANUSKA must ensure all hold-backs are subject to control station release per 74 SOLAS Amended, or are removed, prior to returning to commercial service after the **2017/2018 yard period**.
- Reasoning: Make-shift hold-backs are often found in ships when the crew wants to ease their passage through the ship. While not directly related to new requirements, this was identified as a gap during the walk through and resolution is reasonable. It is reasonable and practical to make improvements to fill the gap.

MPS 019: *Propulsion System Automation*. Automation systems shall be designed in a manner which ensures that threshold warning of impending or imminent slowdown or shutdown of the propulsion system is given to the officer in charge of the navigational watch in time to assess navigational circumstances in an emergency (*74 SOLAS Amended II-1 / 31.6*). MATANUSKA's propulsion system does not meet this SOLAS requirement.

- Decision: MATANUSKA must install automation per 74 SOLAS Amended standards prior to returning to commercial service after the **2017/2018 yard period**.
- Reasoning: This upgrade was already identified for being included in the upcoming 2017/2018 repower project. It is reasonable and practical to make improvements to fill the gap.

DET 002: *Smoke Detection*. A smoke detection and alarm system of an approved type complying with SOLAS must be installed in service spaces, control stations, and accommodation spaces (*74 SOLAS Amended II-2 / 7.5.2*). Most of MATANUSKA's spaces are fitted with heat detectors that provide automatic visual and audible alarm signals on the bridge (by zone). The paint locker is the only service space fitted with a smoke detector.

- Decision: MATANUSKA must install smoke detectors per 74 SOLAS Amended standards prior to returning to commercial service after the **2017/2018 yard period**. In addition to meeting SOLAS requirements, the fire detection system must also be capable of alarming in all passenger accommodations in a given dead-end corridor if any one detector in that corridor is activated.
- Reasoning: The lower detection temperature of smoke detectors is essential to quickly identifying fires and dealing with them before they become large enough to set off a heat detector. The replacement parts are easily obtained and AMHS has indicated their intention to resolve the gap during the upcoming yard period. The change to the detection alarms to include all accommodations in a particular dead-end corridor was not considered in the cost estimate. That change, however, provides a way to quickly alert passengers as early as possible so they are less likely to be trapped in their room by a fire that has spread to include the only path to safety. This issue, combined with actions required in DET 02 (smoke detectors) and S&A 069 (dead end corridors) is intended to mitigate the need for a complete overhaul of the passenger accommodation deck to eliminate the structural dead-end corridors

that have overnight accommodations. It is reasonable and practical to make improvements to fill the gap.

ELM 01: *Supplementary Cabin Lighting*. In passenger ships, supplementary lighting shall be provided in all cabins to clearly indicate the exit so that occupants will be able to find their way to the door (*74 SOLAS Amended II-1 / 41.6*). MATANUSKA's passenger cabins do not have emergency lighting that complies with this SOLAS requirement.

- Decision: MATANUSKA must install supplementary cabin lighting per 74 SOLAS Amended standards prior to commercial service after the **2017/2018 yard period.**
- Reasoning: Enabling passengers to easily find their exit in the event of a power loss is a straightforward and important safety tool. This issue, combined with actions required in DET 02 (smoke detectors) and S&A 069 (dead end corridors) is intended to mitigate the need for a complete overhaul of the passenger accommodation deck to eliminate the structural dead-end corridors that have overnight accommodations. It is reasonable and practical to make improvements to fill the gap.

S&A 069: *Dead-End Corridors*. In SOLAS, a corridor, lobby, or part of a corridor from which there is only one route of escape is prohibited (*74 SOLAS Amended II-2 / 13.3.1.2*). MATANUSKA's passenger cabin layout contains many dead-end corridors. U.S. regulations allow dead-end corridors as long as they are less than 40' long.

- Decision:
  a) MATANUSKA must add lights meeting 74 SOLAS Amended II-2 / 13.3.2.5.1 requirements indicating the routes of escape prior to returning to commercial service after the **2017/2018 yard period**. The lights must clearly show the various escape routes from passenger cabins and shall clearly mark the dead-end corridors as being non-escape routes.
  b) The passenger room smoke detection updates described in DET 02 must be implemented.
  c) The passenger room lighting updates described in ELM 01 must be implemented.
- Reasoning: MATANUSKA currently meets U.S. requirements and has safely operated without the current layout causing safety issues related to the dead-end corridors to the passenger cabins. While eliminating the dead-end corridors through a complete arrangement overhaul would improve passenger safety, the mitigations discussed above reduce the risk of incorrectly identifying exits, quickly identifying potential fires in each corridor, and helping passengers safely navigate to their room exit. The existing photoluminescent tape is not as effective as lights in well-lit evacuation situations and should be updated as a mitigation in lieu of a complete overhaul. 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 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 practicable.

