

**ALASKA STATE LEGISLATURE  
HOUSE TRANSPORTATION STANDING COMMITTEE**

March 18, 2021

1:33 p.m.

**MEMBERS PRESENT**

Representative Grier Hopkins, Chair  
Representative Sara Hannan, Vice Chair  
Representative Ivy Spohnholz  
Representative Harriet Drummond  
Representative Kevin McCabe  
Representative Mike Cronk

**MEMBERS ABSENT**

Representative Tom McKay

**COMMITTEE CALENDAR**

HOUSE BILL NO. 63

"An Act relating to the duties of the Department of Transportation and Public Facilities; renaming the Alaska Marine Transportation Advisory Board the Alaska Marine Highway Operations Board; relating to the membership and duties of the Alaska Marine Highway Operations Board; and providing for an effective date."

- MOVED CSHB 63(TRA) OUT OF COMMITTEE

PRESENTATION(S): ALASKA MARINE HIGHWAY SYSTEM

- HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 63

SHORT TITLE: ALASKA MARINE HIGHWAY OPERATIONS BOARD

SPONSOR(S): REPRESENTATIVE(S) STUTES

02/18/21	(H)	PREFILE RELEASED 1/15/21
02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	TRA, STA
03/11/21	(H)	TRA AT 1:30 PM BARNES 124
03/11/21	(H)	Heard & Held
03/11/21	(H)	MINUTE(TRA)
03/18/21	(H)	TRA AT 1:30 PM BARNES 124

**WITNESS REGISTER**

REPRESENTATIVE LOUISE STUTES

Legislator

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Introduced HB 63 as prime sponsor and answered questions during the meeting.

KERRY CROCKER

Staff to Representative Louise Stutes

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Introduced HB 63 on behalf of Representative Stutes, prime sponsor.

NANCY BIRD

Cordova, Alaska

**POSITION STATEMENT:** Testified in support of HB 63.

ROB CARPENTER

Deputy Commissioner

Department of Transportation & Public Facilities

Juneau, Alaska

**POSITION STATEMENT:** Showed a PowerPoint and answered questions during the meeting.

CAPTAIN JOHN FALVEY

General Manager

Alaska Marine Highway System

Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the meeting.

**ACTION NARRATIVE**

[1:33:37 PM](#)

**CHAIR GRIER HOPKINS** called the House Transportation Standing Committee meeting to order at 1:33 p.m. Representatives McCabe, Spohnholz, Hannan, Cronk, Drummond, and Hopkins were present at the call to order.

**HB 63-ALASKA MARINE HIGHWAY OPERATIONS BOARD**

[1:34:53 PM](#)

CHAIR HOPKINS announced that the first order of business would be HOUSE BILL NO. 63, "An Act relating to the duties of the Department of Transportation and Public Facilities; renaming the Alaska Marine Transportation Advisory Board the Alaska Marine Highway Operations Board; relating to the membership and duties of the Alaska Marine Highway Operations Board; and providing for an effective date."

[1:35:37 PM](#)

REPRESENTATIVE LOUISE STUTES, Legislator, Alaska State Legislature, as prime sponsor, introduced HB 63. Strengthening governance for the Alaska Marine Highway System (AMHS), HB 63 would select a governance board composed of members with marine experience. Members would be chosen by governor, House of Representatives, and Senate, and would need to meet set requirements.

[1:37:44 PM](#)

KERRY CROCKER, Staff to Representative Louise Stutes, Alaska State Legislature, offered diversity in board would matter and would create long-term planning for AMHS, he added.

