

**ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE TRANSPORTATION STANDING COMMITTEE
SENATE TRANSPORTATION STANDING COMMITTEE**

January 29, 2009

1:04 p.m.

MEMBERS PRESENT

HOUSE TRANSPORTATION

Representative Peggy Wilson, Chair
Representative Kyle Johansen
Representative Cathy Engstrom Munoz
Representative Mike Doogan

SENATE TRANSPORTATION

Senator Albert Kookesh, Chair
Senator Linda Menard, Vice Chair
Senator Bettye Davis
Senator Kevin Meyer
Senator Joe Paskvan

MEMBERS ABSENT

HOUSE TRANSPORTATION

Representative Craig Johnson, Vice Chair
Representative John Harris
Representative Max Gruenberg

SENATE TRANSPORTATION

All members present

OTHER LEGISLATORS PRESENT

Representative Paul Seaton

COMMITTEE CALENDAR

OVERVIEWS: ALASKA MARINE HIGHWAY; ALASKA CLASS FERRY PROJECT

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action

WITNESS REGISTER

JIM BEEDLE, Deputy Commissioner of Marine Operations
Marine Highway System, Department of Transportation & Public
Facilities (DOT&PF), Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint overview of the
Alaska Marine Highway System (AMHS) and the Alaska Class Ferry
(ACF).

ACTION NARRATIVE

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CHAIR PEGGY WILSON called the joint meeting of the House and
Senate Transportation Standing Committees to order at 1:04 p.m.
Senators Kookesh, Menard, Meyer, and Paskvan were present at the
call to order. Senator Davis arrived as the meeting was in
progress. Representatives Munoz and Wilson were present at the
call to order. Representatives Doogan and Johansen arrived as
the meeting was in progress.

Overview: Alaska Marine Highway

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CHAIR WILSON announced that the first order of business would be
to hear an overview of the Alaska Marine Highway System.

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JIM BEEDLE, Deputy Commissioner of Marine Operations, Marine
Highway System, Department of Transportation & Public Facilities
(DOT&PF), began his presentation by referring to slide 1,
labeled "Combined Senate/House Transportation Committee
Meeting". He thanked the legislature for appropriating funds
for marketing. He commented that the AMHS has contracted with
an advertising company, Bradley Reid Communications, Inc., which
developed the logo "Let's Go, See Alaska" as well as producing
superb advertisements. He gave an overview of his job history,
describing his long history with the AMHS, including his service
as Chief Purser on the Malaspina ferry. He opined the AMHS
vessels are safe and well maintained, offering that safety is
the most important mission of the AMHS.

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MR. BEEDLE referred to slide 3, titled "Service Timeline". He highlighted the age of the vessel fleet beginning with the M/V Chilkoot, which began operating in 1949, but the service was transferred to the Alaska Territorial Government in 1952. At that time, repairs and maintenance caused a deficit of \$43,000 per year, he stated, which illustrates the high cost of ferry maintenance.

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MR. BEEDLE explained that the State of Alaska (SOA) purchased ferries via bond issues until 1998, with the purchase of the M/V Kennicott. He reiterated that voters approved bond issues for ferries to provide services to their communities. He related a history of the ferry rotation within the system and pointed out the M/V Chilkat became a spare when the SOA built the next three vessels. Thus, the M/V Chilkat was sent to Prince William Sound (PWS). At the time the M/V Bartlett began service in PWS, the M/V Chilkat began service to Hoonah. When the SOA purchased the M/V LeConte, it took over Hoonah run and the M/V Bartlett then served Metlakatla.

MR. BEEDLE referred to slide 4, titled "Logistics". He opined that the biggest challenge for the AMHS is logistics. He described the service route as 3,500 miles in length, and noted it serves 340,000 passengers during some tough weather conditions. He compared that to the British Columbia (BC) ferries' route of 755 miles and Washington State Ferry's route of 200 miles.

