

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

January 21, 2020

3:44 p.m.

MEMBERS PRESENT

Representative Louise Stutes, Chair
Representative Matt Claman
Representative Harriet Drummond
Representative Andi Story
Representative Dave Talerico

MEMBERS ABSENT

Representative Bryce Edgmon
Representative Mel Gillis

OTHER LEGISLATORS PRESENT

Representative Dan Ortiz

COMMITTEE CALENDAR

PRESENTATION(S): THE IMPORTANCE OF AMHS TO ALASKA & THE NEED FOR INCREASED FUNDING

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

NILS ANDREASSEN, Executive Director
Alaska Municipal League (AML)
Anchorage, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation highlighting the importance of the Alaska Marine Highway System to Alaska and the urgent need for more funding.

ETHAN BERKOWITZ, Mayor
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Had his testimony read into the record by Chair Stutes during the presentation on the importance of the

Alaska Marine Highway System and the urgent need for more funding.

JAN HILL, Mayor
Borough of Haines
Haines, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska Marine Highway System and the urgent need for more funding.

BRAD RYAN, Mayor/Borough Manager
Municipality of Skagway
Skagway, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska Marine Highway System and the urgent need for more funding.

STEVE PRYSUNKA, Mayor
City and Borough of Wrangell
Wrangell, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska Marine Highway System and the urgent need for more funding.

CALVIN CASIPIT, Mayor
City of Gustavus
Gustavus, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska Marine Highway System and the urgent need for more funding.

JOSHUA BOWEN, Mayor
City of Angoon
Angoon, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska Marine Highway System and the urgent need for more funding.

TERRY HAINES, Mayor
Kodiak Island Borough
Kodiak, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska Marine Highway System and the urgent need for more funding.

CLAY KOPLIN, Mayor
City of Cordova

Cordova, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska Marine Highway System and the urgent need for more funding.

CASSIDI CAMERON, City Manager

City of Seldovia

Seldovia, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska Marine Highway System and the urgent need for more funding.

NORM CARSON, President

Pelican Chamber of Commerce

Pelican, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska marine highway system and the urgent need for more funding.

DENNIS ROBINSON, Vice Mayor

City of Unalaska

Unalaska, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska marine highway system and the urgent need for more funding.

CHELSEA TREMBLAY, Member

Petersburg Borough Assembly

Petersburg, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska marine highway system and the urgent need for more funding.

KEN CASTNER, Mayor

City of Homer

Homer, Alaska

POSITION STATEMENT: Testified during the presentation on the importance of the Alaska marine highway system and the urgent need for more funding.

ACTION NARRATIVE

[3:44:39 PM](#)

CO-CHAIR LOUISE STUTES called the House Transportation Standing Committee meeting to order at 3:44 p.m. Representatives Stutes,

Drummond, Story, and Talerico were present at the call to order. Representative Claman arrived as the meeting was in progress.

PRESENTATION(S): THE IMPORTANCE OF AMHS TO ALASKA & THE NEED FOR INCREASED FUNDING

[3:45:51 PM](#)

CHAIR STUTES announced that the only order of business would be a presentation by the Alaska Municipal League (AML) on the importance of the marine highway system to Alaska and the urgent need for more funding.

CHAIR STUTES stated that the presentation would be followed by invited municipal testimony from: Haines, Skagway, Wrangell, Angoon, Kodiak, Cordova, Pelican, Seldovia, Unalaska, Petersburg, and Homer. She also explained that she would be reading written testimony from the municipality of Anchorage.

[3:46:28 PM](#)

CHAIR STUTES read an opening statement, as follows:

As anyone who lives in or near a coastal community knows, ferry service has immeasurable impacts on our way of life in Alaska. Ferry service provides many communities with vital access to healthcare, groceries, equipment, goods and services, school functions, shipping, and access to the rest of the state. In short, the Alaska Marine Highway System [(AMHS)] keeps coastal communities strong, healthy, and a good place to live and raise a family.

However, the system also provides a strong source of income to businesses in the Anchorage bowl and elsewhere in the Interior as businesses and individuals from coastal areas travel to purchase goods and services.