[1:38:46 PM](#)

REPRESENTATIVE HANNAN moved Amendment 1, which read as follows:

Page 1, line 4, following "Board;":

Insert "relating to the comprehensive, intermodal, long-range transportation plan for the state;"

Page 1, lines 6 - 14:

Delete all material and insert:

"\* Section 1. AS 19.65.011 is amended to read:

Sec. 19.65.011. Short-term and comprehensive [COMPREHENSIVE] long-range plans [PLAN]. The Department of Transportation and Public Facilities, in consultation with the Alaska Marine Highway Operations [TRANSPORTATION ADVISORY] Board, shall prepare a short-term and a comprehensive long-range plan for the development and improvement of the Alaska marine highway system and shall, in consultation with the Alaska Marine Highway Operations [TRANSPORTATION ADVISORY] Board, revise and update the short-term plan annually, and the comprehensive long-range plan at

least every three [FIVE] years. The department shall submit both the short-term and the comprehensive long-range plans [PLAN] and revisions and updates of the plans [PLAN] to the legislature."

Page 2, following line 12:

Insert a new paragraph to read:

"(3) one representative of an Alaska Native organization or tribe who is from a community served by the Alaska marine highway system, appointed by the governor;"

Renumber the following paragraphs accordingly.

Page 2, line 13:

Delete "three"

Insert "two"

Page 2, line 17:

Delete "members"

Insert "public members who have experience in marine business and procurement practices, marine personnel management, commercial service options, ship maintenance, construction, and repair, fleet strategy, reliability, and regulatory compliance, or risk management,"

Page 2, line 20:

Delete "members"

Insert "public members who have experience in marine business and procurement practices, marine personnel management, commercial service options, ship maintenance, construction, and repair, fleet strategy, reliability, and regulatory compliance, or risk management,"

Page 3, following line 14:

Insert a new bill section to read:

"\* **Sec. 8.** AS 44.42.050(a) is amended to read:

(a) The commissioner shall develop a comprehensive, intermodal, long-range transportation plan for the state. The commissioner shall incorporate the comprehensive long-range plan prepared under AS 19.65.011 into the plan developed under this section. The plan may be developed in multiple documents that address logical components, including geographic areas, modes of transportation,

transportation corridors, systems, and other distinct subjects relevant to transportation planning. The components of the plan shall be revised as the commissioner determines appropriate. In developing and revising the state plan, the commissioner shall conform to the requirements for the eligibility and use of federal and other funds, as applicable. Upon approval of each component of the plan by the commissioner, the commissioner shall transmit notice of the approval of that component to the governor and to the legislature."

Renumber the following bill sections accordingly.

Page 3, line 25:

Delete "three"

Insert "two"

Page 3, following line 26:

Insert a new paragraph to read:

"(2) the representative of an Alaska Native organization or tribe appointed by the governor shall serve a one-year term;"

Renumber the following paragraphs accordingly.

[1:38:52 PM](#)

CHAIR HOPKINS objected, for purposes of discussion.

[1:38:58 PM](#)

REPRESENTATIVE HANNAN introduced Amendment 1, the first section of which identified there would be both a short-term and comprehensive long-term plan. Section one added "short-term" every time "long-term" was mentioned, she said. On page 12, of the governor's appointees, one would be a tribal member, so that changed the number from three to two. Community members were members of the public with marine experience, not members of the legislature, she explained. All three public members would have the same qualifications, but would have different appointing entities, she added.

[1:43:31 PM](#)

REPRESENTATIVE STUTES expressed support for Amendment 1, which she called "clarifying."

[1:43:49 PM](#)

MR. CROCKER expressed support for the "short-term plan" language in Amendment 1, as well as for the incorporation of the commissioner of the DOT&PF's inclusion of the comprehensive long-range plan outlined by the board into the state's plan.

[1:44:34 PM](#)

CHAIR HOPKINS removed his objection. There being no other objection, Amendment 1 to HB 63 was adopted.