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MR. BEEDLE referred to slide 5, titled "Fleet Profile." He explained that in 1991, the AMHS commissioned Glostten Associates to study vessel life and replacement dates. He reviewed vessel replacement dates, noting that the M/V Malaspina's replacement date is earlier than other mainliners, and is scheduled to retire in 2016 since its original engines were never replaced. He added that similar ferries such as the M/V Matanuska and the M/V Taku have had their engines replaced. He opined that the decision whether to replace engines or to replace the ferry hinges on maintenance costs.

MR. BEEDLE referred to slide 6, titled "Recent Passenger Traffic Comparison". He recalled Representative Johansen's prior

comments with respect to the AMHS serving more than Southeast Alaska. He referred to the graph, noting that Southwest Alaska has had a 42 percent increase in ridership since 2005, perhaps due to purchasing the M/V Kennicott when the M/V Tustumena began providing its service to the Aleutian Chain. Prince William Sound increased ridership by 53 percent between 2005 and 2008, he noted. He elaborated that the increase in PWS ridership resulted from changes such as the rebuilt Cordova/Whittier dock and providing fast ferry service with the Fast Vessel Ferry (FVF) Chenega. He noted that the M/V Aurora provides service year round to Cordova, but in order to accommodate any additional increase in ridership, the community must provide additional infrastructure in hotels and services. He further noted a 15 percent overall increase in ridership in Southeast Alaska. He pointed out that the AMHS has focused more on local ridership. He clarified for Chair Wilson that 1992 represented the largest traffic year ever for the AMHS with transportation provided to 420,000 people, and accommodated their vehicle traffic. He explained that ridership is up, particularly in light of the fact that Alaska's Inter-island Ferry Authority (IFA) currently provides service from Ketchikan to Hollis. Thus, if the IFA ridership figures were also included, the AMHS's increase in ridership would be much higher.

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MR. BEEDLE referred to slide 7, titled "Recent Vehicle Traffic Comparison". He offered that the graphs on this slide illustrate an increased number of vehicles transported by the AMHS. He related that vehicle traffic increased 29 percent in Southwest Alaska, 69 percent increase in Prince William Sound, and 21 percent increase in Southeast. Thus, the vehicle traffic overall increased 27 percent, he stated. He pointed out that the AMHS focuses on the "car deck," which means that if someone transports a vehicle, the driver's fare is free. He explained that the AMHS wants to fill the car decks since the ferries represent a highway for Alaskans. He said the AMHS is very happy with its results.

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MR. BEEDLE referred to slide 8, titled "On Time Departures/Customer Satisfaction." He offered the results of on-time departures and customer satisfaction from the period 2001 to 2008. Currently, on-time departures and customer satisfaction is at 93 percent for on-time departures, and at 96

percent for customer satisfaction. He noted that the number of highly satisfied customers has also risen.

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MR. BEEDLE referred to slide 9 titled "Traffic Utilization". He stated that the AMHS's mission measurement is the growth in passenger traffic. He explained that AMHS's passenger traffic went down from 2001 to 2006, but traffic has been steadily increasing the past few years. He explained that the system experienced 56 percent utilization in vehicle traffic year round from 2006 to 2008. He opined that the high overall percentage means that many of its vessels are running at 80 to 90 percent capacity in the summer months.

MR. BEEDLE referred to slide 10, titled "Vessel Operation Cost By Fiscal Year". He explained that costs have increased from 2005 to 2006, largely due to the personnel pay increases, he surmised. He explained that in 2006, when the AMHS vessels were in full operation, the AMHS ran all its vessels continuously. He referred members to a red line on the graph that projects vessel costs if the AMHS had continued to utilize all ferries. He opined that fuel costs would have spiked last year. He asserted that the AMHS has kept its spending under control due to policy changes, such as tying up some vessels and using the M/V LeConte as a day boat rather than running it 24 hours a day, 7 days a week. Thus, the AMHS has accrued savings in crew and fuel costs. Additionally, fast ferry services were reduced from operating two vessels to one vessel in the winter, and by reducing service to only four days a week.

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CHAIR WILSON asked for clarification on the required state contribution listed in the graph on slide 10.

