



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Transportation and
Public Facilities**

OFFICE OF THE COMMISSIONER
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February 21, 2023

The Honorable James Kaufman
Chairman, Senate Transportation Committee

Delivered via email to Senate.Transportation@akleg.gov

Dear Senator Kaufman:

Thank you for the opportunity to present an Alaska Marine Highway System (AMHS) overview to the Senate Transportation Committee on February 2, 2023. This letter provides follow-up responses to member questions from that presentation.

During the presentation, Deputy Commissioner Katherine Keith stated she would follow up to the committee, with the four reports she mentioned, while covering slide 5 related to internal assessments produced by the Elliot Bay Design Group. These reports are near-final and will be provided to the committee in both an executive summary format as well as the full reports. Stakeholders such as the Alaska Marine Highway Operations Board and AMHS staff require internal briefings once these reports are final, before wider distribution can be accomplished.

Senator Kiehl asked for a breakdown of the costs to the state of maintaining the Malaspina prior to her sale, and the current costs to the state of having access to the Malaspina as a training facility. See the enclosed attachment marked "*Attachment01 - FY10-FY22 GF Capital Expenditures by Vessel*" which shows the annual overhaul expenditures by vessel. As a reference point, AMHS staff have confirmed the system was paying \$8,600/week in layup costs while we still owned the vessel (laid up in Ward Cove).

Senator Tobin asked for the graph showing the overall decline on AMHS ridership to be overlayed with (1) data about the changes in ticket prices and (2) when major route changes were made. Staff provided the enclosed attachment "*Attachment02 - AMHS Tariff Increase History*" which gives the history of ticket pricing changes. This can then be used to compare to the ridership charts found online at the AMHS website under the Annual Traffic Volume Report section (found at <https://dot.alaska.gov/amhs/reports.shtml>).

Senator Kiehl asked for a breakdown of AMHS' ticket sales revenue between individual tickets and vehicle tickets. For FY22, the \$25.4M in ticket sales was made up of 63% vehicle revenue and 37% passenger revenue. AMHS staff confirm this percentage split is consistent with past years.

Senator Wilson asked to see a budget breakdown of the \$8.5 million budgeted to design the new mainliner. For the mainliner replacement vessel (MRV), there is an initial engineers estimate attached

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“Attachment03A - CE_Budget PH2 MRV Project” and “Attachment03B - MRV_Consultant_Fee_Estimate” to provide guidance on anticipated expenditures across Design Consultant and Construction Manager / General Contractor (CM/GC) Preconstruction efforts. While reuse of the TRV Hullform provides significant savings, the needed change in vessel size and the potential for a new design consultant will require extensive effort to become familiar with the design to appropriately integrate the extended hull, estimate strength, and safety.

Senator Kaufman would like to see the same sort of breakdown for the Tustumena Replacement Vessel planning (total \$13 million). AMHS project staff have provided the enclosed attachment titled “Attachment04 - 25-23-1-021 TRV PSI PSA” with the current Project Development Agreement (PDA) for the TRV Design Efforts. This PDA has encompassed design efforts since 2013 including all the design iterations to date. A breakdown of those efforts is below:

1. **Design Study Report** efforts defining initial requirements with State included public input and outreach.
2. **Recon Report Efforts** vet requirements and start initial design efforts of concept along with public input/outreach.
3. **Initial Function Design** efforts under Design Bid Build and current regulations (2013-2016).
4. **Dedicated Buy America** effort to reduce foreign content and identify critical risk areas. Focused on FHWA due to funding assumptions at the time.
5. **Programmatic Support** during design pause period.
6. **Revaluation of Design Study Report** upon project reactivation to understand impacts of all regulatory changes in the interim period.
7. **Functional Design** for current iteration. Required full redesign of hull, machinery concept due to stability and safety requirement changes.

The funding for the TRV design to date has essentially been expended on two discrete, total designs due to the change of regulatory requirements during the project pause. This resulted in extensive duplication of work that became unavoidable, as previous work was not transferrable. This included two predesign efforts (DSR efforts) with the second having efficiencies due to the extensive public outreach and SoA requirements development that still informed the design.

The change to CM/GC to reduce program risk also required efforts to alter the contract and added the cost of preconstruction efforts which are still being fully developed as partners come aboard in the near future.

A conversation was had around the number of ships that are currently running and what the goal is when AMHS is running at full capacity. Senator Kaufman asked to see more information about AMHS' equipment utilization factor. The current expectation is to be able to operate six ships during the upcoming summer season. AMHS would ideally be able to operate eight ships during the summer, however, due to crew shortages this does not appear possible for this coming summer. With the Charting the Course initiative, AMHS looks forward to filling the crewing gap to get back to all available vessels in utilization.

Senator Tobin asked to see a data set that shows the correlation between workplace injuries and deferred maintenance. Attached are two reports from which to draw the data – please find enclosed with this

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response the “*Attachment05 - 2022 Safety Snap Shot*” and “*Attachment06 - DOT AMHS Claims Year 2022*” for comparative purposes.

Senator Wilson asked in what way(s) AMHS works with AVTEC’s marine pilot training program to recruit new hires. DOT&PF and AMHS are not currently working with AVTEC on pilot training because AMHS performs this function as “on the job” training to ensure familiarity with the fleets vessels and have pilots-in-training get to learn other operational areas of the system. AMHS staff have talked to AVTEC about providing an orientation and recruitment program, but discussions have not yet resulted in a program. Staff will plan to discuss the idea with AVTEC again as they work on other recruitment and retention initiatives.

We look forward to working with your offices throughout the legislative session. Please let me know if there is anything more the department can provide your office.

Kind regards,

A handwritten signature in black ink, appearing to read 'Ryan Anderson', with a stylized flourish at the end.

Ryan Anderson, P.E.
Commissioner

cc: Andy Mills, Legislative Liaison, DOT&PF
Laura Stidolph, Legislative Director, Alaska Governor’s Office