[1:44:51 PM](#)

REPRESENTATIVE MCCABE moved Amendment 2, which read as follows:

Page 1, line 3:

Delete "**Highway**"

Insert "**Transportation**"

Page 1, line 4:

Delete "**Highway**"

Insert "**Transportation**"

Page 1, lines 8 - 9:

Delete "Alaska Marine Highway Operations  
[TRANSPORTATION ADVISORY] Board"

Insert "Alaska Marine Transportation Operations  
[ADVISORY] Board"

Page 1, lines 11 - 12:

Delete "Alaska Marine Highway Operations  
[TRANSPORTATION ADVISORY] Board"

Insert "Alaska Marine Transportation Operations  
[ADVISORY] Board"

Page 2, lines 2 - 3:

Delete "**Alaska Marine Highway Operations**  
[TRANSPORTATION ADVISORY] Board."

Insert "**Alaska Marine Transportation Operations**  
[ADVISORY] Board."

Page 2, lines 4 - 5:

Delete "Alaska Marine Highway Operations  
[TRANSPORTATION ADVISORY] Board."

Insert "Alaska Marine Transportation Operations  
[ADVISORY] Board."

Page 3, line 14:

Delete "Alaska Marine Highway Operations  
[TRANSPORTATION ADVISORY] Board."

Insert "Alaska Marine Transportation Operations  
[ADVISORY] Board."

Page 3, line 18:

Delete "HIGHWAY"  
Insert "TRANSPORTATION"

Page 3, line 23:

Delete "Highway"  
Insert "Transportation"

Page 4, line 1:

Delete "Highway"  
Insert "Transportation"

Page 4, line 3:

Delete "Highway"  
Insert "Transportation"

CHAIR HOPKINS objected, for purposes of discussion.

REPRESENTATIVE MCCABE introduced Amendment 2, which would prevent the possibility of "stacking the [AMHS] board" with union or retired union personnel, such as the Police Advisory Council, which has retired policemen as general members. The AMHS admitted 60% of their costs were personnel costs, and Representative McCabe for this blamed the "oligopoly" of the AMHS itself. Many boards had union- or retired-union members serving on them, but it was unusual to have more than one serving on an advisory board, he said.

[1:46:59 PM](#)

REPRESENTATIVE HANNAN asked if there was a legal memo attached with any cautions against banning a certain class of people.

REPRESENTATIVE MCCABE replied no.

[1:47:47 PM](#)

CHAIR HOPKINS asked if any union member could be a member.

REPRESENTATIVE MCCABE replied yes, Amendment 2 could be modified to replace "a union" with "the unions that represent employees of the AMHS."

[1:49:19 PM](#)

The committee took an at-ease from 1:49 p.m. to 1:51 p.m.

[1:51:46 PM](#)

CHAIR HOPKINS stated there was on the table a conceptual amendment to Amendment 2 proposed by Representative McCabe, which would insert in lines 2, 5, and 8, after the word "union," "currently representing workers employed by the AMHS," and that this conceptual amendment had been moved.

CHAIR HOPKINS objected, for purposes of discussion.

[1:52:27 PM](#)

The committee took a brief at-ease.

[1:52:43 PM](#)

REPRESENTATIVE CRONK seconded the conceptual amendment to Amendment 2.

REPRESENTATIVE MCCABE stated language was only intended to cover unions representing the AMHS.

[1:53:14 PM](#)

REPRESENTATIVE STUTES said she understood where Representative McCabe was coming from but having participated in the AMHS reshaping group, was not sure Amendment 2 with its conceptual amendment would be applicable. If it were to happen that there more than one member from one of the [AMHS employee] unions, she stated, those members would be the ones who would make the AMHS more efficient, who would be willing to give and take, and who wanted jobs. From her personal conversations, she imparted union members' inclusion on the board could very well be to the advantage of the state. As an example, she offered there were licensed, available, and capable workers already working on the ships and those very workers could save a lot of money by completing maintenance projects.

[1:54:57 PM](#)

MR. CROCKER expressed his concern that upper-level management on the vessels themselves, such as members of [The International Organization of] Masters, Mates & Pilots (MM&P) and engineers, retired and went on to work on management in the marine industry. This was the very pool from which to draw, he stated.