The drastic reduction and, in many cases, the complete elimination of services has had a devastating impact on coastal communities this summer, fall, and especially this winter. The current levels of service represent serious health, safety, transportation access, and revenue concerns for coastal Alaskans, but also revenue concerns for the Anchorage bowl businesses.

I called this hearing to keep the spotlight and the focus on the urgent need for more Alaska Marine Highway [System] funding now.

CHAIR STUTES opined that a recently released Northern Economics report from the Department of Transportation & Public Facilities (DOT&PF) focuses too much on the financial aspect of AMHS and "attempts to tailor service to a budget instead of tailoring the system to what coastal communities and communities in Alaska need." She noted that on page 204, under the subject of a Kodiak community profile, the report states, "In 2018, there were 1,295 permanent residents" in Kodiak Station. Further on the same page, it is stated that there is one public school in the Kodiak Station - Peterson Elementary School. Chair Stutes said this is "woefully incorrect" information, which shows her just how "out of touch" the report is with the "reality in Alaskan communities."

CHAIR STUTES said no one argues with the issue that changes need to be made to the Alaska Marine Highway System's (AMHS's) operational efficiency, governance, contracts, and overall structure; however, she expressed that that is a separate conversation from the one being held today, which is that "the system needs a higher baseline level of funding to operate and serve Alaskans effectively."

[3:49:45 PM](#)

CHAIR STUTES continued reading her statement, as follows:

Briefly, however, I would like to mention that I find the state of [disrepair] that AMHS has allowed our mainliners to fall into extremely alarming. Four of our mainliners are currently in mothball status, and a total of six out of twelve of Alaska Marine Highway System ferries are not in service because of disrepair, lack of maintenance, or poor planning. The legislature expects the Alaska Marine Highway System to properly identify maintenance issue[s] and make timely funding requests to address those so that the fleet can operate and serve Alaskans. Serious conversations will happen this session about a long-term planning and ensuring that the Alaska Marine Highway System is properly maintaining our ferry system for future operations.

That being said, this hearing is about the urgent need for more operational dollars. As a coastal legislator and as chair of the [House] Transportation [Standing] Committee, getting funding back into our ferry system is my top priority this session.

CHAIR STUTES noted that in attendance were Mike Lesmann, Legislative Liaison, and Mary Siroky, Deputy Commissioner - both from DOT&PF. She said Nils Andreassen would give a presentation on the importance of AMHS to municipal governments.

[3:51:16 PM](#)

NILS ANDREASSEN, Executive Director, Alaska Municipal League (AML), provided a PowerPoint presentation highlighted the importance of the Alaska Marine Highway System to Alaska and the urgent need for more funding. [Hard copy of the PowerPoint is included in the committee packet and is entitled "Value vs. Cost - The Alaska Marine Highway System."]

MR. ANDREASSEN directed attention to slide 2, entitled "Municipal Perspective." As the slide shows, he noted that the ferry system has been in place since 1959, resulting from a voter-approved bond package; there are 34 port communities, and 23 local governments have been incorporated in current form following the initiation of AMHS; responsibilities of cities and boroughs range from police powers, hospitals, water and wastewater, and schools; and the communities are dependent on AMHS for business, safety, schools, and health. He said this involves 33 cities and boroughs, 120,114 Alaskans, and a combined budget for those cities and boroughs of \$610 million. Mr. Andreassen showed a map on slide 3 that illustrates the location of the 165 cities and boroughs in Alaska; slide 4 shows AMHS cities and boroughs, and he noted that the light blue [dots] reflect the Southeast Alaska communities impacted.

[3:53:44 PM](#)

MR. ANDREASSEN directed attention to slide 5, entitled "Budgets." He said that the budgets of the municipalities combined equal \$610 million. He indicated a tax base for AMHS of \$33. He relayed that those cities and boroughs carry a combined debt of \$720 million in general obligation revenue and school bond debt; they contribute \$73 million to school; 15 are PCE communities; and they receive \$24 million in fisheries taxes. Mr. Andreassen said these numbers demonstrate that any reduction in ferry service to these communities lessens the

ability of the communities to pay back their debt, contribute to schools, address the high cost of energy, and contribute to a thriving fisheries industry.