MR. BEEDLE answered that the graph on slide 10 depicts the General Fund (GF) budget amounts for the AMHS. He explained that what changed for the AMHS's budget process is that the legislature allows the AMHS to use the earnings from their ferry operations rather than to deposit the revenues back to the GF. Thus, revenues generated by fares fund approximately 33 percent of the AMHS's overall operations. He stated it is crucial for the AMHS business manager to accurately estimate the AMHS ticket revenues. Mr. Beedle expressed concern over this year's estimate since the economy is currently experiencing a downturn that may well affect passenger and vehicle travel to Alaska.

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REPRESENTATIVE JOHANSEN recalled prior discussions with Mr. Beedle with respect to the AMHS fuel management program. He asked for an explanation of the conservation methods the AMHS has taken in an effort to reduce operating costs. He further inquired as to whether these measures will also be used on all motor vessels and if so, to estimate the overall cost savings.

MR. BEEDLE answered that the AMHS installed a computer-based power management system in the M/V Aurora during its last overhaul period. He noted that the computer estimated that by reducing the number of vessel operating hours, a fuel efficiency savings of up to 12 percent could be gained for the M/V Aurora. He further noted that the more the master and chief engineer work together to coordinate their efforts, the greater the fuel efficiency. He said, "The more you get to know the system, the more you work with it, the better it is." He related that the AMHS will install the system in the M/V Matanuska and M/V Tustumena this winter. He said he anticipates that a request will be made in the Capital Improvement Projects (CIP) to also fit the M/V Columbia. He highlighted that installing the computer system requires that all elements of the entire ship be connected to a computer. Thus, fitting costs are expensive, running approximately \$250,000 for the M/V Aurora, \$298,000 for the M/V Matanuska, and \$256,000 for the M/V Tustumena. He estimated AMHS realizes cost savings of about \$120,000 per year for the M/V Aurora, making it worth installing the system, he opined.

REPRESENTATIVE JOHANSEN emphasized the importance of knowledge of mariners, such as Mr. Beedle, about the ships they oversee, since their knowledge can translate into potential savings of several million dollars a year in AMHS operations and maintenance.

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MR. BEEDLE related that last summer the M/V Kennicott was on a two-week on, two-week layoff schedule, which resulted in less fuel use. The AMHS also reduced its service to Bellingham by reducing the overall AMHS vessel service. He detailed that the community of Bellingham is served solely by the M/V Columbia during the summer, which results in operating and crew cost savings. He highlighted that AMHS has many challenges, noting that only 6 of the 11 AMHS ferries are currently operating. He

acknowledged that gearing up for the summer season has been difficult since it takes years to recruit qualified people. When vessels are not used year round, it creates hardships for people to maintain the continuity of their jobs. However, reducing vessel hours also reduces crew overtime and overall AMHS costs, he noted. He further highlighted that the U.S. Coast Guard establishes the necessity for specific staff. Thus, the AMHS is not authorized to operate its vessels without the appropriate qualified people. He opined that maintaining staff remains a huge challenge.

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MR. BEEDLE referred to slide 11, titled "AMHS Boarding's by Alaskan Community." He commented that the AMHS is not limited to serving only Southeast communities. He pointed out that Anchorage is ranked fourth highest in ridership in the list of Alaska communities since many passengers travel via the ferry to Haines or Skagway, connect to the highway system and continue on to Anchorage. He also noted that the small community of Metlakatla, with a population of 1,244, is served by one day boat, with a crew of five, yet the ferry carries 24,000 people per year. He related that the M/V Lituya leaves Metlakatla in the morning and completes two round trips per day to Ketchikan, which also enables its crew to overnight at home. He recalled the waitlist for vehicle traffic, noting that some passengers must wait three days for space on the vessel. He explained that the community of Metlakatla is working to create efficiencies and even built a road to shorten the vessel trip. He further explained that DOT&PF will build new terminals in Metlakatla to further shorten the overall trip distance. Thus, the end result is that the AMHS will provide better service by offering more trips, which will still cost less than the current service. He characterized Metlakatla as AMHS's model for efficient and fully utilized service.

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SENATOR KOOKESH commented that the M/V Lituya crew also lives in Metlakatla. He surmised that huge cost savings could also be had vessels employed local crews in other communities.

