

March 12, 2015

Clay Koplin, Former Marine Transportation Advisory Board (MTAB) written testimony to:

Senate Finance Committee  
Senate Legislature Finance Subcommittee  
District Senator Stevens and Representative Stutes

RE: AMHS Funding

Dear Co-Chairs – Senators Pete Kelly and Anna MacKinnon

For seven years I served on the Marine Transportation Advisory Board (MTAB) for the Alaska Marine Highway System (AMHS). The ferries are more than a line-item expense for most Alaskans. They are an integral and critical part of the economies of Alaskan communities both coastal and interior; I just use Cordova for examples familiar to me. Please consider the following before reducing services:

- In Cordova, a three-week cancellation of service resulted in losses of \$1,000,000 to fishermen when the processors had to freeze their fish instead of shipping them fresh through Anchorage by ferry and reduced the price by \$1.00 a pound to fishermen to maintain a market price
- An Estimated \$10,000,000 - \$20,000,000 of shopping by Cordova businesses and residents now occurs in Anchorage annually rather than in Seattle due to the FVF Chenega in Prince William Sound.
- The AMHS dramatically reduced the cost of Cordova student travel by allowing access to the closer southcentral region and allowing ferry travel versus air travel
- Fresh Copper River Salmon leaves Cordova on the ferry early in the morning via private carriers who deliver to Ted Stevens International Airport in time to catch early afternoon planes to markets all over the world. There are dozens of businesses and organizations in this value chain including the State of Alaska through raw fish tax revenues of this high-dollar market
- The recent 5% rate increase and dramatically lower fuel prices should be improving both the top and bottom line of AMHS financials, so why such deep cuts?
- Cordova lodging is often booked 3 years in advance, and cancelling ferry service on short (a few months or less) notice requires tourists to completely restructure travel plans which often results in cancellations to Alaskan businesses.
- Coastal construction, sewer, water, energy, airports, and roads projects – many of them partially funded by the State of Alaska and conducted by rail-belt based firms and vendors, rely on AMHS transportation to reduce transportation costs. Reducing ferry service just shifts the higher private sector costs to other departments or delay construction at great cost. Planning horizons are often several years.
- The greatest single complaint of the AMHS during my tenure on MTAB was an unreliable schedule. Indiscriminately taking ferries out of service forces businesses to seek alternatives, which further guts AMHS revenues – a downward spiral like the economies they touch.
- Please compare the cost of parking a ferry to the cost of operating it – it might surprise you.

Thank you for your consideration for funding the continued operation of our coastal highway,

Clay Koplin, Cordova