



612 W. Willoughby Ave., Suite B
P.O. Box 21989, Juneau, AK 99802
Phone (907) 586-4360
www.seconference.org

Email transportation@seconference.org

SOUTHEAST ALASKA REGIONAL DEVELOPMENT ORGANIZATION

Dear Mayor Knight and Valdez City Council members:

Southeast Conference is asking for your contribution and support to help move the Alaska Marine Highway System Reform Project forward.

Alaska's Marine Highway is entering a period of profound change. With its financial reserves exhausted, vessels in need of major refits or replacements, an unsustainable cost structure and waning political support, cuts in service have crippled the system. Yet the communities it serves are heavily dependent on reliable marine transportation. AMHS operates in an environment with market, political and operational challenges unlike those anywhere else in the world. Its service mandate is broad, its markets small and diverse, and its political support increasingly fragmented. Typically, annual appropriations fall approximately \$20 million short of what is needed to sustain operations. Success over the long-term will require a carefully crafted combination of management, operations and funding strategies (and execution). Yet the value of AMHS is clear. In addition to providing transportation to communities with no other options and infrastructure for several regional economies, AMHS accounted for 1,700 Alaska jobs and \$104 million in Alaska wages in 2014. The State of Alaska's general fund investment of \$117 million resulted in a total return on investment of \$273 million, a return of more than 2 to 1.

Southeast Conference recently signed a Memorandum of Understanding with Governor Walker that establishes an agreement between the two parties to develop an Alaska Marine Highway System Strategic Plan, to include a long-term comprehensive operational and business plan that is financially sustainable and meets the needs of those it serves. The process will involve broad public engagement and should result in a 25-year plan for the system.

Southeast Conference was formed in 1958 to focus on the creation of the Alaska Marine Highway System (AMHS). SEC continues to advocate for an effective marine transportation system and it remains a centerpiece of our organization. As Alaska's Regional Development Organization (ARDOR), we reached out across the coastal regions of the state and are working statewide to find solutions for AMHS.

This is one of the most important projects Alaska will engage in and it will make a positive difference for years to come for AMHS and the people of Alaska. Financial contributions from user groups like, municipalities, tribes, corporations, and other organizations is essential to the success of this project.

This AMHS project needs your contribution. The agreement with the Governor's office comes with some financial backing but the development of this strategic plan is going to be costly. This statewide public private partnership is very valuable and your contribution will help move this project forward. The project will be divided into 2 phases. Phase 1 will be the governance modeling and recommendations. Our goal is to have findings on the governance structure back to the Governor and Legislature this fall. We are hopeful that you will partner with us and contribute to this AMHS revitalization and reform effort.

Please contact Southeast Conference office if you have questions or would like more information. We look forward to your support and contribution to this very important project.

Sincerely,

Shelly Wright