[1:55:51 PM](#)

REPRESENTATIVE HANNAN asked if it had been realized that the vast number of knowledgeable folks had had union involvement.

REPRESENTATIVE MCCABE said yes, but he has had experience with union- or former-union members having way too much sway over contracts and the like, which resulted in an "upside-down cost" to the state, there being no free market involved. He added only 6% of the US had been unionized, so there was still 94% of people to draw from, and that too much experience was not always a good thing and the AMHS could benefit from some new ideas.

REPRESENTATIVE HANNAN replied Alaska's rate of union was more like 20%.

CHAIR HOPKINS added "the second-highest in the nation."

REPRESENTATIVE HANNAN said the composition of the new board was not so much about contract swaying as it was about technical skills and training. The DOT&PF has had anti-union leadership but has not bargained any of the union components, only wages. They were not asking terms were to be changed, she stated.

[1:59:44 PM](#)

REPRESENTATIVE SPOHNHOLZ commented she appreciated the amendment's sponsor was concerned with what could be a potential imbalance in the AMHS board but was herself concerned most people who had experience and expertise with the AMHS would not be able to sit on the board, and it would be narrowing too much. It wasn't personnel costs; it was mismanagement of capital assets and lack of planning.

[2:01:34 PM](#)

REPRESENTATIVE DRUMMOND asked how many labor contracts for the AMHS would be negotiated by the board.

MR. CROCKER replied the DOT&PF, Department of Administration (DOA), Division of Labor typically negotiated the contracts.

[2:02:52 PM](#)

The committee took an at-ease from 2:02 p.m. to 2:03 p.m.

[2:03:31 PM](#)

CHAIR HOPKINS maintained his objection to the conceptual amendment on Amendment 2.

[2:03:53 PM](#)

The committee took an at-ease from 2:03 p.m. to 2:04 p.m.

[2:04:42 PM](#)

A roll call vote was taken. Representatives Hannan, McCabe, Cronk, and Hopkins voted in favor. Representative Drummond voted against it. Therefore, the conceptual amendment to Amendment 2 passed by a vote of 4 - 1.

[2:05:59 PM](#)

A roll call vote was taken. Representatives Cronk and McCabe voted in favor of Amendment 2. Representatives Drummond, Hannan, Spohnholz, and Hopkins voted against it. Therefore, Amendment 2 failed by a vote of 2 - 4.

[2:06:49 PM](#)

REPRESENTATIVE MCCABE moved Amendment 3, which read as follows:

Page 2, line 16, following "management,":

Insert "and who are not active or retired members of a union,"

Page 2, line 17, following "members":

Insert ", who are not active or retired members of a union,"

Page 2, line 20, following "members":

Insert ", who are not active or retired members of a union,"

CHAIR HOPKINS objected, for purposes of discussion.

REPRESENTATIVE MCCABE said Amendment 3 changed the title "AMHS board" to "Alaska Marine Transportations Board." This would help clarify what the new board was trying to accomplish, as it dealt with marine transportation needs, he put forth. The use of the word "highway" limited the focus to a branch of transportation or, in Alaska's case, to a route structure, as it was too specific in focus. "[Highway] is] a noun," he reminded the committee, as well as a romantic misnomer, and "transportation" better described what the AMHS accomplished.

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REPRESENTATIVE STUTES said she disagreed with the Amendment, as the original intent was for the AMHS to in effect be a road, but to make it a marine highway was more cost effective than building bridges. Taking "highway" off would also reduce the amount of federal dollars entitled. It is the only highway users paid to get on, she pointed out.

REPRESENTATIVE MCCABE clarified Amendment 3 would just change the name of the board, not the entire system. He added he didn't think the dollars would go away, and that he "understood the romance," but the AMHS was not a highway.

REPRESENTATIVE STUTES maintained the AMHS was a marine highway, whatever happened to be on it.