SAO 016: *Ventilation Closure*. Means of control must be provided for opening and closure of skylights, closure of openings in funnels which normally allow exhaust ventilation, and closure of ventilator dampers (*74 SOLAS Amended II-2 / 8.5*). There is an opening in the bulkhead at frame 103 between the Main Machinery Room (MMR) and Aft Machinery Room (AMR) that has no closure device.

- Decision: MATANUSKA must ensure boundaries and ventilation at frame 103 meets 74 SOLAS Amended standards prior to returning to commercial service after the **2017/2018 yard period.** AMHS identified two possible solutions; either make frame 103 compliant with SOLAS by redesigning the ventilation or re-designate the main vertical zone away from frame 103. The Marine Safety Center concurs that redesignating the MVZ boundary from frame 103 to frame 89 is acceptable.
- Reasoning: MATANUSKA's frame 103 issues significantly reduce the fire and flooding control effectiveness of that MVZ. AMHS's proposal to move the MVZ to frame 89, which was an MVZ previously, is acceptable provided any necessary fire protection upgrades are made to the boundary at frame 89. It is reasonable and practical to make improvements to fill the gap.

SAO 017: *Ventilation Control*. Means of control must be provided for permitting the release of smoke from category A machinery spaces and other machinery spaces where the Administration considers it desirable (*74 SOLAS Amended II-2 / 8.3*). On the MATANUSKA, smoke can be released from the AMR and MMR through the MMR exhaust fan. The fan, however, is controllable only from within the MMR at present.

- Decision: MATANUSKA must establish machinery space ventilation controls that meets 74 SOLAS Amended requirements prior to returning to commercial service after the **2017/2018 yard period.**
- Reasoning: AMHS indicated this is a project that can be completed in the upcoming yard period. It is reasonable and practical to make improvements to fill the gap.

VNT 020: *Ventilation Closure Indicator*. Where a ventilation duct passes through a main vertical zone bulkhead or Class A boundary, the required fail-safe fire damper must be fitted on at least one side of the bulkhead with a visible indicator showing if the damper is in the open position (*74 SOLAS Amended II-2 / 9.7.2.6*). MATANUSKA does not have visible indicators on all machinery space fail-safe dampers.

- Decision: MATANUSKA must ensure ventilation ducts passing through a main vertical zone bulkhead or Class A boundary meet 74 SOLAS Amended requirements prior to returning to commercial service after the **2017/2018 yard period.**
- Reasoning: AMHS indicated this is a project that can be completed in the upcoming yard period. It is reasonable and practical to make improvements to fill the gap.

Additionally, one item was identified as a gap after the analysis was completed.

Portable Fire Extinguishers. In 2016 the Coast Guard eliminated a Coast Guard specific portable fire extinguisher standard based on weight and instead changed to the existing UL 711 and NFPA 10 standard based on fire suppression performance.

- Decision: MATANUSKA must ensure portable fire extinguishers meet UL 711 and NFPA 10 performance requirements prior to returning to commercial service after the **2017/2018 yard period.**
- Reasoning: This is a minor project since many existing extinguishers that met the prior USCG weight requirements also meet the performance requirements and will not need to be replaced. This requirement can be completed in the upcoming yard period. It is reasonable and practical to make improvements to fill the gap.

You may formally appeal one or all of my decisions above, after requesting reconsideration from me, to Coast Guard District Seventeen in accordance with 46 CFR 1.03-15. Your appeal must be made in writing within 30 days, contain a description of the decision being appealed, and your reasons why the decision should be set aside or revised.

I believe these applicability decisions adequately balance safety improvements against the accrued costs over the remaining life of the MATANUSKA and represent changes that can be reasonably and practicably made. If you have any questions, please contact CDR Nick Neely at Nicholas.e.neely@uscg.mil or 907-463-2469.

Sincerely,

P. R. THORNE
Captain, U.S. Coast Guard
Commander, Sector Juneau

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Transportation and Public Facilities
ALASKA MARINE HIGHWAY SYSTEM
7037 North Tongass Highway
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September 20, 2018

CDR Nick Neely
USCG Sector Juneau
P.O. Box 25517
Juneau, AK 99802-5517

Subject: M/V Matanuska – MCON Update Status *(Rev: 20Sep2018)*

References:

(1) USCG MSC Letter H2-1500252, dtd. 31 March 2015
(2) USCG Sector Juneau Letter, dtd. 5 December 2017
(3) Updated MCON Status
(4) Glosten Letter 14104.04, dtd. 23 May 2018

Dear CDR Neely:

The intent of this letter is to present an alternative to the modifications required from (Reference 2), MCON No. S&A 069 Dead-End Corridors.