MR. BEEDLE agreed.

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MR. BEEDLE referred to slide 12, titled "FY '09 Update". He referred to the following bullet points, which read [original punctuation provided]:

- At this time AMHS is tracking with the business plan that supports the FY2009 Management Plan.
- Currently AMHS has no 2009 supplemental requests due to operations, and is managing operations by the mantra "Manage to the Budget, No Supplemental."
- The recent signing of the IBU labor contract will require a \$2.0M general fund supplemental.

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CHAIR WILSON asked what the \$2.0 million GF supplemental request encompasses.

MR. BEEDLE answered that the Inland Boatmen's Union (IBU) has not held a new contract since June 30, 2007, which means its members have not received any pay increases since 2007. He explained that the IBU did not accept the 3 percent "rollover" that the other two maritime unions accepted. He opined this was due to members' beliefs that the increase was not adequate. He offered that IBU members will be entitled to receive a lump sum payment of \$2,137 on July 1, 2009, for the 2-year period without any pay increases, pending legislative approval. Additionally, IBU members will receive a 5 percent pay raise effective on July 1, 2009, and a 4 percent pay increase effective on July 1, 2010, provided the legislature approves the funding.

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MR. BEEDLE, in response to Chair Wilson, agreed that the pay raise will total 9 percent over the next 2 years. He advised that Commissioner Kreitzer, Department of Administration (DOA), has done a great job in negotiating the IBU contract for the state. He opined that the end result is that the IBU gave up some benefits, but also gained some. He further opined it is important for the state to pay a fair wage.

MR. BEEDLE brought up one area of concern, in that estimates by the cruise and travel industry predict reductions ranging from 20 to 30 percent for this season. He cautioned that potential shortfalls may adversely affect AMHS operations and ticket revenue.

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CHAIR WILSON restated her understanding that the AMHS is currently meeting its budget. However, she cautioned that if the AMHS incurs a 30 percent reduction in passengers due to the economic downturn, that the AMHS may need additional funding.

MR. BEEDLE clarified that the AMHS should be fine for FY 09, but agreed that reductions in tourism could affect the AMHS budget in 2010.

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MR. BEEDLE, in response to Senator Kookesh, explained that the funding for Alaska's Inter-island Ferry Authority (IFA) cannot pass through the AMHS budget due to negotiated labor contracts.

SENATOR KOOKESH related his concern that if the IFA cannot continue to operate due to budget shortfalls, it would adversely impact the AMHS budget. He inquired as to whether a point exists in which the state should contribute to the IFA's budget to ensure its continued operation.

MR. BEEDLE agreed that if the IFA stopped functioning, that the AMHS could not take over the IFA's route without reducing service to Metlakatla. He surmised that that the service to Metlakatla would be reduced to one trip per day, and the M/V Lituya would be diverted from Metlakatla to provide one trip to Hollis per day service, unless the AMHS received additional funding. In further response to Senator Kookesh, Mr. Beedle agreed to have additional discussions on the matter.

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MR. BEEDLE referred to slide 14, titled "Negotiation Updates". He explained that he previously discussed the IBU, that the Department of Transportation & Public Facilities (DOT&PF) is currently negotiating a new contract with the Masters, Mates, and Pilots (MMP), and the Marine Engineers' Beneficial Association (MEBA), noting that their current contracts expired on June 30, 2008.

MR. BEEDLE referred to slide 15, titled "Fast Vehicle Ferries - Fairweather and Chenega". He read the following concern [original punctuation provided]:

- FVF Fairweather- Currently undergoing first Federal CIP project. (Major engine overhaul and other vessel projects)

- Additional corrosion has been discovered in the Fairweather's engine cylinders.

MR. BEEDLE related that the AMHS used the recommended coolant in the engine, which caused corrosion. He related that problems were discovered during routine maintenance of the FVF Fairweather. Although remedies were taken, the corrosion problems still exist, he stated. He explained that the Department of Law (DOL) is currently working with the manufacturer, who is willing to address the issue. He further related previous problems with the reduction gears and shaft vibration have been solved at the manufacturer's expense.