[2:12:47 PM](#)

REPRESENTATIVE HANNAN asked whether changing the name of the board would create confusion over task and governance.

REPRESENTATIVE MCCABE replied "no more than calling a boat that runs on a waterway a highway." He reiterated the need to "think broader," adding the AMHS board title limited board reach.

REPRESENTATIVE HANNAN said if the board was titled as proposed in Amendment 3, she may think the board had control over feeder airports, especially float plane airports which were in many communities served. She added the AMHS did not have that guidance. She added since there is not a central governance board, but there is long-term planning, perhaps somewhere down the road the new title could be integrated.

[2:15:49 PM](#)

REPRESENTATIVE DRUMMOND asked which ferries did not allow driving on and off.

MR. CROCKER replied all of them allowed driving on and off.

REPRESENTATIVE DRUMMOND asked, in Amendment 1, how much the word "intermodal" would apply to other modes of transportation as discussed.

MR. CROCKER replied "intermodal" referred to where the AMHS connected to another highway system.

[2:17:14 PM](#)

REPRESENTATIVE HANNAN replied the intermodal plans existed already; the addition of the short-term and long-term plans added to them.

[2:17:43 PM](#)

REPRESENTATIVE SPOHNHOLZ commented that Amendment 3 would lead to distraction and confusion, as the word "Transportation" was taken out intentionally.

[2:18:23 PM](#)

REPRESENTATIVE MCCABE maintained the board title would still have the word "marine" in it. He then asked which roads there were in Tenakee, as that seemed not to fit in the "highway" definition.

CHAIR HOPKINS maintained his objection.

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A roll call vote was taken. Representatives McCabe and Cronk voted in favor of Amendment 3. Representatives Drummond, Hannan, Hopkins, and Spohnholz voted against it. Therefore, Amendment 3 failed by a vote of 2 - 4.

[2:20:20 PM](#)

CHAIR HOPKINS opened public testimony on HB 63.

[2:20:33 PM](#)

NANCY BIRD testified in support of HB 63. Ms. Bird said while the new board wouldn't be able to fix all the challenges facing the AMHS, an experienced board was overdue and much needed, primarily to provide professional and non-political advice on how to run a successful operation. There must be secure funding several years ahead, she stated, and long-term capital funding.

[2:21:54 PM](#)

REPRESENTATIVE STUTES said the AMHS has had many boards, but HB 63 had teeth in it and would make things more sustainable for the state of Alaska.

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CHAIR HOPKINS closed public testimony.

[2:22:51 PM](#)

REPRESENTATIVE HANNAN moved to report CS/HB63 as amended out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 63 moved from committee.

[2:23:35 PM](#)

The committee took an at-ease from 2:23 p.m. to 2:25 p.m.

**PRESENTATION(S): Alaska Marine Highway System**

[2:25:51 PM](#)

CHAIR HOPKINS announced that the final order of business would be a presentation on Alaska Marine Highway System ferry replacement.

[2:26:13 PM](#)

ROB CARPENTER, Deputy Commissioner, Department of Transportation & Public Facilities, shared the DOT&PF didn't presume to make any determinations for the restructured board before they'd had a chance to meet, assemble, and do their deliberative process. He offered a discussion of a timeline for vessel replacement but said it would probably be a longer discussion. How the new plan would impact capital budget, would the new plan reflect working group recommendations, and a cost estimate of continuing overhaul and maintenance of the existing fleet would also be

addressed, he stated. A hypothetical plan would be put forth, he shared, but it was not endorsed by the DOT&PF, he said, just a sample given the direction of the new board.

MR. CARPENTER shared the AMHS reshaping workgroup (RWG) was established in January 2020 with the purpose of making recommendations on the future finances and service levels of the AMHS. Analysis in the AMHS Economic Reshaping Report would be considered. Duties of the RWG were to define the future needs and purpose of the AMHS, with the goal of ensuring residents had access to essential transportation services among Alaskan coastal communities. The RWG report was submitted to the governor on October 2nd, 2020, he shared.