Background:

Due to aging main propulsion engines and other equipment, Alaska Marine Highway System (AMHS) developed plans and specifications for a repower of the *Matanuska*. As part of the document review process, USCG MSC determined this project to be a Major Conversion (Reference 1) and therefore subjected the entire vessel to additional upgrades to comply with current safety standards where both reasonable and practicable.

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. Dead-end corridors on the Cabin deck were identified as prohibited by SOLAS regulations, but allowed by USCG regulations. 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 current yard period:

- Stateroom Lighting Upgrades
- Escape Route Signage Upgrades

passengers navigate quickly to an appropriate exit. These upgrades will be completed during the existing shipyard period.

Vessel Life Extension Assessment:

AMHS management is in discussions with American Bureau of Shipping (ABS) over a sponsored program called **ABS Advanced Solutions.** Program objective is to maximize the return of owner's assets. Lifetime extension services from ABS Advanced Solutions evaluates the critical operational risks of process equipment and marine assets in their current condition and the feasibility of extending their service lives. ABS Advanced Solutions helps manage major modification risk, maintain safety and optimize asset integrity and performance. We will evaluate the condition of the vessel and verify its adequacy for the extended service. We will present these surveys/evaluations to USCG d17 for review and recommendations. We are currently performing these type of surveys on the M/V Tustumena operating in the Alaska Southwest waters and sharing them with USCG d17 teams.

If this alternative is granted, AMHS will provide status updates on progress and schedule with USCG Sector Juneau on a quarterly basis.

Due to on-going construction on the *Matanuska,* we are requesting a decision to this proposal by **October 1st, 2018**. If you have any questions, or require more information, please do not hesitate to contact me.

Sincerely,

Cisco Flores
AMHS Marine Engineering Manager

U.S. Department of Homeland Security
United States Coast Guard

Commander
United States Coast Guard
Sector Juneau

P.O. Box 25517
Juneau, AK 99802-5517
Phone: (907) 463-2836
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Email: Stephen.R.White@uscg.mil

16700
1 October 2018

Mr. Narcisco Flores
Alaska Marine Highway System (AMHS)
7037 North Tongass Highway
Ketchikan, AK 99901-9101

Dear Mr. Flores,

In your 20 September 2018 letter, you requested an alternative to several of the requirements laid out in Sector Juneau's 5 December 2017 Major Conversion applicability letter for the MATANUSKA. In your letter, you requested the following:

- Allow the elimination of dead-end corridors in 2022. AMHS believes this is a better long-term solution and would mitigate additional costs of doing the installed fire detection mitigation during the 2017/2018 yard period as a previously unplanned project.
- Allow A-class structural fire protection to be updated over the next 5 years. A USCG plan review letter (H2-1800638) highlighted the deficiencies in the existing structural fire protection (SFP) of the MATANUSKA when compared to the most recent SOLAS regulations. You propose a three-phase plan to address the gap to bring all A-class bulkheads into compliance with the current SOLAS requirements:
  - Phase 1: Aluminum insulation upgrades on the housetop and steel insulation upgrades to bulkhead at Frame 89 (modified Main Vertical Zone). This work is included in the current shipyard period.
  - Phase 2: Additional Main Vertical Zone insulation upgrades to meet current SOLAS regulations. The majority of this work will upgrade existing A-0 MVZ bulkheads and decks to A-60. This work would be scheduled for an upcoming Capital Improvement Project after the repower.
  - Phase 3: Remaining A-class bulkheads and decks throughout the vessel should be upgraded to A-30 and A-60 insulation. This work would be scheduled for an upcoming Capital Improvement Project after Phase 2 is completed. If schedule and budget allows, this phase could be accomplished concurrently with Phase 2.

This letter reflects my decisions as the Officer in Charge, Marine Inspections (OCMI) regarding which areas of the AMHS passenger vessel MATANUSKA must be brought into compliance with current regulations, consistent with the Marine Safety Center's Major Conversion Determination letter H2-1500252 of 31 March, 2015. The following items from Sector Juneau's 5 December 2017 Major Conversion applicability letter are amended:

DET 002: *Smoke Detection*. A smoke detection and alarm system of an approved type complying with SOLAS must be installed in service spaces, control stations, and accommodation spaces (*74 SOLAS Amended II-2 / 7.5.2*). Most of MATANUSKA's spaces are fitted with heat detectors that provide automatic visual and audible alarm signals on the bridge (by zone). The paint locker is the only service space fitted with a smoke detector.

