

Memorandum of Understanding

BETWEEN

THE STATE OF ALASKA

AND

THE SOUTHEAST CONFERENCE



This Memorandum of Understanding (MOU) sets forth the terms and understanding between the State of Alaska and the Southeast Conference, a regional development organization, to develop a proposed strategic plan, to include a long-term, comprehensive operational and business plan for the Alaska Marine Highway System (AMHS).

Background

For over 50 years, the AMHS has provided a critical transportation link between Alaska's coastal communities, the Lower 48, and Canada. The AMHS serves as a socio-economic lifeline and transportation corridor for many of the communities it serves, and provides statewide economic benefits. In recent years, the AMHS has experienced rising costs, decreasing budgets, and significant reductions in service. Ferry users statewide have expressed concerns about service reductions, system unreliability and interruptions in service. The AMHS system's aging fleet requires increased maintenance and a plan for vessel replacement. The State's current fiscal challenges add imperative to re-examining the AMHS system, the needs of those it serves, and opportunities for transformational change to ensure the system's long-term viability.

Purpose

This MOU establishes an agreement of understanding between the State of Alaska (State) and the Southeast Conference to develop an AMHS Strategic Plan (Plan), to include a long-term, comprehensive operational and business plan for the AMHS 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. The plan is intended to provide a benefit to the State and the public.

Roles and Responsibilities

Through this MOU, the State of Alaska agrees to:

- Outline goals and objectives for the Plan;
- Contract with the Southeast Conference under AS 36.30.850(b)(29) to manage development of the Plan;
- Comply with all applicable procurement laws and regulations;
- Provide access to relevant data, information and expertise, subject to confidentiality rules that may apply; and
- Participate as a member on the Project Steering Committee.

Through this MOU, Southeast Conference agrees to:

- Perform its contractual duties to manage the development of the Plan;

- Identify, request, and receive additional non-state aid for the project;
- Provide staff and resources to coordinate a statewide steering committee of community leaders for the development of a long-term, comprehensive operational and business plan;
- Actively solicit statewide input through a broad public process;
- Contract with specialists if needed to identify possible solutions for the AMHS; and
- Develop and submit a draft written Plan to the State, followed by a final written Plan that is responsive to State and stakeholder feedback.

The AMHS Strategic Plan developed by Southeast Conference under this MOU shall address, at a minimum, the following issues:

- *AMHS Mission Statement:* The AMHS mission must be identified, stated, and agreed to, and the mission statement will be the project's first deliverable.
- *Governance Structure:* What type of governance structure or combination of structures is best suited to operate the AMHS in an economically optimal way that meets user needs?
- *Operations:* How can the AMHS best serve the basic transportation and shipping needs for Alaskans? How can vessels be better matched to specific routes? What routing structure is most viable for the AMHS?
- *Other Revenue:* What mix of public funding and other revenues will provide for the sustainability of the AMHS for the next 25 years? What changes are needed to the tariff rates and structure? What are the opportunities for marketing and ancillary revenue?
- *Partnerships:* What is the potential for partnerships with private, tribal, municipal and/or nonprofit entities? Is there a role for contracting for concessions, routes, or other aspects of operations? Are there opportunities to leverage AMHS assets to create revenue?

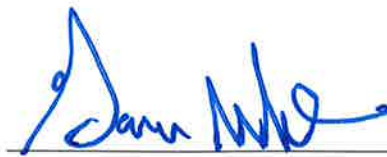
Duration

This MOU may be modified by mutual consent of authorized officials from the State of Alaska and Southeast Conference. This MOU shall become effective upon signature by the authorized officials from the State of Alaska and Southeast Conference and will remain in effect until modified or terminated by mutual consent. In the absence of mutual agreement on an alternative timeframe by the authorized officials from State of Alaska and Southeast Conference, this MOU shall end on December 31, 2017.

Dated this 19th day of May, 2016



Bill Walker, Governor
State of Alaska



Garry White, Board President
Southeast Conference