

2019 Alaska Marine Highway System Reform Initiative

Without significant change, the Alaska Marine Highway System (AMHS) is at risk of failure.

(Insert “Alaskan ridership and revenue significant” map)

- As currently structured, AMHS is unable to maximize its value to the State due to an inability to operate like a private enterprise and pursue cost-saving collaborations with the private sector.
- Current operations are hindered by frequent turnover in politically-appointed positions, short-term planning horizons, cumbersome procurement processes, indirect labor negotiations, and political influence over operational decisions.
- Scheduling uncertainty alone has resulted in millions of lost revenue each year, compounded by the aging fleet and service interruptions.
- Personnel represents about 80 percent of operating budgets and must be address strategically.
- General Fund support declined by \$38 million (31%) between FY 13 and FY 19, leading to significant reductions in service levels, ridership, and economic benefits to Alaska’s economy.
- AMHS must become more efficient and revenue-driven to offset these cuts and stabilize funding.

Maintaining the long-term viability of the system is critical for our overall economy.

Urgent action is needed to preserve and enhance coastal Alaska’s essential transportation linkage.

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Southeast Conference and the statewide AMHS Reform Committee are pursuing legislation to transition AMHS into a public corporation to enhance operational efficiency and ensure its sustainability.

(Insert map of “Top 10 Destinations of Visitors using AMHS Summer 2016”)

The new State-owned public corporation would:

- Infuse private-sector expertise through its Governor-appointed board of directors, with anticipated expertise in business operations, transportation, finance, and economic development.
- Promote consistent leadership, create greater alignment between management and labor, and provide a greater balance between operational efficiency and political influence.
- Provide greater latitude to control costs and enhance revenue.
- Develop fleet and business operations in a strategic and efficient manner.
- Serve as a foundation of coastal community sustainability and stimulate statewide economic development.

Contact:

Recommendations are based on the AMHS Reform Project Strategic Business and Operational Plan, which included an examination of AMHS operations and other ferry systems around the world, analysis of public corporations in Alaska (including Alaska Railroad), and considerable input from Alaska residents. Reports and project information are available at

www.amhsreform.com