

## AMHS Reform: Tactical Legislative Strategy

The AMHS Reform Steering Committee and supporters must maintain project momentum during the 2018 session and likely beyond. The legislature will need confidence that AMHS has a pathway towards improved sustainability to address the immediate budget gap, the FY 2019 operating budget, and structural changes.

Southeast Conference and the AMHS reform Steering Committee generated public, media, and legislative awareness of proposed structural changes with the fall 2017 completion of *AMHS Reform Phase 2: Strategic Business and Operational Plan*. However, there are numerous issues competing for public attention, including the State's fiscal situation. Urgency, clearly articulated benefits, and considerable public support are essential for stabilizing AMHS funding and achieving proposed legislative changes.

This document is the first McDowell Group assignment under *AMHS Reform Phase 3: Transition Planning*. It provides an overview of the upcoming legislative session and recommended Steering Committee tasks.

### Immediate Action Items: 2018 Legislative Session

The legislative process is unpredictable, sometimes glacially paced and at other times extremely fast paced. The Steering Committee will need to remain informed, flexible, and well-coordinated for a successful outcome.

#### *Task 1: Refine Core Messaging*

The Steering Committee's talking points should be the foundation of every communication concerning AMHS. Communication opportunities will include formal and informal engagements ranging from media interviews, civic presentations, legislative hearings, and chance interactions (including the proverbial elevator speech).

Talking points should be refined with input from key contacts in the Administration including the Office of the Governor, DOTPF, Office of Management and Budget, and Legislative Director. The Committee should also incorporate feedback from legislators in leadership roles (such as DOTPF budget subcommittees, finance committees, transportation committees, and AMHS bill sponsors). There may be a need for midcourse refinement and/or emphasis of certain points.

Talking points should be circulated as soon as possible to Steering Committee members. Drawing on prior project documents and discussions, draft talking points are presented for consideration below:

- The AMHS Reform Steering Committee is pursuing legislation to transition the ferry system to a Public Corporation, creating a more sustainable organization.
- Benefits of this new business model include infusion of private sector expertise, enhanced revenue generation potential, consistent leadership, longer planning horizon, and greater alignment of management and labor interests.

- Without significant change, the system is at risk of failure. State General Fund support dropped by \$35 million in the past five years (\$124 million to \$89 million). Revenues, ridership, and related economic benefits also declined.
- As currently structured, AMHS experiences funding and schedule uncertainty, frequent turnover in politically appointed positions, short-term planning horizon, cumbersome procurement processes, indirect labor negotiations, and political influence over operational decisions.
- Full privatization is not an option; Alaskans lose too much in essential services. However, private sector expertise and efficiencies will be gained through the Board and new public-private partnerships.
- Urgent action is needed to preserve this essential transportation linkage between coastal Alaska and the state's economic and service hubs.

### *Task 2: Customize Communication Tools as Needed*

The Steering Committee and contractors established several communication tools and resources through initial project tasks, including those noted below.

- Case for AMHS Reform: It summarizes the value of changing AMHS from a line agency to a public corporation; illustrates the dramatic decrease in state funding; and contains data about widespread use among Alaskans and the economic importance of non-residents.
- PowerPoint Presentations: Long and short presentations were developed following completion of the Phase II report. Presentations can easily be tailored to reflect the audience and level of detail needed.
- Strategic Business and Operational Plan: The Phase 2 report contains detailed discussion about the benefits of a public corporation, numerous options to generate new revenues, and an operational analysis illustrating where savings can be achieved.
- AMHS Reform website: The website includes all project documents, presentations, meeting notices, public comments, and other relevant documents.
- Several additional documents can be found on the project website including the *Phase 1 Governance Study* (which examined marine highway models in other locations, their approach to governance, and applicability to AMHS) and *The Economic Impacts of the Alaska Marine Highway System*.

### *Task 3: Find Sponsor(s) to Introduce Public Corporation Legislation*

The Steering Committee must strategize with the Office of the Governor and legislative supporters about completing the drafting process and securing sponsor(s) to introduce needed bills. Required legislative changes were identified in section 4.7 of the *AMHS Strategic Business and Operational Plan*. Additional

changes will need to be made throughout the statutes, particularly where AMHS and Public Corporations are currently addressed.