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MR. BEEDLE, in response to Chair Wilson, explained that the vessel is not under warranty, but since the manufacturer recommended the coolant the DOL is working to resolve the matter. However, he highlighted that the FVF Fairweather's vessel life will be decreased.

MR. BEEDLE referred to slide 16, titled "Ketchikan Lay-Up Facility". He recalled Representative Johansen's questions on the Ketchikan Lay-up Facility. He explained that in 2006 the legislature granted the authority to spend federal funds on a layup facility in the Ketchikan area. He also recalled Mr. Ottesen's prior comments before the committee that the federal funds require that the state must adhere to strict rules and regulations. He related that adherence translates into the necessity for a study. He noted that \$5 million in GF was appropriated in May 2007.

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MR. BEEDLE continued. He said, "We are really close to having something down in Ketchikan. We need to assess the property, that's happening right now. We need to get evaluations on the property." He cautioned against greed. He elaborated that the actual study completed by the City of Ketchikan indicates that the dock needs nearly \$6 million in repairs. He acknowledged the dock is fine to currently use. He opined that the dock is very valuable, especially since it could allow for potential expansion in Ward Cove. However, he stressed that the community must adhere to the federal process. He said he anticipates some action in March 2009.

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MR. BEEDLE referred to slide 17, titled "Bellingham Terminal Facility." He explained that the 20-year lease expires in September 2009. He opined that the original lease was very favorable, with incentives for the State of Alaska (SOA) to leave Seattle, Washington. However, the City of Bellingham is now requesting additional funds in the lease renewal. He related that the SOA is still in negotiations so he cannot provide any details. In response to Representative Johansen, Mr. Beedle elaborated that while Seattle is still an option that the AMHS vessels probably could not run fast enough since modifications have been made to the vessels and the vessels are aging. Additionally, he offered that AMHS would only need the facility for a portion of one day, since it takes about four hours to unload and load the M/V Columbia. In further response to Representative Johansen, Mr. Beedle explained that he believes that Bellingham is the only viable entity. However, he opined that the SOA could "pull out" of Bellingham if the financial negotiations don't work out. He reiterated that current negotiations prevent him from further discussions.

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MR. BEEDLE referred to slide 18, titled "Prince Rupert Facility." He explained that the scope of the project is to pursue acquisition of the existing infrastructure. He related that the AMHS has operated out of Prince Rupert since 1963. The lease requires Prince Rupert to provide dock maintenance, he advised. However, due to financial constraints the maintenance has not been performed although Prince Rupert authorities maintain the dock facility is safe. He acknowledged that Prince Rupert eventually spent \$1 million to repair the dock, but "this is kind of a band-aid for a three to five year timeline." He opined that Prince Rupert does not want to be in the dock business or to finance rebuilding the dock. Thus, AMHS is investigating whether to request the funds and either purchase the dock or negotiate a perpetual lease to rebuild the facility. In response to a question by Representative Johansen, Mr. Beedle acknowledged that a request to spend federal funds is in the CIP for a lease agreement. He reiterated that the sooner the SOA can negotiate a purchase agreement the better, even if it means spending funds from another project to accomplish. At that time the environmental assessment and planning process can be initiated for rebuilding the dock, he noted.

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MR. BEEDLE recalled that Representative Munoz also had questions on the growth of the container ship unloading area in Prince Rupert from a prior meeting. He explained that the ferry terminal manager assures him that the railroad is not a problem. He related he also talked to authorities in Prince Rupert, with respect to the railroad that passes in front of the AMHS property. He expressed a concern that while the development of the container ship may impact the AMHS, that the railroad line is a spur line used to stage or build trains. He related that phase two of the container ship project will include building more tracks near the container terminal. Thus, he surmised the spur line will probably be used less. He offered to monitor and follow-up on this matter, but concluded that it doesn't look like the railroad tracks will negatively impact AMHS operations at the Port of Prince Rupert.

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CHAIR WILSON inquired as to whether enough space exists to allow Prince Rupert as the southern terminus of the AMHS in the future instead of the City of Bellingham.