MR. ANDREASSEN turned to slide 6, entitled "Responsibilities." He said it is important to remember that in the area of education, only three of the cities and boroughs are outside of municipal school districts. He remarked that it is incredible that these three sustain local governments and contribute to school districts.

MR. ANDREASSEN said in terms of public safety, there are 20 police powers; 8 of the port cities and boroughs manage their own hospitals; and 25 municipalities participate in the Public Employees Retirement System (PERS). He indicated that the number managing their own hospitals is "very different" from "across the state," and "a lot of that is linked to that coastal transportation function that they depend on." Any cuts to [AMHS] result in a lessened ability of [port cities and boroughs] to contribute to education. He indicated that when these local governments are not able to pay for schools and law enforcement, the liability for that coverage can fall to the state. In terms of PERS, he stated, "These municipalities are actively contributing to paying off the net pension liability incurred by the state; they're active participants in offsetting some of the other costs of that system." He continued:

Those 33 cities and boroughs ... have 2,275 employees that they're directly responsible for. Any threat to the \$33 million in tax base that they experience from the ferry system means that they have to make hard decisions about those employees.

[3:57:24 PM](#)

MR. ANDREASSEN directed attention to slide 7, entitled "The Value of the AMHS," which names the following: fishing industry, health and safety, residents, coast guard, state and federal construction, education, and tax base. Mr. Andreassen indicated that AMHS allows coastal communities to access health care, reach out beyond their community, run businesses, bring in goods and provide services, undertake capital improvement projects that would otherwise depend on state and federal dollars, and move students between communities [to interact with other schools]. He said the Coast Guard is dependent on the ferry system. He stated that ultimately, AMHS is "a dependable

tax base and contributing to the tax base of those local governments."

MR. ANDREASSEN, referred to slide 9, entitled "Indirect Benefit." As shown on the slide, he noted that the system reaches [658,959] Alaskans in incorporated areas of the state. The slide shows two charts from a McDowell Group report. Beyond coastal communities, there are included the following municipalities: Denali, Anchorage, and Wasilla. They actively participate in the ferry system.

[3:59:46 PM](#)

MR. ANDREASSEN pointed to slide 10, entitled "Statewide Impact." He listed the statewide impacts: 1,700 Alaska jobs in 44 Alaska communities; \$104 million in Alaska wages; \$273 million in economic impact; \$84 million spent with 500 Alaska companies; two-thirds of the 39,000 passengers are Alaskans; and AMHS spending per passenger versus other tourist transportation modes is \$1,700 to \$941.

[4:01:16 PM](#)

MR. ANDREASSEN, moving on to slide 11, entitled "Value vs. Cost," asked the legislature to consider "value beyond cost" and the role of the state in contributing to the future of AMHS. He advised that stating that the intent is to reduce the state's financial obligation and/or liability is insufficient. He said, "When it comes to value versus cost, we have to think beyond transportation." He said the issue intersects with all the committees that have been formed by the legislature - cuts threaten community and economic development. Governor Dunleavy's \$5 million veto, he said, limits the ability of the state to provide adequate and reasonable service. He said AML would argue that "\$43 million, as a budget item, with \$5 million in reduced cuts has resulted in crisis for communities." He acknowledged that mayors and managers were present to talk about what that crisis looks like for their communities.

MR. ANDREASSEN concluded his presentation by showing slide 12, entitled "Recommendations to Legislature." Those recommendations include to: overturn the \$5 million veto in order to assist winter service or include additional funding within a fast-track supplemental budget; establish a more sufficient budget for fiscal year 2021 (FY 21), including for maintenance; include municipal leaders in the decision-making process; include additional funding within the supplemental

budget; establish a more sufficient budget for FY 21; and include AMHS capital needs in the Coastal Infrastructure general obligation bond package. Regarding the inclusion of municipal leaders in the discussion, he acknowledged there is a working group being formed, and he advised that one of its members should be a municipal official. Further, he urged that municipal leaders should be at the table during future discussions on the issue by the legislature.