[2:30:33 PM](#)

The committee took an at-ease from 2:30 p.m. to 2:31 p.m.

[2:31:25 PM](#)

MR. CARPENTER shared a key takeaway from the RWG report (page five, paragraph two): the [AMHS] operates an aging ferry fleet that is costly to maintain and operate, poorly matched to ferry route needs, with limited flexibility to adjust to changing circumstances." In terms of underlying themes in the RWG report, Deputy Commissioner Carpenter cited the value and importance of the AMHS to coastal communities and the state; improvement of reliability; reduction in costs and raising of revenue; stabilization of budget; strengthening governance; and improving short and long-term planning. As far as RWG recommendations, he cited strengthening of governance; improvement of reliability; stabilization of budget planning; reduction of system costs; renegotiation of union labor agreements; increasing revenue; and leveraging road infrastructure.

[2:33:34 PM](#)

REPRESENTATIVE STUTES stated "dependability" should be at the top of the list.

DEPUTY COMMISSIONER CARPENTER agreed; said "reliability" was on there and that was what it meant.

[2:34:22 PM](#)

REPRESENTATIVE HANNAN asked how many labor agreements there were and how often they were renegotiated.

DEPUTY COMMISSIONER CARPENTER said there were three unions: MM&P, Marine Engineering Beneficial Association (MEBA), and Inland Boatman's Union (IBU); and that they were negotiated every three years. Currently MM&P and MEBA were in preliminary negotiations; IBU came up for negotiation next year for 2023 budget. The negotiations were headed up by the DOA, he added.

REPRESENTATIVE HANNAN asked how many grievances from IBU and how many had been made right.

[2:37:17 PM](#)

CAPTAIN JOHN FALVEY, General Manager, Alaska Marine Highway System, replied there had been quite a few grievances; how unions interpret complex contracts versus how the state interprets them was the crux.

REPRESENTATIVE HANNAN asked if the grievances were being made right.

CAPT. FALVEY replied about 50%.

[2:38:14 PM](#)

REPRESENTATIVE MCCABE asked how many grievances went to arbitration.

CAPT. FALVEY replied they did not go to arbitration very often.

REPRESENTATIVE MCCABE said airlines negotiated under the Railway Labor Act; IBU was not allowed to do this and could strike during contract negotiations.

[2:41:04 PM](#)

REPRESENTATIVE STUTES added striking was a last resort when unions were not being heard; they did not want to be out of work.

CHAIR HOPKINS reiterated a strike could only take place after an impasse had been reached and several official steps gone through.

[2:42:53 PM](#)

MR. CARPENTER spoke to addressing the RWG recommendations the DOT&PF was "striving toward:" in terms of improving reliability, the Tustumena Replacement Vessel (TRV) had received a \$8.6m Federal Earmark applied toward final design, which was currently 60% complete, and needed a construction manager/general contractor brought in to bring it up to 100%, at which point it could go to construction as there was no construction funding plan in place.

[2:44:57 PM](#)

REPRESENTATIVE STUTES said she thought there was federal match money, as well as state money in the Short-Term Incentive Plan (STIP) set aside for the TRV.

MR. CARPENTER replied the TRV was programmed in the STIP and there was federal match money set aside for it, but no money had been put behind it yet, mostly because it wasn't ready yet. When it was ready it would be determined if it would be paid for out of the STIP, by way of a build grant, or some other type of creative financing, he stated.

REPRESENTATIVE STUTES asked whether the intent was to sole source the construction of the Tustumena.

MR. CARPENTER replied the intent was not to sole source but to obtain a federally funded, competitive bid, and to make the price tag more palatable.

REPRESENTATIVE STUTES asked what the state's share would be on a \$250m vessel.

MR. CARPENTER replied \$22.5m, approximately 10%.