MR. BEEDLE advised that in about 1967, Prince Rupert was the southern terminus of the AMHS system as shown on the timeline.

REPRESENTATIVE JOHANSEN explained that he has many questions about Price Rupert since last year the schedule shifted and caused discomfort with many people in Southeast Alaska. In response to Representative Johansen, Mr. Beedle reiterated that the AMHS needs to purchase and rebuild the dock at Prince Rupert.

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MR. BEEDLE referred to slide 19, titled "Angoon". He explained that when the MV LeConte shifted from a 24 hour vessel to a day vessel, that the connection between Angoon and Sitka was eliminated. He related that the AMHS is planning on reconstructing the existing mooring facility to accommodate both the MV LeConte and the Fast Vessel Ferry (FVF) class vessel. He opined that the fast ferry passes by Angoon and it will be the less expensive method to provide service to connect Angoon and Sitka. He further related that the Angoon mooring facility is AMHS's number one priority and the project should be completed in November 2009.

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MR. BEEDLE referred to slide 20, titled "Economic Benefits of AMHS on Alaska". He identified this as the tourist and visitor industry component. He noted that one-third or 55,000 passengers provided half of the revenue during May 2006 through April 2007. He opined that \$45 million was spent on lodging, food, in-state transportation, and other expenses by tourists. He noted that half of the fare revenue is derived from this segment since the passengers embark in Bellingham and often spend a month in Alaska.

MR. BEEDLE referred to the next slide, slide 21, titled "Economic Benefits of AMHS on Alaska." He explained that this slide captures the AMHS spending impacts for FY 2007. He noted the total impact of in-state expenditures by the AMHS is calculated at \$113 million. He further noted that the total economic impact from the AMHS is calculated at 1440 jobs and \$173 million. He related that these figures are limited and do not account for its infrastructure that supports economic development throughout Alaska. He offered that the indirect impact figures are based on a 1.5 percent multiplier used in developing the economic model for industrial businesses. Much of its fuel used by the AMHS is purchased in-state, he stated.

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MR. BEEDLE referred to his last slide, slide 22, titled "New AMHS Website". He related that the new AMHS website was developed by the Ketchikan staff. He explained that when AMHS staff was relocated from Ketchikan to Juneau several years ago, that 90 percent of the staff left rather than move. He opined that the current Ketchikan AMHS staff is great and the AMHS is managing its system better. One person built the website in-house on his own, he said. He provided the website address as ferryalaska.com. The new website has lots of new features including a scroll bar, headlines section that is updated daily, and a section on the Alaska Class Ferry (ACF) was added that answers many questions about the next generation of ferries that replaces the aging of the AMHS fleet, he stated.

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REPRESENTATIVE JOHANSEN referred to slide 20, which he said identifies that about 55,000 visitors come to Alaska. He inquired as to whether Mr. Beedle could expand on how many visitors continue on to the Railbelt.

MR. BEEDLE, in response to REPRESENTATIVE JOHANSEN recalled that Anchorage is the second most visited place. He also pointed out that 24,000 people traveled from Metlakatla to Ketchikan. He related that 68 percent of the people that ride the ferries are local citizens that travel to other communities to purchase goods.

Alaska Class Ferry Project

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CHAIR WILSON announced that the final order of business will be to hear an overview of Alaska Class Ferry Project.

MR. BEEDLE began his presentation on the Alaska Class Ferry Acquisition Project by explaining that this project is hugely important to AMHS.

MR. BEEDLE referred to slide 1, titled "Project Mission Statement". He related that the Elliott Bay Design Group is the vessel designer. He offered the AMHS's hope that this project will provide the AMHS with a long-term sustainable system. He related that the AMHS's goal for vessel design is to consider the needs of stakeholders in order to optimize usability of the ferry and maintain a reliable level of service to the public. He related that the AMHS's mission is to design and construct the next generation of ferries to begin the replacement of the aging AMHS fleet. He noted that the new ferries will be environmentally responsible, fuel efficient and versatile. The new ferries will enhance the AMHS operations on current and future routes within inside waters and enable the AMHS to continue its tradition of providing safe, reliable service. He explained that when the M/V Lituya goes out of service, that no replacement vessel exists, and the community of Metlakatla simply would not receive any AMHS service. He commented that next winter the M/V Lituya will be out for three months. He referred to the project as a "design a vessel" project.