[4:04:36 PM](#)

REPRESENTATIVE KREISS-TOMKINS expressed appreciation to AML for its support on this issue and to Chair Stutes for making possible this hearing.

[4:04:52 PM](#)

REPRESENTATIVE STORY related having lunch with Tlingit and Haida elders and hearing stories about the adverse effects of the [cut-back] ferry service. She wondered whether AML had considered urging the governor to declare some of the coastal areas as disaster areas, thus directing resources to communities in that fashion. She asked Mr. Andreassen whether he had "talked about" putting in "extra runs" [of the ferry] to those communities most impacted and in need of basic services.

[4:06:13 PM](#)

MR. ANDREASSEN responded that AML has been hearing similar stories. He said in response to resolutions passed by AML members last November, the organization has established "something like a ferry caucus" within AML, which would help with information gathering and decision making at the state level.

[4:06:54 PM](#)

REPRESENTATIVE DRUMMOND expressed fascination upon learning that the spending per passenger [on the ferries] is almost twice that of other tourists. She opined that more ferries are needed for more passengers, and she stated that obviously that cannot happen if the state is not "running ships." She offered her understanding that AMHS raises almost 42 percent of the cost of running the system through fares and freight. She stated that it is crucial that the state get the system running again.

[4:07:55 PM](#)

REPRESENTATIVE STUTES announced she would begin invited testimony. She explained that she would read a statement sent by the mayor of Anchorage, Alaska, who could not be present today.

[4:08:27 PM](#)

ETHAN BERKOWITZ, Mayor, Municipality of Anchorage, had his testimony read into the record by Chair Stutes. The testimony [copy available in the committee packet] read as follows [original punctuation provided]:

Dear Representative Stutes and Wool,

Before Alaska had oil, the pipeline, or the Dalton highway, we had the Marine Highway system. In a state without roads, we rely on our waterways to be our highways. For more than fifty years, ferries have linked our communities, spurred economic development, and a been a source of statewide identity and pride. Through boom and bust, Alaskans prioritized the transportation system that connects us.

Anchorage is an Alaska Marine Highway city -- even though we do not have a ferry dock, Anchorage benefits from a functional and robust marine highway system.

Anchorage is the top destination for Alaska Marine Highway System (AMHS) travelers. More than half of visitors who travel on the AMHS pass through Anchorage. These visitors typically spend \$1700 per person during the course of their Alaska visit, compared to \$1300 for other travelers. In a city where the tourism industry accounts for one in nine jobs, we benefit from the prosperity the Marine Highway system delivers.

Goods and services from some 500 Alaska businesses support the daily operation of the AMHS, resulting in an infusion of millions of dollars throughout the Alaska economy. Anchorage businesses receive the third highest share of that spending.

And Anchorage is a destination and waystation for many of our Prince William Sound neighbors - who come here to shop, to socialize, for medical care and for onward

travel. We also use the ferry ourselves. Anchorage and Mat-Su account for 15% of AMHS revenue from Alaskans.

Just as we expect the state to maintain the Glenn and Seward highways, as well as the many roads inside the Municipality, we count on the state to maintain our Marine Highway system. And while we enjoy the drive to Whitter, I look forward to the day when AMHS ferries get a berth in Anchorage.

Ethan Berkowitz

[4:11:13 PM](#)

JAN HILL, Mayor, Borough of Haines, related one of her fondest memories was standing on the dock, playing her clarinet, welcoming the first ferry to Haines. She said [the community of Haines] loves the ferry system. She said the last couple years have resulted in struggle for businesses having to close or have limited hours, for school kids' who need to travel, and seniors needing health care and the ability to travel. She related that recently a friend had to spend a week in Juneau because the weather was too bad [to fly back to Haines] and no ferries were operating. She said, "That has impacted more families than I can even count."

MS. HILL concurred with the remarks of Mr. Andreassen and the opening remarks of Chair Stutes. She said communities need to work better with the legislature. She expressed that it has been rare to have the support of people from Interior Alaska for the ferry system, but some of the borough's working groups have been able to illustrate how Haines serves as a "pass-through community" to the Interior. She noted that military families access stations in the Interior through Haines. Businesses cannot get the materials they need and have had to lay off workers. She emphasized, "We can survive with less ferry service than we grew accustomed to, but we can't survive with none." She appealed to the committee to listen to the suggestions that would be forthcoming during the hearing and allow communities to help with a solution. She acknowledged the need for more money and the scarcity of it. She concluded that it is necessary to become creative in order "to figure out ways to make this work."