- Original Decision: MATANUSKA must install smoke detectors per 74 SOLAS Amended standards prior to returning to commercial service after the 2017/2018 yard period. In addition to meeting SOLAS requirements, the fire detection system must also be capable of alarming in all passenger accommodations in a given dead-end corridor if any one detector in that corridor is activated.
- Amended Decision:
  a) MATANUSKA must install smoke detectors per 74 SOLAS Amended standards **within five years** of completing the 2017/2018 yard period.
  b) MATANUSKA must install UL 217 smoke detectors in passenger cabins and in the dead-end corridors prior to returning to commercial service after the **2017/2018 yard period.**
- Reasoning: The lower detection temperature of smoke detectors is essential to quickly identifying fires and dealing with them before they become large enough to set off a heat detector. The UL 217 detectors are easily obtained and AMHS can install them during the upcoming yard period. Installing a fully compliant SOLAS system at the same time the cabins are overhauled in 2022 makes sense. This mitigation, combined with actions required in ELM 01 (supplementary cabin lighting) and S&A 069 (dead end corridors) is intended to mitigate the safety risks prior to the SOLAS smoke detection installation and elimination of dead-end corridors described in S&A 069. It is reasonable and practical to make improvements to fill the gap.

S&A 069: *Dead-End Corridors*. In SOLAS, a corridor, lobby, or part of a corridor from which there is only one route of escape is prohibited (*74 SOLAS Amended II-2 / 13.3.1.2*). MATANUSKA's passenger cabin layout contains many dead-end corridors. U.S. regulations allow dead-end corridors as long as they are less than 40' long.

- Decision:
  a) MATANUSKA must add lights meeting 74 SOLAS Amended II-2 / 13.3.2.5.1 requirements indicating the routes of escape prior to returning to commercial service after the 2017/2018 yard period. The lights must clearly show the various escape routes from passenger cabins and shall clearly mark the dead-end corridors as being non-escape routes.
  b) The passenger room smoke detection updates described in DET 02 must be implemented.
  c) The passenger room lighting updates described in ELM 01 must be implemented.

MUST FIX DEAD ENDS BY DEC 2024

- Amended Decision: OPERATIONAL ACCEPTANCE WAS DECEMBER 2019
  a) MATANUSKA must eliminate the passenger area dead-end corridors **within five years** of completing the 2017/2018 yard period. The modifications must meet current SOLAS requirements.
  b) Plans for the dead-end corridor elimination must be submitted to the Marine Safety Center **within one year of the issuance of this letter.**
  c) MATANUSKA must add electrically powered lights meeting the 74 SOLAS Amended II-2 / 13.3.2.5.1 requirements which indicate the routes of escape prior to returning to commercial service after the **2017/2018 yard period.** The lights must clearly show the various escape routes from passenger cabins and shall clearly mark the dead-end corridors as being non-escape routes.
  d) The passenger room smoke detection updates described in *Amended DET 02* must be implemented.
  e) The passenger room lighting updates described in ELM 01 must be implemented.

- Reasoning: MATANUSKA currently meets U.S. requirements and has safely operated without the current layout causing safety issues related to the dead-end corridors to the passenger cabins. While eliminating the dead-end corridors through a complete arrangement overhaul would improve passenger safety, the mitigations discussed above reduce the risk of incorrectly identifying exits, quickly identifying potential fires in each corridor, and helping passengers safely navigate to their room exit. The existing photoluminescent tape is not as effective as electrically powered lights in well-lit evacuation situations and should be updated as a mitigation in lieu of a complete overhaul. 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 until the dead-end corridors are eliminated. It is reasonable and practical to make improvements to fill the gap.

New - SFP 001: *Upgrade Structural Fire Protection.* A USCG plan review letter (H2-1800638) highlighted the deficiencies in the existing structural fire protection (SFP) of the MATANUSKA when compared to the most recent SOLAS regulations.

- Decision:
  - Aluminum insulation upgrades on the housetop and steel insulation upgrades to bulkhead at Frame 89 (modified Main Vertical Zone). This work is included in the current shipyard period (Proposal Phase 1).
  - All remaining A-class bulkheads and decks throughout the vessel should be upgraded to A-30 and A-60 insulation **within five years** of completing the 2017/2018 yard period (Proposal Phases 2 & 3). The SFP related to the dead-end corridor cabin overhaul that will occur within five years must meet current SOLAS standards when completed (S&A 069).
  - All remaining structural fire protection remains subject to the SOLAS requirements in place prior to the MCON decision.