Considerations:

- Introduction by a Committee, such as House or Senate Transportation, demonstrates broader support by geography and party.
- Introduction by the Governor indicates the issue is a significant priority for the administration. It could also make the bill vulnerable to opposition not related to bill content.

#### *Task 4: Secure Stabilized Funding*

AMHS faces an immediate budget issue that shuts down operations in April 2018 unless funding is included in a supplemental budget. The \$23 million gap, triggered by a shortfall in health care funding for FY 2018, became public in September 2017. The issue highlights how vulnerable the system is to year-to-year changes in budget allocations and priorities.

Aside from immediate budget concerns, funding for FY 2019 remains part of the ongoing budget process. Governor Walker introduced his budget request in December. The legislature typically initiates the budget process in late January. While both the House and the Senate create their own operating and capital budgets, the House takes the lead on the operating budget and holds more detailed budget hearings for departmental budgets.

DOTPF and AMHS leadership will respond to legislative requests for hearings and other information. There is considerable value in coordinating public support throughout the process. For example, members of the public should submit letters of support, attend budget hearings, and testify when public comments are solicited. Constituents and community leaders should contact their respective legislators, budget committee members, and finance committee members in support of stable funding.

New legislation may be introduced to stabilize AMHS funding. The Alaska Marine Highway System Fund was established in 1990. In accordance with AS 19.65.070, all operating revenues are deposited in the Fund. The legislature appropriates amounts from the Fund for operations and capital improvements. Both AMHS and Department of Revenue, acting as Fund managers, are required to submit an annual financial report to the legislature in early January. The required reporting, coupled with recent attention on the budget shortfall, will bring much needed attention to Fund issues.

#### *Task 5: Maintain Effective Legislative Communication*

The 30<sup>th</sup> Legislature commences the Second Regular Session on Tuesday, January 16. Committee and floor schedules, current legislation and related documents, existing statutes, and contact information for legislators can be found on the website: [www.akleg.gov](http://www.akleg.gov) along with much more information.

Committee hearings must be publicly noticed for at least five days prior to a hearing. The legislature's schedule for the following week is typically fully available by Thursday evening. Near the end of session, the public notice requirement is reduced to 24 hours. This action is triggered when the Senate and House form a conference committee to reconcile differences in the operating budgets. The pace of legislative actions can accelerate at this time.

Friday morning is an optimal time to review the schedule for the following week and to coordinate with legislative sponsors and the Administration on matters such as invited testimony; need for public calls, emails, and letters; and needed legislative contact in response to questions or issues.

A standing **Legislative Strategy Meeting** is recommended. Participants include the Southeast Conference Director, the Steering Committee Chair or designee, a representative from the Governor's Office closely tracking AMHS, a representative from the Governor's Legislative Director's Office, and potentially AMHS bill sponsors or staff. This nimble team can quickly confer on priorities and assignments.

A **Legislative Strategy Subcommittee** should be formed to ensure that follow-up on assigned tasks is completed. To augment efforts of Steering Committee members involved in the weekly strategy meeting, additional subcommittee members should be prepared to engage in the legislative process including testifying, personal visits to the Capitol, and other needed outreach.

Legislative outreach tasks include, but are not limited to, the following:

- Refine and distribute talking points.
- Send a letter from the Steering Committee to every legislator informing them of the project and the importance of AMHS, and asking for their support on funding and Public Corporation legislation.
- When appropriate, communicate Interim Measures (needed and/or already implemented) to address AMHS sustainability.
- Assign a small team to maintain consistent communication with legislative leadership including the Senate President, House Speaker, and Finance Co-Chairs. Assignments should reflect Steering Committee members' existing relationships, experience with legislative processes, and ability to maintain candid communications. The Steering Committee should anticipate that some information exchange will be confidential and public disclosure could harm the relationship and outcome.
- Target legislators and committees for briefings with the Steering Committee. Initial outreach should include Transportation Committee chairs in each body. Legislators may want to sponsor a "Lunch and Learn" for legislators and staff, typically held at the Capitol complex.

## *Task 6: Mobilize Statewide Support*

Effective testimony at Committee hearings and in one-on-one communications requires considerable public outreach.

The Steering Committee should form a **Public Outreach Subcommittee** to coordinate on civic presentations, to provide regular updates to AMHS Reform contacts, and to use community contacts strategically.