[4:15:40 PM](#)

BRAD RYAN, Mayor/Borough Manager, Municipality of Skagway, said most people know that Skagway is a cruise ship town that is doing well at one million passengers per year. He added that Skagway is one of the few populations that is growing in southeast Alaska; nonetheless, with the current ferry schedule it seems that families who have been there for decades are ready to move out because they can't get their children in and out for sports, medical facilities, appointments, et cetera. He expressed one of his biggest fears, that Skagway will become a cruise ship port that's only open from April through October, leaving him [mayor] of an empty community. He stated that while on one level Skagway is a prosperous small community that's growing, it wouldn't take much change "in the connection with the rest of Alaska," to propel Skagway backwards. He concluded by saying he would appreciate any efforts that the committee might put in towards maintaining the ferry service, especially the wintertime ferry service.

[4:17:39 PM](#)

STEVE PRYSUNKA, Mayor, City and Borough of Wrangell, pointed out that his colleagues have expressed concerns about the ability for residents to move back and forth and for freight to come in and out; however, there is another element to consider when deciding whether to contract or expand the ferry service. That element, he said, is emergency services to mariners. He explained that the ferry system provides a safety net to mariners throughout the coast. He added that there are numerous examples of the ferry being in the right place at the right time and saving lives - most recently being in August 2019 when a ferry saved three fishermen whose vessel had sunk. Recently the USCG approached him about the new mega-cruise ships that will be traveling the Inside Passage with 3,000-5,000 people on board. He questioned how that many people would be accommodated in an emergency situation, adding that Wrangell's sewage system and water utility wouldn't suffice. He noted that the ferry system is supposed to be the diversion plan if there were ever a major cruise ship disaster. He reemphasized that transportation is one important element of the ferry system, with the second being the security of Alaska as a maritime state. He said the ferries give Alaska the opportunity to move goods and people anywhere at any time, which makes it part of the state's natural disaster planning process.

[4:20:31 PM](#)

CALVIN CASIPIT, Mayor, City of Gustavus, discussed how the ferry schedule is impacting Gustavus directly. He noted that while most coastal communities have an Alaska Marine Lines (AML) barge landing, Gustavus has a river that only a small, 80-foot maximum landing craft can maneuver. He said without the ferries Gustavus won't get heavy freight deliveries, adding that the one grocery store in town gets all its food and building items off the ferry. He indicated that without the ferry system, Gustavus is at a loss with no way for the bed & breakfast establishments and businesses to prepare for the tourism season. He expressed concern about the 2020 summer ferry schedule, which only lists two ferries every two weeks for Gustavus. He further questioned how traveling for medical appointments would be possible with such a limited ferry schedule.

[4:23:54 PM](#)

JOSHUA BOWEN, Mayor, City of Angoon, stated that he is testifying in favor of additional funding for the Alaska Marine Highway as soon as possible. He recounted the most common issues that most coastal communities are facing, such as travel, medical travel, freight [delivery], food and supplies, affordable sports travel, and transportation issues centered around the lack of flights due to weather and space limitations. He requested that the committee consider several important issues that are getting overlooked. Specifically, multiple layover days in between travel destinations that are being spent on Medicaid's dollar. He also reflected another anecdote wherein a teacher had revived the school's cross-country program but left because he felt isolated without a certain schedule to be able to travel out of town. He noted that Angoon just saw its last ferry until March 3, 2020, adding that the new schedule has [adversely] impacted the city's ability to received refrigerated products because there's no guarantee that the product will be fresh upon arrival.