- Reasoning: MATANUSKA's construction does not allow for a reasonable way to upgrade all structural fire protection in a reasonable and practical manner. Focusing on the A-class boundaries and requiring completion within five years is a reasonable way to improve the inherent safety of MATANUSKA.

I believe these applicability decisions adequately balance safety improvements against the accrued costs over the remaining life of the MATANUSKA and represent changes that can be reasonably and practicably made.

However, if you do not agree with this decision, you may formally appeal one or all of my decisions above, after requesting reconsideration from me, to Coast Guard District Seventeen in accordance with 46 CFR 1.03-15. Your appeal must be made in writing within 30 days, contain a description of the decision being appealed, and your reasons why the decision should be set aside or revised.

If you have any questions, please contact CDR Nick Neely at Nicholas.e.neely@uscg.mil or 907-463-2469.

Sincerely,

S. R. WHITE
Captain, U.S. Coast Guard
Commander, Sector Juneau

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

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December 2, 2019

Justin Clark
Vigor Shipyard LLC
5555 Channel Drive
Portland, Oregon 97217

Subject/Re: Matanuska Repower 70212 Operational Acceptance

a) GP 105 – 1.15 Operative Acceptance
b) GP 105 – 1.19 Guarantee / Warranty
c) Matanuska Project 70212 Punch List

Dear Mr. Clark,

The M/V Matanuska Repower Project No. 70212 has been completed to the point where Operational Acceptance is appropriate.

A Joint Condition Survey of the vessel has been completed by Vessel Construction Manager Kim Hodne (State Representative) and Project Manager Justin Clark (Vigor Portland, LLC) and no major items of note are pending. Sea Trials were performed on 11-15-19 thru 11-17-19 and punch list (c) was developed.

All Major contractual work items are complete and sea trials were completed satisfactorily.
Final orifice plate installations were completed today and underway engine testing was satisfactory.

The inclining of vessel has been completed and the Coast Guard Stability Letter was issued on July 9th 2019. Therefore, in accordance with reference (a), The State of Alaska has taken Operational Acceptance of the vessel at 1600 on December 2, 2019. This letter stops the count of contract time and starts the twelve (12) month Guarantee / Warranty period in accordance with reference (b).

Sincerely,

R. Wayne Phillips
Vessel Construction Manager III
Project Manager

cc: Captain John Falvey, General Manager, Contracting Office
Cisco Flores, Marine Engineering Manager
Kim Hodne, AMHS Vessel Construction Manager II
Dave Byers, Vigor Portland LLC

Glosten

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. Narcisco Flores, 5 December 2017.
5. USCG Sector Juneau Letter to Mr. Narcisco 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

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

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 undoubtably 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 *Scandanavian 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.

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

Glosten

PROJECT MEMORANDUM

Matanuska Cabin Deck Arrangement Alternatives		*1 November 2022*
TO:	Cisco Flores, Wayne Phillips (AMHS)	
FROM:	Jim Wolfe, PE	
JOB/FILE NO.	21001.01	

References

1. Johnsen, P. "FW: Matanuska", email, 31 October 2022.

Introduction

This memo contains comments to the pros and cons described in the email from Paul Johnsen, Reference 1. Additional comments are added

PROS

- *Major cost reduction*
  - I agree that retaining many of the cabins will reduce the overall project cost.
  - Retaining most of the cabins also means that other items in the scope of the current DEC project are no longer as reasonable. Examples include: Public address replacement, ventilation and heating upgrades. Removing these renewals from the scope would reduce project costs, but retain aged equipment on the vessel.
- *Major out of service time reduction*
  - Agree that lower scope could reduce time in the shipyard.
- *Improved crew retention by not having the ship out of service for 10 months*
  - Crew retention/assignments is AMHS operational decision. Glosten has no comment.
- *Without buying all new equipment, there is less chance of supply chain issues that could cause delays over the 10-month estimate.*
  - Less equipment to purchase will reduce risk exposure to supply chain problems. Supply chain risk can also be mitigated by allowing ample time for shipyard to procure equipment prior to the vessel arrival at the shipyard.
- *Perhaps funds saved could be used for improvements that would increase reliability.*
  - Funding priorities are AMHS decision. Glosten has no comment.

