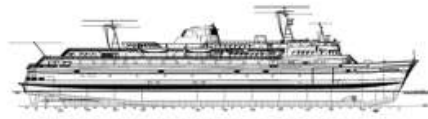
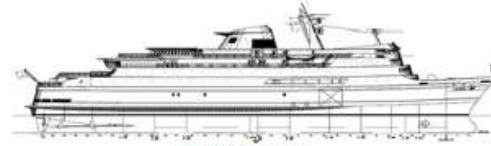


M/V Matanuska
408 feet
Built 1963



M/V Malaspina
408 feet
Built 1963



M/V Columbia
418 feet
Built 1974



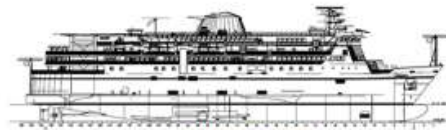
M/V Lituya
181 feet
Built 2004

SB 170

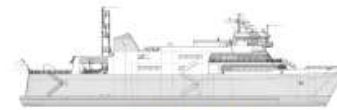
Alaska Marine Highway Corporation



M/V Tustumena
296 feet
Built 1964



M/V Kennicott
382 feet
Built 1998



M/V Tazlina
280 feet
Built 2019



M/V Hubbard
280 feet
Built 2019



Boy looking through *MV Chilkat* life ring at local fishing boat.
Alaska State Library Historical Collections ©

Complex System in Crisis

- ❖ Past few decades have highlighted systemic issues that pose sustainability risks.
 - Funding uncertainty and schedule instability.
 - Short-term operational and fiscal planning horizon.
 - Exposure to political influence over operational decisions and procurement.
 - Equipment breakdowns of an aging fleet.
 - Cumbersome procurement processes.
 - Lack of a unified management authority.
 - Frequent turnover in senior leadership positions.
 - Indirect labor negotiations.



Chilkat at Hoonah ferry landing Aug. 1971.
Alaska State Library Historical Collections ©

Multiple Studies Recommend Modifying System Governance

- ❖ **1984 – Alaska Marine Highway System Taskforce.**
 - Determination: Management structure change is needed to provide business directive and success.
- ❖ **2017 – Alaska Marine Highway System Reform Strategic Business and Operational Plan**
 - Determination: Management needs to invest in long-term planning and strategy.
 - Recommended transitioning to a state public corporation.
- ❖ **2020 – Alaska Marine Highway Reshaping Workgroup.**
 - Determination: Management structure change is needed.
 - Recommended establishment of a new AMHS operation and planning board.
 - If current challenges persist after recommended changes are implemented; a public corporation may be more desirable and feasible in the future.

Powers and Authorities Granted in Alaska Statute to Public Corporations of the State of Alaska

Powers and Authorities	Alaska Aerospace	Alaska Housing Finance	Alaska Railroad	AIDEA	Proposed AMH
Statute	AS 26.27	AS 18.56	AS 42.40	AS 44.88	AS 42.50
Housing Department	Military and Veterans Affairs	Revenue	Commerce	Commerce	Commerce
Issue Bylaws & Regulations	Adopt, amend, and repeal bylaws and regulations	Adopt, amend, and repeal bylaws and regulations	Adopt, amend, and repeal bylaws and regulations	Adopt, amend, and repeal bylaws and regulations	Adopt, amend, and repeal bylaws and regulations
Corporate Reserve Fund	Control over fund consisting of legislative appropriations, rents, fees, and assets transferred by corporation.	Capital reserve funds for the purpose of satisfying obligations may be established.	Borrow money, including amounts necessary to establish reserves.	Revolving fund consists of appropriations made by legislature, money or other assets transferred to fund by authority, and unrestricted payments on loans.	Fund consists of money appropriated by the Alaska state legislature for operations of the AMHS
Make Contracts	Make and execute contracts and other instruments to exercise corporate powers and functions.	Make and execute contracts and other instruments to exercise corporate powers and functions.	Make and execute contracts and other instruments to exercise corporate powers and functions.	Make and execute contracts and other instruments to exercise corporate powers and functions.	Make and execute contracts and other instruments to exercise corporate powers and functions.

Benefits of State-Owned Public Corporation



January 23, 1963, *MV Malaspina* arrived in Ketchikan
Alaska State Library Historical Collections ©

- ❖ **Diverse Board of Director expertise.**
 - Infusion of private sector expertise.
 - Provide consistent leadership and less exposure to political influence.
- ❖ **Structure service levels and rates to reflect Alaska's transportation needs.**
 - Strategically poised to capture opportunities resulting from public-private partnerships onboard and in the terminals.
- ❖ **Develop fleet and business operations in a strategic and efficient manner.**
 - Provide essential marine transportation services, connect coastal communities with economic and service hubs and supporting transportation needs of the state.
 - Provide for continuity of operations and public accountability.

Benefits of State-Owned Public Corporation



Alaska Ferry MV *LeConte* Icy Strait. Near Hoonah, Chilkat Range. Alaska State Library Historical Collections ©

- ❖ **Provide greater latitude to control costs and enhance revenue**
 - Operating as a public corporation preserves access to federal capital funds and other financial advantages of government ownership and operation.
 - Develop forward funding to take advantage of diverse revenue opportunities and establish scheduling certainty.
- ❖ **Exemption from State Personnel Act**
 - Allows corporation to negotiate directly with labor unions and provide opportunity to align labor and management interests and reduce labor costs strategically.
- ❖ **Exemption from State Procurement Act**
 - Allows expedited purchases of equipment and services that better fit the needs of the transportation system.

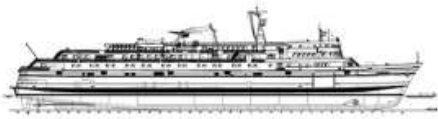
Minimum Service Assurance Agreement



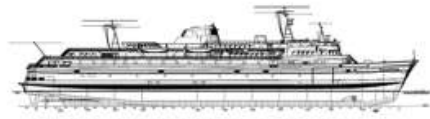
M/V Tustumena.

Alaska State Library Historical Collections ©

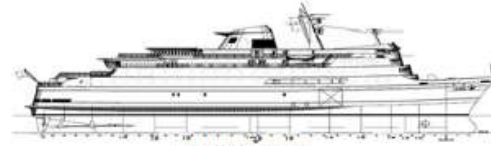
- ❖ State shall enter into an assurance agreement that is subject to appropriation each year with the corporation. (Sec. 42.50.570)
 - Nothing prevents the state and corporation from signing assurance agreements beyond the minimum level, as subject to appropriation.
- ❖ Agreement must assure that cost of each sailing is reimbursed if ticket sales are insufficient to generate adequate revenue.
 - Corporation and state shall agree to the assured amount for each sailing by determining the direct cost of fuel and labor, plus a prorated amount for overhead and maintenance.
 - Rates for tickets on guaranteed sailings must be set so that ticket revenues would cover the assured amount of each sailing if 80% of all tickets for that sailing are sold.



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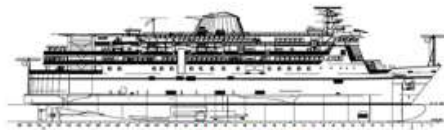


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