Public outreach tasks include, but are not limited to, the following:

- **Coordinate Community Presentations:** Steering Committee members can tailor existing PowerPoint presentations.
  - Possible forums include Chambers of Commerce, Rotary and other service groups, School Boards, City Councils, and Borough Assemblies.
  - Conclude by asking audience members to contact legislators about the importance of AMHS funding and proposed legislation.
  - Communities on the road system should be included, highlighting the statewide benefits of resident and non-resident travel.
- **Target Associations with Common Interests and Strategic Gatherings:** Several groups with common goals will be holding board meetings, legislative fly-ins, and conferences in the coming months.
  - Examples including Alaska Municipal League, Southeast Conference, Southwest Alaska Municipal Conference, Prince William Sound Economic Development District, other ARDORs, Alaska Travel Industry Association, and Alaska Chamber.
  - Activities include presentations to boards and members; inserting a letter in board/conference packets with talking points; providing a short article for e-news with links to the AMHS Reform website.
- **AMHS Reform Website and Contacts:** Continue to post project updates, media stories, and meeting announcements on the [www.amhsreform.com](http://www.amhsreform.com) website. Sending email blasts is an extremely efficient way to alert people when targeted communications are needed. Updates can include links to legislators' emails and phone numbers.
- **Community Leadership:** Municipal and tribal leaders have a special relationship with the legislature. The Subcommittee should establish strong communications with municipalities, their lobbyists, tribal entities, and Alaska Municipal League. These entities can amplify communications and alert the Steering Committee to suggestions and concerns.

- Media: Draft 300- to 500-word stories for distribution at key points in the process. Examples include introduction of legislation forming the Public Corporation and support for AMHS supplemental budget. Articles can be sent directly to media outlets and distributed via newsletters published by local Chambers, trade organizations, and other supporters.

### Midrange Actions: Legislative Interim Period

Actions following the 2018 session are dependent on progress made during in the coming months. Communications and outreach will likely need to continue during the interim and into future legislative sessions.

#### *Task 7: Refine and Strategically Target Legislative Communication*

The actions described above in Task 5 will need to continue, although without the structure and time constraints of the legislative session. The interim allows for committee hearings and work sessions to be conducted throughout the state.

This time also allows for more strategic communications between constituents and legislative leadership. Emphasis should be given to House and Senate Finance Committee members, as passage of AMHS budget and legislation is contingent on support from these powerful bodies.

The Committee should develop a strategy to inform and influence each member individually.

- Identify the geographic boundaries of their respective districts, economic drivers, personal interests, and influential constituents.
- Based on this analysis, identify a set of influencers for each member, review the AMHS talking points and communication tools with them, and facilitate communication between legislators and targeted constituents.
- As an example, an Interior legislator may respond favorably to constituents who can articulate the value of AMHS to the military and visitor industry.

#### *Task 8: Amplify Statewide Awareness and Support*

Continue actions outlined in Task 6 to achieve statewide understanding and support for AMHS. Given the population distribution, and concentration of legislative strength, support from Interior and Southcentral residents and community leaders is critical.

- Key messages for civic presentations and other outreach include usage of AMHS by residents in their region and economic benefits of visitors traveling via highway and ferry.
- Additional messaging includes how AMHS Reforms can stabilize general fund needs, value of private sector influence on the public agency, and the role AMHS has in supporting private sector economic activity.

Legislation will need to be reintroduced in 2019 with the convening of a new legislature. The strength of the public support generated by the AMHS Steering Committee will directly influence the momentum for introduction and passage of a new bill.

*Task 9: Advocate for FY 2020 Funding and Implement Interim Measures*

Preparation of the FY 2020 budget will begin during the summer of 2018. The Steering Committee, AMHS, and DOTPF will need to strategize with the Governor's Office of Management and Budget on budget requests and associated service levels.

This time also allows for implementation of Interim Measures identified in Phase III. These measures will be aligned with transformation to a Public Corporation and demonstrate the value of reforms. Communication materials will need to be updated appropriately including the brochure, presentations, and website.

*Task 10: Refine Strategies before the 2019 Session*

The Steering Committee and Subcommittees should evaluate and update communication strategy, tools, and tactics before the 2019 Session commences. Coordination and communication between the Steering Committee, AMHS supporters, communities, tribal governments, and key contacts should be well-established by this time.

Updated analysis of AMHS passenger and revenue data should be incorporated into communication tools.