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SOUTHEAST ALASKA REGIONAL DEVELOPMENT ORGANIZATION

Representative Louise Stutes  
Co-Chair House Transportation Committee  
Juneau AK, 99801

Re: AMHS Reform and forward funding

Southeast Conference appreciates the opportunity to have the AMHS Reform Project discussed in the recent House Finance Subcommittee and wants to highlight a couple of points regarding a question raised about the Phase 1 recommendation to forward fund the Alaska Marine Highway System.

In recent years, the budget has been signed later and later which complicates operations almost as much as the deep cuts to the general fund support. This year's budget was signed just a couple of weeks before the busy summer season was to begin. Word had been sent to ferry ticket holders that reservations could be compromised and that has had a ripple effect on revenue to AMHS.

Forward funding would avoid this crippling scenario from being played (and replayed) each year. This would allow focus on revenue generation when the market is looking for the service. We have seen two significant sectors lose faith in the AMHS which results in a loss of revenue when it is needed most. The fisheries sector and other small businesses have all but abandoned the ferry system as a primary, reliable mode for commerce. While they may have other options available, it is critical that AMHS grow revenue independent of the general fund subsidy (even though that will never be totally displaced).

One of the biggest blows to summer ferry revenue opportunities comes from the tourism sector. Most visitors that would ride the ferries have multiple travel segments on each end of their voyage. Europeans and others that travel from long distances have to buy non-refundable airfare, hotels and excursions, often 18 months prior to departure. After multiple years of having issues with certainty and reliability from the Alaska Marine Highway System, most of those opportunities are being lost. This missed opportunity is detrimental to the State, AMHS and the multiple coastal communities these visitors would have stayed in during their itinerary.

AMHS needs to be able to provide reliable and dependable service which can happen with forward funding. A core schedule should be available 2 years in advance that will allow AMHS to partner with business and communities to create and take advantage of revenue streams that want to utilize the Alaska Marine Highway System. It will allow school districts to plan student travel (and stretch their dwindling state and local revenue). It allows community organizers opportunity to plan local, regional and statewide events that brings revenue to both AMHS and stimulates the economies.

Thank you for the opportunity to provide comment. Let me know if we can assist further in the dialogue.

Robert Venables  
Energy & Transportation Coordinator  
Southeast Conference