[4:28:19 PM](#)

MR. BOWEN spoke about projects on the horizon that will increase in cost without the ferry to transport the necessary materials. He said over Thanksgiving 2019, the municipal leaders were under pressure to figure out a solution to the lack of ferry service. They unanimously voted to charter a catamaran from Juneau to Angoon and back, which cost a total of \$13,000. He explained that the city only received \$5,000 back, resulting in an \$8,000 loss. He stated that Angoon's locally generated revenues are nowhere near high enough to sustain those costs regularly.

Furthermore, he said he doesn't see it as the local government's responsibility. Finally, he asked the committee to consider additional funding either through a veto override on the \$5 million or a fast-tracked supplemental to get a reasonable level of service to Alaska's coastal communities as soon as possible.

4:30:29 PM

REPRESENTATIVE KREISS-TOMKINS asked whether Angoon has a barge landing.

MR. BOWEN said Angoon has half of a barge landing; however, the city does not receive regular barge service.

REPRESENTATIVE KREISS-TOMKINS asked whether Angoon has a landing strip.

MR. BOWEN explained that currently the only way to get anything in or out of Angoon is by seaplane.

REPRESENTATIVE KREISS-TOMKINS said that these very community-specific details and facts about Angoon are concerning because the stakes are high.

4:32:23 PM

TERRY HAINES, Mayor, Kodiak Island Borough, communicated his request for the committee to find a way to fund AMHS to a base level of service for its port communities. He acknowledged that the system "needs fixing"; nonetheless, it's unfair to the businesses and individuals who utilize the system to severely curtail sailings right now. He said that AMHS, like all transportation infrastructure, is an economic enabler. He further noted that its users have made great use of it. In Kodiak, homebuilders, fishermen, retailers, and service-providers, all depend on AMHS. He related that "accessing goods and services in other parts of Alaska" was the most common response from people when asked how they use the system. He conveyed that the routes of the marine highway are like economic arteries that link Alaska's economy. Furthermore, he said, the users are "holding up their end of the bargain" by using the system to circulate value in the Alaska economy. As an analogy for the canceled ferry service, he offered that a doctor would never treat a swollen foot by amputating it. He pointed out that the marine highway adds to the viability of the ports and harbors that it visits, and port viability will be a necessary part of Alaska's bright future in the face of global warming and

a shifting economy. He also mentioned the large coastguard population in Kodiak that depends on the ferries to access the rest of the state. He concluded his testimony with one final analogy: "I don't think it's wise to starve the chickens to death in an attempt to cut the price of eggs."

CHAIR STUTES noted that Kodiak's Coast Guard base is the largest in the nation.

[4:35:51 PM](#)

CLAY KOPLIN, Mayor, City of Cordova, emphasized the importance of this hearing given the importance of transportation along with energy and available workforce as the pillars of Alaska's economy. He shared a personal anecdote with the committee to communicate Cordova's need for short-term funding and long-term solutions.

MR. KOPLIN shared the implications of the ferry service being suddenly and unexpectantly canceled. He explained that the economy in Prince William Sound is "in a sector that is 94 percent imports into the U.S." He pointed out that as Alaska has these great fisheries and opportunities, fishermen and tenders are coming from all over the state to participate. He equated the canceled ferry system to a closed highway, just as fishermen are trying to get their boats, trailers, and equipment home.

[4:41:10 PM](#)

MR. KOPLIN related Cordova's appreciation for the efforts of AMHS to work within its resources to provide service, but frankly, he said, it's not working. He emphasized the importance of an April 15 service date for the start of the Copper River Fishery, a marketing standard Cordova has worked hard to set for the entire state. That standard has allowed the city to make \$75 per pound retail for Copper River king salmon. He further noted that 4 million pounds of silver salmon were delivered in 2018 at \$2.50 per pound, which is a \$10 million fishery that moves back and forth on the ferries. He emphasized the need for bridge funding and a system that will work going into the future. He said too many mistakes are being repeated that take successes off the table. To conclude, he shared his vision for the system's future, which is to be a world leader that establishes the best practices for tomorrow.

[4:43:26 PM](#)

REPRESENTATIVE ORTIZ asked when the ferry service is scheduled to return to Cordova under the current funding scenario.

MR. KOPLIN answered May 20, 2020, according to the summer schedule. He stated that if the supplemental [budget] that was requested last fall had come through, there would have been time to work on the vessels and get one in operation. He expressed his hope that there is still time to do so.