REPRESENTATIVE STUTES asked if the rest would be federal dollars; and spread over how much time.

MR. CARPENTER replied yes; and unless there were some techniques such as advanced construction, it would be a big hit to the program.

REPRESENTATIVE STUTES asked when the DOT&PF estimated the new Tustumena might be completed; and was the plan to continue forward momentum.

MR. CARPENTER replied about a year; and to be determined but hopefully yes.

[2:50:53 PM](#)

REPRESENTATIVE HANNAN asked if there was \$22.5m currently in the vessel replacement fund.

MR. CARPENTER replied he had said there was \$22.5m set aside for match.

REPRESENTATIVE HANNAN asked what about the state's take on the fast ferries' sale and whether money ended up in the vessel replacement fund.

MR. CARPENTER replied the state's take was \$5.6m and the entire amount would go into the vessel replacement fund.

[2:52:05 PM](#)

REPRESENTATIVE SPOHNHOLZ imparted federal money would be coming in as the President Joe Biden administration has made transportation infrastructure a top priority and spoke to capital funds being included for the new Tustumena to this end; she mentioned there was at least one "swing voter" in the Congressional delegation who could perhaps ensure Alaska did well in that process. She expressed reluctance to spread capital money over multiple fiscal years and used as an example an Engineering building at the University Alaska Fairbanks that was partially funded one year and then there were fiscal issues, but a massive infrastructure package would create a unique window of opportunity, she stated. She asked about the design and how long it took to build a ferry like the Tustumena.

MR. CARPENTER said he thought it was a four-year construction window once construction began.

REPRESENTATIVE SPOHNHOLZ looked to clarify if it meant within four years or that it would take the entire four years.

MR. CARPENTER replied the project would take approximately four years.

[2:54:28 PM](#)

REPRESENTATIVE MCCABE asked if the price was \$5m total or \$5m apiece for the two fast ferries.

MR. CARPENTER replied it was \$5.6 total.

CAPT. FALVEY said the two ferries sold for \$5,174,444 for ferries, that there was \$240K in storm damage for which the contractor took 60% responsibility, leaving the state with 40% responsibility. Engines were sold, storm damage included, for \$371K. Close to \$5.6m, he stated.

REPRESENTATIVE MCCABE asked the original value of engines and cost of fast ferries.

CAPT. FALVEY replied \$68m in 2004 and 2005 for the two fast ferries; which were appraised at \$7m apiece by an independent appraiser; \$3M apiece for "swing" engines, which were sitting unused.

[2:57:24 PM](#)

MR. CARPENTER continued speaking to improved reliability and flexibility with the mention of adding crew quarters which were 90% designed and currently programmed in STIP.

REPRESENTATIVE HANNAN asked what "currently programmed in STIP" meant.

MR. CARPENTER replied a desire for crew quarters had been programmed in the STIP, money had been planned; but evaluation of effectiveness and cost benefit was still underway.

[2:59:23 PM](#)

REPRESENTATIVE MCCABE asked whether addition of quarters would make those vessels cross-Gulf ferries.

MR. CARPENTER replied no, they were not designed for the open ocean; the quarters would just mean vessels could complete routes they currently cannot.

REPRESENTATIVE MCCABE said he was interested in talking about contracts with Allen Marine and Goldbelt; about scheduling, for instance, why the car ferries go to Tenakee, which "doesn't have any roads," or whether it would be better to contract with someone else; and why Skagway had to contract with Allen Marine when a ferry broke down/why the AMHS could "just do it as a matter of course."

MR. CARPENTER said it had been determined imprudent to contract a catamaran when the Matanuska had been set to sail the next day; that passengers had been alerted and that "maybe Skagway jumped the gun."

[3:02:18 PM](#)

REPRESENTATIVE DRUMMOND asked that a history on Alaska Class Ferries and crew quarter information be made available at the next House Transportation Standing Committee meeting.

[3:03:03 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 3:03 p.m.