CONS

- *Removal of 24 out of 113 cabins (21% reduction in the number of cabins)*
  - Agree. I don't know how often all cabins are sold out, so cannot comment on the impact of reduced number of cabins.
- *Lost cabin revenue*

  - Agree.
- *Project specifications would need to be modified at an additional cost*
  - Concur that development of alternate scope of work and plans will incur engineering costs.
- Added: end product of removing cabins and retaining others will be inferior to replacing all cabins with new equipment.
- Added: Retaining aged equipment (ventilation, heating, plumbing, electrical, etc) will keep higher risk associated with older equipment.
- Added: Without removing all joiner, the entirety of the cabin deck cannot be inspected. Leaving potential unknown structural deficiencies.
- Added: Removing some cabins will likely expose discovery work that will require removal of some of the exterior cabins. This expected discovery work should be accounted for in project planning similar to the existing project scope.
- Added: engineering and contracting schedule.
  - Engineering and contracting schedule has not been mentioned, but could be an impactful consideration. The current specifications and modification drawings have been approved by ABS and USCG. Development of a new set of plans and specifications will take time. This development time and time for regulatory review and approval of plans should be considered.
- Added: Wide passageways are difficult to transit in rough seaways. Matanuska largely operates in protected waters, but intermediate handrails or grabs may need to be considered in the larger passageways.
- Added: removing the cabins as sketched in the email attachment (Reference 1) will not remove the dead end corridors without additional modifications to the retained cabins. SOLAS definition of "dead-end corridor" is a recess that has a depth dimension that is longer than its width. A solution is likely possible that complies with the SOLAS requirements, but not as simple as removing pairs of inboard cabins. See figure below.

Alternative Arrangement Option

If the State has a strong desire to reduce the Cabin Deck modification scope of work, an alternative exists that could balance cabin capacity and reduced modification scope. See sketch below.

1. Retain inboard cabins, largely unmodified.
2. Combine fore/aft pairs of outboard cabins to make 4-6 person suites.
3. Remove one pair of fore/aft toilet/shower spaces to make a passageway between transverse corridors.
4. This concept has not been strongly vetted, but could have value should AMHS decide to pursue a reduce scope option.

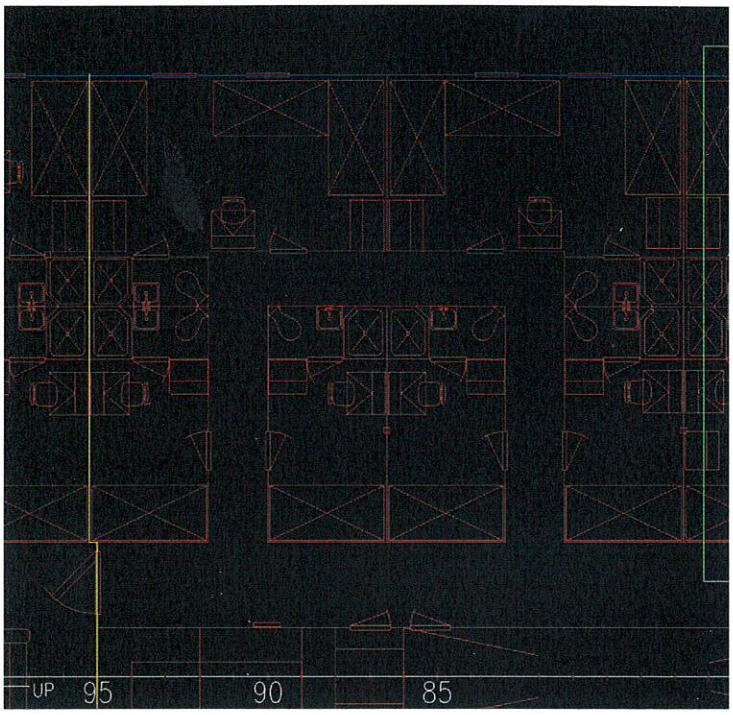

Figure 2 **Alternative option for cabin deck layout. Joining pairs of outboard cabins and removing a pair of toilet/shower spaces could allow for new longitudinal passageways that would eliminate the existing dead-end corridors.**

