



Draft - Update Workgroup Recommendations

CONSIDERING CHARTER, NORTHERN ECONOMICS REPORT, SOUTHEAST
CONFERENCE/ AND OTHER REPORTS, PRESENTATIONS TO WORKGROUP,
PUBLIC/COMMUNITY INPUT

Agree/Not Agree to Recommend

- ▶ From NORTHERN ECONOMICS REPORT:
- ▶ 1. Sell or give all vessels and terminals to private entity-pp44-46
- ▶ 2. (A) Divest terminals/vessels, eliminate AMHS service to communities not on NHS(Prince Ruppert, SE Feeder routes, SW Alaska and Cross-Gulf Routes), local ferry entities could form to provide local connecting service to NHS locations. pp 46-56, GA subsidy impacts-table 35, pp52
- ▶ 2. (B) Focus AHMS Service on communities(28) pp56-62 with no direct access to roadheads, terminate service south at Prince Ruppert, divest Columbia and Malaspina since neither can serve Prince Ruppert. GA Subsidy Impacts Table 40 p.61

Agree/Not Agree to Recommend

From Northern Economics Report(continued):

3 (A) Transfer AMHS Assets to Single Public Corporation or Port Authority –NE Report pp.63-74. (Reference also AMHS Reform Report Phase 1 pp 4-5, pp 27-34; AMHS Phase 2 Final Report pp 7-9; pp 64-74,). Option 3A GA Subsidy Impact NE Table 43 p72

Alternatively:

1. Retain AMHS as Component of DOT-PF; (implement recommended changes noted elsewhere to improve predictability/reliability/efficiency.

b. Same as (1) reshape and elevate MTAB role and structure to capably advise AMHS leadership on system management, strategy objectives, major asset decisions. AMHS Director member/answers to Commissioner. Requires statutory change.

Agree/Not Agree to Recommend

From Northern Economics Report (Continued)

3B- Multiple Regional Public Corporations or Port Authorities Take Control of AMHS Assets NE pp 74-76

3B1 Six regional corporations-pp 77-81, GA Subsidy Impacts Table 47 p.80

3B2- Two Regional Corporations, emphasizing plans that reduce operating subsidy pp 81-85, GA Subsidy Impact Table 50 p. 84. (under assumed operating parameters for this option including rate increases, reduced service levels, salary reductions, summer only service to Bellingham, elimination of trips to Prince Rupert, with all of these changes NE economics posits its study target for GA reduction could be reached.) (consider individual parameters separately)

Agree/Not Agree to Recommend

From Northern Economics Report(Continued):

4. Lease Vessels and Terminals to Private Entity NE pp 85-91
5. Lease vessels not terminals to Private Entity NE pp 91
6. Drop or Reduce Service to High Cost-Low volume ports NE pp 92-96
7. Contract out service to low volume expensive routes NE pp 96-98

Agree/Not Agree to recommend

From Northern Economics Report (Continued):

8. Privatize Onboard Passenger Services pp 98-100

9. Increase Fares pp100-107- see optimal strategy table 57 p103

11. Potential Route Changes to take advantage of land-based infrastructure pp.110-117

- Ferry Terminal at Cascade Point

- Road to Warm Springs Bay

- Road from Kake

- Road from Tenakee Springs to Hoonah

- Leverage Road from Whittier to Homer, drop Homer and Kodiak from Cross Gulf Sailings

Northern Economics Report

Recommendations-Adopt/Not Adopt

- ▶ 1. Increase Prices-Optimal Pricing Model including Dynamic Pricing
- ▶ 2. When Making Service Changes Focus on Impact on Operating Subsidy
- ▶ 3. Reduce Operating Days Per Week on Route by Route Basis; Put certain vessels on 2 on two off schedule
- ▶ 4. Operate vessels as Day boats whenever possible
- ▶ 5. Eliminate calls to ports that are difficult to serve with day boats
- ▶ 6. Offer long term contracts to commercial operators willing to serve such ports
- ▶ 7. Add infrastructure to reduce operational costs

Northern Economics Report Recommendations(continued)

- ▶ 8. Look for ways to cut Cross-Gulf and Mainline Cost, increase cross-gulf/mainline utilization, increase cross Gulf/Mainline revenues- (see items a through f)
- ▶ 9. Reduce Southwest trips to two annually
- ▶ 10. Improve lodging cost options for overnighing crews
- ▶ 11. Privatize night and lay up crews
- ▶ 12. Negotiate with unions agreement to operate with smaller crews to aligned with seasonal and other vessel operating parameters.
- ▶ 13. Incorporate concepts from AMHS Reform Project that aim to promote and implement long-term vision and strategy for AMHS

Recommendations

- ▶ 14. Consider appointed board of directors for AMHS empowered to approve operating plans and capital initiatives

Other

- ▶ 1. Obtain administration and legislative approval of future 3-5 year rolling budget plan and stable STIP contribution to improve work/service planning.
- ▶ 2. Realign organization and job roles to elevate focus on maintenance planning with suitable metrics, strengthened asset surveys, clear technical authority accountabilities, flatter decision authorities.
- ▶ 3. Simplify work processes, procedures, job roles, decision authority, labor agreements. Leverage technology wherever possible/prudent, Inordinate AMHS complexity for organization this size has accrued over years, hinders effective performance, adds cost, significant distractor for leadership.
- ▶ 4. Adopt system-wide LTP to include forecast of outyear budget and performance goals and assumptions, major actions/initiatives including major vessel construction/ planned repair, yard availabilities, contract renewals, etc. refresh annually(evergreen).
- ▶ 35 Reduce fleet size,(take system view-factor condition/operating capability/crewing costs, port compatibility, alternative service providers, get rid of already surplus vessels to eliminate moorage and security costs. High operating/maintenance/,personnel costs, vessel age suggest current fleet not sustainable long term.

Other (continued)

- ▶ Establish dedicated AMHS transition/implementation team-direct report to Director, (3)-detailed or new temporary (2 year)positions, authority to reach/work across organization and externally as needed for key expertise/implementation reality checks,(eg scheduling, labor relations, procurement, personnel, compliance, communications, community partnerships, etc.- Core team key skills: organizational change (lead), ferry experienced marine engineering, finance (probably need part time admin support.)- goal is shaping specific actions that deliver effective organizational change: more reliable, more efficient ferry system simpler organization and process. (Change is hard/works best when owned by organization with clear objectives, will take dedicated focus/effort to achieve.