

MHS Reform Phase 3

Transition Planning



Update: February 201

Overview of Phase 3

Tactical Strategy

Interim Measures

Action Plan



Challenging Times

Require All Hands on Deck

Project Team

Southeast Conference

Contractors

- McDowell Group
- Elliott Bay Design Group

Statewide Steering Committee

Governor, Lieutenant Governor, agencies

Legislature

Public



Practical Legislative Strategy

Articulate issues and solutions

Coordinate actions and message

Maintain public support and momentum

Task 1: Refine Core Message

Refine talking points

Example

- **Without significant change the system is at risk of failure**
- **Pursuing legislation to transition AMHS to a public corporation**
- **Benefits: enhance revenue, private sector expertise, consistent leadership, longer planning horizon, alignment between labor and management**

Task 2: Communication Tools

Case for AMHS Reform

www.amhsreform.com

PowerPoint presentations

Phase 1 Governance Study

Phase 2 Strategic Business and Operational Plan

Economic Impacts of the Alaska Marine Highway System

Tasks 3 & 4: Legislation and Stable Funding

Legislation initiated

Budget process is underway

- Supplemental
- FY 2019

Public support needed at strategic times

Task 5: Effective Legislative Communication

Legislative strategy team

Legislative strategy subcommittee

- Refine talking points
- Inform all legislators
- Target leadership, Transportation Committees
- Alert on timing for testimony, emails, letters

Task 6: Mobilize Statewide Support

Public outreach subcommittee

- Community presentations
- Target associations with shared interests
- Utilize AMHS Reform website and contacts
- Municipal and Tribal governments
- Media

Task 6 to 10: Midrange Actions

Following this session

- **Strategic legislative communication**
- **Amplify statewide support**
- **Advocate for FY 2020 funding and interim measures**
- **Refine strategies for 2019 session**

Concepts for Interim Measures

Actions that can be taken now that align with the larger objective

Enhance sustainability of the system

Stabilize Funding

System has no resiliency

Actions have long-term implications – don't cannibalize system

Fleet and Terminal Standardization

**System benefits from standardizing the fleet:
training, labor contracts, maintenance, port
operations**

**Modern automations can reduce crew requirements
by 10 percent**

Labor Relations

Shift from DOA to AMHS

- Enhance labor/management relations

Director of Labor Relations

- Free senior management from time spent in disputes, discipline, negotiations
- Build internal knowledge base and relationships needed to lead contract negotiations

Market and Revenue Analysis

Need to understand market to deploy resources

Phase 2 findings

- Bellingham = 44% of operating revenues
- Non-residents = 42% of revenues
- Alaskan passengers hail from 175 communities
- Non-resident passengers have statewide impacts
 - 51% ANC
 - 36% Denali
 - 2% Fairbanks

Market and Revenue Analysis

Deploy resources

Participate in industry growth

Phase 2 findings

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Line Alaska Market Data

Fairbanks North Star Borough

- 3,316 passengers
- 1,409 vehicles
- Fairbanks, Fort Wainwright, North Pole, Eielson, Salcha, +

Bethel Census Area

- 281 passengers, 52 vehicles
- Aniak, Kipnuk, Kwethluk, Sleetmute, +

Operational Changes

Efficiencies available from vessel deployment,
planning, maintenance

Board Development

Gain needed business knowledge and leadership skills to run the organization

n Closing

Need a choir

- Importance of the system
- Statewide benefits
- Urgency of actions
- Hope for future