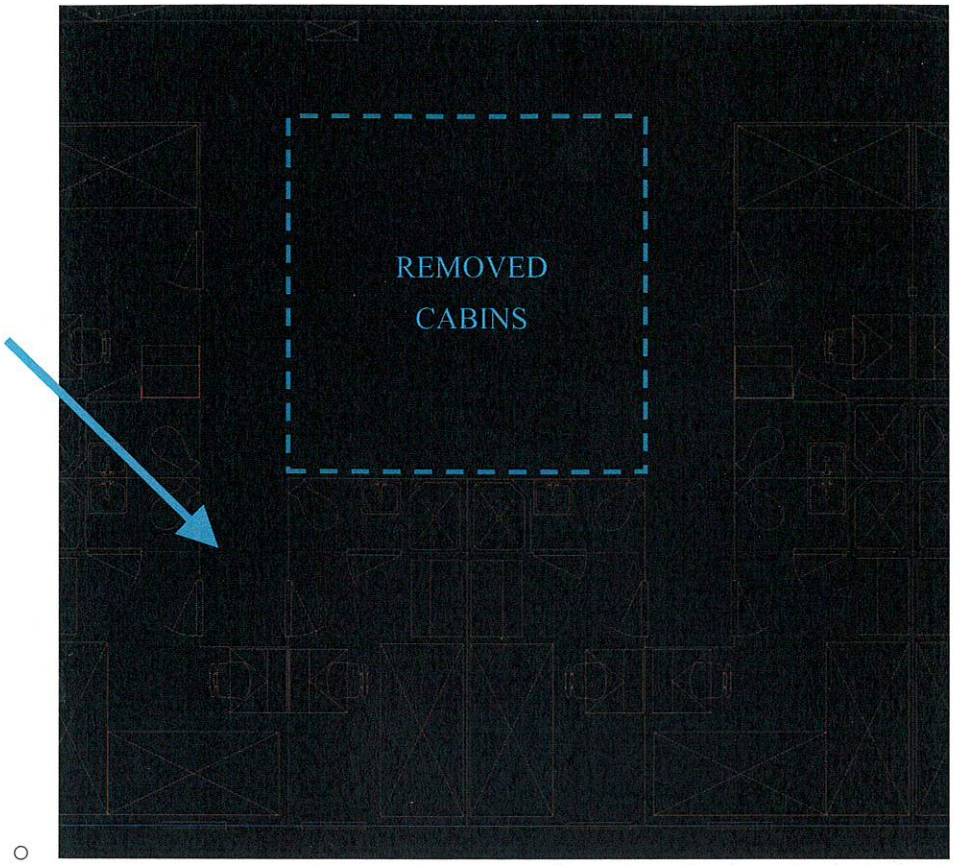

Figure 1 **Sketch of alternate arrangement to cabins on the Matanuska Cabin Deck. Developed from vessel General Arrangement drawing. Blue arrow shows a dead end corridor remaining after the removal of the inboard cabins.**

AGENDA ITEM S5: AMHS GENERAL MANAGER REPORT

Meeting: December 2, 2022

MEMORANDUM

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

AMHS Priorities

- Continue to work with job placement contractor People AK, who have been under contract since 2/14/22, and going forward from December 31 with a new contract People AK will have an expanded role.
- Currently working on the draft summer schedules for public comment, and we will re-commence the public call in teleconference process for both SE and SW schedules. Hope to have draft summer schedules for public review within the next week or two.
- We currently have over a 50% vacancy rate in the shore side marine engineering department. We continue working in an effort to recruit additional professional engineers. We are currently short 6 engineers leaving engineering with only the engineering manager and 3 shore side engineers to manage the engineering department. The problem appears to be not being able to offer completive wages paid in the private sector.
- Continue to update and refine our Public Play Books, in an effort to be transparent and to keep the public up to date and informed regards service levels and other AMHS areas of importance.
- We plan to operate Tazlina from January 12 to February 26 to provide fill in service while LeConte is in its winter overhaul.
- Working to provide outsourced service while Tustumena is in overhaul during January and February for Kodiak, Ouzinkie and Port lions. Will also look to provide additional outsourced service while LeConte is in overhaul during January and February as needed.
- We are getting closer to being able to test a pilot program WIFI system aboard one of the ships.

Operations and Maintenance

Currently working on obtaining the needed certificates, station bill, additional crewing, and working towards a COI for Hubbard.

Maintenance and Construction

- Hubbard crew cabin install project delivery date is now 1/13/23.
- The Kennicott generator replacement CIP is in the design phase with the construction phase expected to commence during October 2023. The project will also include the replacement of 2 boilers along with a full exterior hull and above deck structure painting.
- A sole source contract is being worked on with Vigor Industries for the Columbia CCP replacement project. The actual Vigor shipyard where the project will take place has not yet been determined. AMHS will be notified by Vigor on December 7 which of their shipyards will conduct the work and provide a cost proposal. Once AMHS has the cost proposal and knows which shipyard will perform the work, AMHS will owner purchase all of the CCP parts and equipment needed for the project. Once the needed system parts are ordered delivery will take approximately 8 months. Once construction starts another 8 months will be needed for construction. The total cost is estimated at approximately 13-15 M with federal funding.
- The Kennicott will need to wait until its overhaul of winter 2024 to repair its stabilizer fin system due to supply chain problems in acquiring the needed stabilizer fin parts.
- The Matanuska is currently in its annual winter maintenance overhaul and wasted steel has been discovered in some of the ships double bottoms tanks and on the decks of the lower forward crew quarters.
- The Aurora has been in its annual winter overhaul at Jag Shipyard in Seward, with the project currently on time and on budget, and the Aurora should return to revenue service on December 15, 2022.
- The LeConte and Tustumena will both enter winter overhauls during January and February.