[4:44:12 PM](#)

REPRESENTATIVE DRUMMOND reflected on the hearing on the AMHS fall/winter schedule that took place in the Cordova Center last July 2019. She related that 55 of the 250 people who showed up testified and displayed the community's commitment to Cordova and support of the ferry system. She said she would do everything she could to restore the city's ferry service, adding that the attempt to destroy Cordova's fishing community and everything else is completely unfair. She sought clarification on Mr. Koplín's statement about getting as close to fully covering the cost of service as he had ever seen it. She asked whether that was in reference to one specific ferry or whether more than one ship serves Cordova when the system is running regularly.

MR. KOPLIN replied that it was the fast ferry, the motor vessel (M/V) Chenega. He explained that it was the outcome of years of DOT&PF planning that culminated in that ferry staying in Prince William Sound for less than a year. He said one of the systemic problems is moving [the ferries] around like pawns and not giving captains and crews the opportunity to live locally and have some sort of certainty. He added that contrary to what people might think, the vessels are designed to run in the Prince William Sound weather, adding that if the stabilizers had been installed on the vessel it would have been even better. He reiterated that this is a systemic problem between the legislature, the governor's office and commissioners, and AMHS. He said the governance and management needs to be done right because currently, it's not working.

[4:46:43 PM](#)

REPRESENTATIVE KREISS-TOMKINS described how the governance of the ferry system changes with each administration every four to eight years, with each administration spending millions of dollars undoing the previous administration's work. He called

this management "schizophrenic" and "inane." He expressed his hope that the legislature can look at a different management and governance model. He noted that there is a misconception in coastal Alaska that only coastal legislators support the ferry system, adding that since his arrival to the legislature in 2012, many of his "Railbelt" colleagues have been steadfast supporters of the ferry system. He stated that Mayor Berkowitz's letter is a good example of that even though he's not presently a legislator.

[4:48:30 PM](#)

REPRESENTATIVE STORY questioned whether Mr. Koplín had looked at what service level Cordova would need with the money requested by the Marine Transportation Advisory Board (MTAB). She also sought clarification on the level of communication between the board and DOT&PF.

MR. KOPLIN clarified that he no longer serves on MTAB by choice. He noted that [the board] had worked for years to get a three-year schedule in place that started rapidly growing revenues. He further noted that MTAB was working to do right by the system not the individual communities or districts. As to the recommendations, he said he contacted DOT&PF early and often, as well as spoke directly with the commissioner, deputy commissioner, Captain Falvey, and the unions about multiple scenarios from a minimum baseline service up to "an absolute (indisc.) of April 15th." He said the ball kept getting kicked down the road farther and farther. Regardless, he said Cordova will survive without the ferry, but it will change the city's trajectory from a one of growth to one that's in economic decline.

REPRESENTATIVE STORY questioned whether the specific recommendations that were given to DOT&PF would be priced out for the legislature to understand the level of service that's needed and the associated cost.

[4:51:58 PM](#)

CHAIR STUTES replied that her office is currently working on that.

[4:52:34 PM](#)

CASSIDI CAMERON, City Manager, City of Seldovia, expressed her hope that legislators have listened to public testimony from

Alaskans over the last year because it all tells the same story with different details. She said despite having different roles, revenues, and resources, Alaskans rely on transportation and depend on the ferry service as a highway. She noted that Seldovia has exhibited growth over the last five to seven years. She said the residents appreciate the quality of life in Seldovia, which includes the ferry service. If that disappears, she said, Seldovia will be crippled and isolated from opportunities and the rest of the world.

[4:55:06 PM](#)

MS. CAMERON further expressed her hope that the committee members are using this opportunity to gain knowledge. She asked them to consider municipalities and local leaders as assets. She pointed out that Seldovia has been unseasonably cold and, because of the limited ferry service, residents are having to purchase their heating oil locally at \$5 per gallon to heat their homes, which is putting a strain on their cost of living and diminishing their quality of life. She said she hopes that supplemental funding can be given as a short-term solution and that the problems DOT&PF is facing will be identified and worked out for a better future for all Alaskans.