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MR. BEEDLE referred to slide 2, titled "Project Participants". He related that the manager of the project is the AMHS, but the project is collaborative. He noted the team consists of a group of DOT&PF managers, along with selected members of the crew. He reiterated that Elliott Bay Design Group was hired to facilitate the project. He explained that Grady and Associates provides public involvement specialists to ensure public involvement and

participation, which has been beneficial. He offered that the Marine Transportation Advisory Board is important to the process, and that public involvement is critical to the process as the project moves forward.

MR. BEEDLE referred to slide 3, titled "Introduction". He reiterated that the Alaska class ferry will be the next generation of ferries. He stated that safety is always first and the vessels must be able to handle the weather in Alaska.

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MR. BEEDLE referred to slide 4, titled "Importance". He noted that modern safety features will be incorporated into the vessels. He pointed out that the M/V Taku, the M/V Kennicott, and the M/V Malaspina are authorized for international travel and can travel to Prince Rupert. He related that the remaining vessels in the fleet are not equipped to meet international requirements. He explained the ease in incorporating new rules and technologies in building a new ship rather than to retrofit an older vessel.

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MR. BEEDLE referred to slide 5, titled "Mission Background". He stressed that the Alaska Class Ferry (ACF) is the result of technical evaluations gleaned from past AMHS shuttle projects and is aligned with current DOT&PF strategic plans, and the importance of building a multi-functional vessel rather than a vessel designed for solely one run.

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MR. BEEDLE referred to slide 6, which is a timeline that outlines the ACF project phases. The project is currently in Phase 1, conducting a feasibility study, and the AMHS will take public comment until April 30, 2009. He offered that AMHS's approach for developing the optimal design of the new ship consists of three phases. He commented that the AFS project does not attempt to calculate how many vessels to build, but instead is structured to identify the type of vessels that are designed to provide functionality that ultimately will improve the AMHS system. He further commented that the process for determining the number of ACF ferries that will be built will be made during the revision of the Southeast Alaska Transportation Plan (SATP). The AMHS welcomes public participation during that process, he noted.

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MR. BEEDLE referred to slide 7, titled "In Focus". He reiterated the ACF's project goal is to acquire multiple new ferries of a single design that will provide reliable vessels with the ability to operate within all Alaska inside waters. He stressed the importance of public input. He related that someone commented at a meeting that he/she noticed many husbands assisting their wives to the restroom, which identified the need for family restrooms on the new ferries.

MR. BEEDLE referred to slide 8, titled "On the Horizon", which identifies questions subsequent to the vessel design, such as the number of ferries to build, specific routes they will serve, sailing schedules, and construction location. He offered that the construction will undergo a bid process. He reiterated that the SATP process will identify and answer those questions.

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MR. BEEDLE referred to slide 9, titled "Public Involvement", and once again stressed the importance of public involvement. He identified four avenues for the public to provide input: regional public meetings, key stakeholder meetings, the project website, and filling out a public survey. The survey will be available on the ACF website on February 16, 2009, he stated. Additionally, he pointed out the website will have a comment section, provisions for the public to request email updates, minutes, and reports. He stressed that the AMHS encourages people to provide input and follow the progress of the ACF project.

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MR. BEEDLE referred to slide 10, titled "Regional Public Meetings". He related upcoming meetings are scheduled to be held in Ketchikan on February 18, 2009, in Juneau in late February, in Anchorage in mid-March, and in Sitka in early April. He stated the main purpose of the meetings is to disseminate information and obtain feedback from the public. Mr. Beedle stressed the importance to AMHS to have public involvement in the ACF project. He said, "They will be reaching out. They'll be talking to community leaders, tribal councils, people to see. Do you want to talk to us? If you feel it's important enough for you to get a group of people together to talk to us about the project. We'll do that."