Other Business

- Continue to work on the development of an APP for handheld device use for making vessel reservations.
- Continue to work towards improving vessel on board communication systems and on board IT needs. DOT&PF is in the process of hiring 4 new long term non-permanent IT staff so as to concentrate on support of vessel IT and communication system needs.

End

U.S. Department of Homeland Security

United States Coast Guard

Commander
United States Coast Guard
Sector Juneau

P.O. Box 25517
Juneau, AK 99802-5517
Phone: (907) 463-2469
Email: Jonathan.dale@uscg.mil

16700
Nov 28, 2022

Mr. Narcisco Flores
Alaska Marine Highway System (AMHS)
7037 North Tongass Highway
Ketchikan, AK 99901-9101

Dear Mr. Flores,

This letter is in response to a recent meeting requested by members of the Alaska Marine Highway Board and Sector Juneau regarding the AMHS passenger vessel MATANUSKA. The Marine Safety Center's Major Conversion Determination letter H2-1500252 of 31 March 2015, stated the requirements for the vessel to be brought into compliance with current regulations following the Major Conversion (MCON) determination. Along with a MCON Determination the vessel is expected to be brought into compliance with the latest safety standards where reasonable and practicable. The gap analysis report dated 10 October 2017 identified items not in compliance with the latest regulatory standard.

A determination letter was signed by Captain Thorn on 05 December 2017, stating what was necessary to be brought into compliance. The following list shows what still needs to be completed for the vessel to be in compliance after **05 December 2024**:

S&A 069: *Dead-End Corridors.* In SOLAS, a corridor, lobby, or part of a corridor from which there is only one route of escape is prohibited *(74 SOI.AS Amended 11-2 I 13.3.1.2).* MATANUSKA's passenger cabin layout contains many dead-end corridors. U.S. regulations allow dead-end corridors as long as they are less than 40' long.

- Decision:
  a) MATANUSKA must eliminate the passenger area dead-end corridors **after 05 December 2024**. The modifications must meet current SOLAS requirements.
  b) The passenger room smoke detection updates described in DET 02 must be implemented.
  c) The passenger room lighting updates described in ELM 01 must be implemented.

SFP 001: *Upgrade Structural Fire Protection.* A USCG plan review letter (H2-1800638) highlighted the deficiencies in the existing structural fire protection (SFP) of the MAT ANUSKA when compared to the most recent SOLAS regulations.

- Decision:
  a) All remaining A-class bulkheads and decks throughout the vessel should be upgraded to A-30 and A-60 insulation **after 05 December 2024**. The SFP related to the dead-end corridor

cabin overhaul that will occur within five years must meet current SOLAS standards when completed (S&A 069).
b) All remaining structural fire protection remains subject to the SOLAS requirements in place prior to the MCON decision.

S&A 070: *Safety Centre.* A safety center shall either be a part of the navigation bridge or be located in a separate space adjacent to and having direct access to the navigation bridge, so that the management of emergencies can be performed without distracting watch officers from their navigational duties (*74 SOLAS Amended II-2 / 23*). Vessel does not have a Safety Center.

- Decision:
  a) MATANUSKA must have a safety center established per 74 SOLAS Amended standards **after 05 December 2024**.
  b) Plans for the addition of the Safety Center must be submitted to the Marine Safety Center **no later than 01 September 2023**.

S&A 072: *Asbestos*. SOLAS prohibits the new installation of materials which contain asbestos on all ships (*74 SOLAS Amended II-1 / 3-5*). MATANUSKA has asbestos containing materials on board that were in place prior to this requirement being implemented.

- Decision: MATANUSKA must continue removing asbestos-containing material as it is uncovered during current and future projects. Otherwise, encapsulate areas with asbestos containing materials, do not disturb, and no more asbestos containing material is to be added to the ship. **There is no deadline for complete asbestos removal**.

I believe these previous decisions made by Sector Juneau adequately balanced safety improvements against the accrued benefits over the remaining life of the MATANUSKA and represent changes that can be reasonably and practicably made within the prescribed timeframe. These decisions were influenced by the likely possibility of a longer than planned life for MATANUSKA if funding for a replacement vessel cannot be found as expected.

If you have any questions, please contact LT Allen Vorholt at Allen.R.Vorholt@uscg.mil or 907-225-9410.

Sincerely,

J. DALE
Lieutenant Commander, U.S. Coast Guard
Officer in Charge, Marine Inspections, Southeast Alaska
By direction