[4:58:43 PM](#)

NORM CARSON, Chamber of Commerce President, City of Pelican, addressed the limited AMHS schedule and pointed out that Pelican won't see a ferry in the foreseeable future because only two vessels serve the community, the M/V Aurora and the M/V LeConte, and both were overhauled for repairs this year. Of the two, the M/V LeConte is the only boat that will return to service this summer; however, it will be serving Prince William Sound instead, leaving Pelican without service unless an alternate vessel picks up the route. He voiced his support for any kind of supplemental funding that could help AMHS and said that Pelican would particularly like to see the Aurora come back to service in FY 21.

[5:01:25 PM](#)

DENNIS ROBINSON, Vice Mayor, City of Unalaska, stated that Unalaska receives very little ferry traffic; nonetheless, all of it contributes greatly to the economy. He pointed out that eliminating the ferry service puts Alaskan contractors at a disadvantage to contractors in the Lower 48 because Alaskan companies rely on transporting their equipment and supplies by

ferry at a cheaper rate than the commercial lines. He added that Unalaska has plenty of shipping vessels, including weekly barges, ships, and a domestic container boat; however, the barges primarily deliver fish which leaves no room for the equipment. He continued by saying the only way to help the economy is to keep money in the state. He offered his belief that AMHS needs to be built to benefit communities.

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MR. ROBINSON noted that Unalaska is a hub community for smaller communities. He explained how the ferry brings the "Mammogram van" to Unalaska, as well as other supplies. He said it allows women from outlying communities to come to Unalaska for health care and to shop for groceries, adding that 50 percent of the groceries that supply the Bering sea come from Anchorage. He expressed his hope that those services will remain in Alaska. He emphasized that AMHS is an integral part of building the state's economy.

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CHELSEA TREMBLAY, Assembly Member, Borough of Petersburg, recounted several personal anecdotes indicating the importance of the state ferry system. She reminded the committee that the cities' representatives know their communities and what they need and are testifying in hopes that they are heard. She said that Petersburg is lucky because it has an airstrip; however, many neighboring cities do not, which is what propelled Ms. Tremblay to attend this meeting. Nevertheless, she related that Petersburg is also feeling the hurt with extreme freight costs, school costs, and more.

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REPRESENTATIVE KREISS-TOMKINS emphasized that there is zero northbound service out of Sitka. Therefore, in order to get his vehicle from Sitka to Juneau he described putting it on a southbound ferry to Petersburg, where it must sit for 3-4 days before someone transfers it on to a northbound ferry to Juneau.

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KEN CASTNER, Mayor, City of Homer, made four points. First, he stated, "We do things together that we can't do as individuals." Second, he highlighted the importance of the movement of goods, services, fish, and tourists to the state's economy. Third, he

pointed out that the ferry system was poorly tested last summer with the loss of ferry service due to the strike and the Kenai peninsula fires. Fourth, he stated that isolation is a punishment. He said people living in coastal communities already pay a little more for their transportation and a lot more for goods and services, but they are willing to do it as long as they don't feel cut off from the rest of the world. He concluded by imploring the committee to address this issue quickly and help get these communities back on their feet because the summer season starts sooner there than in the Interior.

[5:15:19 PM](#)

CHAIR STUTES thanked the testifiers and read her closing statement, as follows:

Our ferry system is a vital piece of the transportation infrastructure in Alaska. Coastal Alaska needs its highway just as Interior Alaska needs its road system. Testimony on the Alaska Marine Highway System received more support by the numbers than any other issue last session. We broke every record that had been kept by the hearings we had last year with the public testimony, and it widely, wholly supported maintaining the Alaska Marine Highway System. My hope is that the administration finally hears its constituents and realizes that the ferry system is vital, not optional, for our Alaskan way of life. There are some serious policy discussions that need to - and are - happening this session regarding long-term decision making and planning; however, we have communities suffering with no winter service right now. The most urgent need is to increase the Alaska Marine Highway System funding to avoid irreparable damage to coastal communities and get these communities back on a path to prosperity. I will work tirelessly towards that this session.

[5:17:36 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 5:17 p.m.