MR. BEEDLE identified the Uniform Resource Locator (URL) site as www.dot.state.ak.us/amhs/alaska/class but explained that the new website can also be reached through the AMHS home page.

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REPRESENTATIVE DOOGAN expressed interest in the Alaska Class Ferry project. He related his understanding that the vessels that need replacement are the larger ferries, yet the project seems to be for building medium size ferries.

MR. BEEDLE responded that the ferries would be a minimum of 300 feet but may increase depending on conditions. He highlighted that the vessels need to be able to withstand 12-foot seas. Additionally, the vessels need to accommodate the vehicles that people drive. He acknowledged that Representative Doogan is correct in his assessment that the ferry project is not for replacing mainline ferries. He added that while the proposed vessels will not have staterooms, the ferries will have crew accommodations. He explained the need for crew accommodations is related to fuel costs. Mr. Beedle described a scenario for developing a winter travel schedule. He suggested that the AMHS would review the 24 hour Juneau to Sitka round trip run. However, if the AMHS determined that insufficient return traffic existed, the schedule would be set with the crew spending the night in Sitka to save fuel costs, with the vessel tied up at the dock. The vessel would then return to Juneau the next day instead of completing the round trip at night. Thus, the vessel would essentially become a day boat and would only operate 14 hours per day, he opined. Therefore, staterooms would not be necessary, since passengers would not be onboard all night, he concluded.

REPRESENTATIVE DOOGAN restated his understanding that the larger AMHS ships are ones most aged so the Alaska Class Ferry project will still not address the problem.

MR. BEEDLE answered by detailing that the M/V Malaspina is a day boat in Lynn Canal during the summer, even though it is one of the most efficient vessels in the Bellingham run. The M/V Malaspina will retire in 2016 and will be replaced with a day boat. Thus, the M/V Columbia that is currently scheduled to be tied up all winter as a cost savings measure will then be moved to take over the Bellingham run. Therefore, the AMHS system will gradually change, which will incorporate better ways to

utilize the AMHS fleet. Additionally, he noted that it is not good to have engines sit idle for long periods of time.

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REPRESENTATIVE DOOGAN reiterated that he is trying to determine how the AMHS will solve the problem of fleet obsolescence since the fleet is aging. He related his understanding that the ACF project doesn't seem to solve the problem, although he acknowledged that the ACF solves a different problem.

MR. BEEDLE answered that AMHS system will "morph" with the ACF shuttles. He said he anticipates that one shuttle will run from Juneau to Haines and Skagway, another will run from Ketchikan to Prince Rupert. He explained that the middle sized vessel that Representative Doogan is speaking of will not complete two round trips traversing the whole system. Instead, that ferry will complete three round trips from Ketchikan to Juneau. He commented that the vessel still needs to run 24 hours a day, 7 days a week, and the Ketchikan to Juneau run requires a ferry that is equipped with staterooms. However, under the route changes, the vessel will provide more service. Thus, the system will gradually change to accommodate the aging vessels. He acknowledged a problem will arise when the M/V Tustumena needs to be replaced since the new vessel must be able to withstand the rough weather conditions in the Aleutian chain. Additionally, the M/V Columbia needs replacement in 2040. However, the M/V Kennicott will operate until 2060, he stated. Mr. Beedle opined that the AMHS does not have to worry about long haul replacement vessels at this time. However, when the time comes, the vessel replacement costs will be enormous, estimating vessel replacement costs could range from half a billion to three-fourths of a billion dollars, he stated.

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REPRESENTATIVE JOHANSEN related his belief that many projects contained in the STIP never made it to the six-person panel to determine which projects move forward. He characterized his comments as editorial in nature. He offered his concern that the DOT&PF has not been responsive to public input when prioritizing projects contained in the STIP and his belief that some projects are being built that are not listed in the plan.

MR. BEEDLE acknowledged Representative Johansen's complaint.

CHAIR WILSON commented that the department provided its scoring criteria in handouts for members.

[2:24:01 PM](#)

ADJOURNMENT

There being no further business before the committees, the joint meeting of the House Transportation Standing Committee and the Senate Transportation Standing Committee was adjourned at 2:24 p.m.