

FY 2022 Passenger Ferry Grant Program, Electric and Low-Emitting Ferry Pilot, and Ferry Service for Rural Communities

Applicant and Proposal Profile

Is this a resubmission due to an invalid/error message from FTA? Yes No

Is this application for:

(If applying to two programs, please select both boxes)

- Passenger Ferry Grant Program (FTA-2022-006-TPM-FERRY)
- Electric or Low-Emitting Ferry Pilot Program (FTA-2022-007-TPM-FERRYPILOT)
- Ferry Service for Rural Communities Program (FTA-2022-008-TPM-FERRYRURAL)

If applying to more than one Ferry program, applicants should enter information for the applicable programs on this form but **Must** submit the application package including the Supplemental Form and attachments, to **Each** respective Opportunity ID on Grants.Gov. That is, complete one form, but submit it to each program in Grants.gov.

Section I. Applicant Information

Organization Legal Name:

FTA Recipient ID Number :

Organization Chief Executive Officer:
(Name and Direct Phone Number)

- Applicant Type: Designated or Eligible Direct Recipient of 5307 Urbanized Area Formula Funding
- State or Territory
- Local Governmental Authority
- A Federally-Recognized Indian Tribe

- Project Location: Large Urbanized Area (200,000+ people)
- Small Urbanized Area (50,000-199,999 people)
- Rural (less than 50,000 people)

Description of services provided and areas served:

The Alaska Marine Highway System (AMHS) serves 35 Alaska ports by transporting passengers and vehicles between coastal communities. This service helps meet the social, educational, health and economic needs of Alaskans. AMHS provides year-round scheduled ferry service throughout Southeast and Southwest Alaska, extending south to Prince Rupert, British Columbia and Bellingham, Washington. The system connects communities with each other, regional centers, and the continental road system. It is an integral part of Alaska's highway system, reaching many communities that would otherwise be cut off from the rest of the state and nation. AMHS also provides a coastal transportation alternative between Anchorage and the "Lower 48" states versus driving the Alaska Highway.

AMHS is designed to provide basic transportation services to communities; transportation that allows community access to health services, commodities, legal services, government services, and social services; transportation that meets the social needs of isolated communities; and transportation that provides a base for economic development. AMHS service is divided into two major systems: the Southeast System (from Bellingham north to Yakutat) and the Southwest System (from Cordova west to Unalaska). The Alaska Marine Highway fleet consists of 9 vessels; six operate in the Southeast System and three operate in the Southwest System. All 9 vessels are designed to carry passengers and vehicles ranging in size from motorcycles to large freight container vans. Trips on AMHS can last

several hours or several days, so passenger services are an important aspect of the state’s transportation service. Most vessels provide food service, shower facilities, observation lounges, and recliner lounges. The larger vessels provide additional amenities, including play areas for children. Four vessels have stateroom accommodations for overnight travel.

One regular use of AMHS is the year-round transportation of container vans. These vans transport time-sensitive cargo such as fresh vegetables, meat, and dairy products from Bellingham and regional Alaska centers to communities served by the system. Local restaurants, grocery stores, individuals, and food distribution businesses have established delivery schedules with AMHS to ensure regular and continuous delivery of perishable goods. Shipping perishable supplies on AMHS is more cost-effective than air freight, and in many cases ensures delivery to communities on a more frequent basis than commercial barge and freight lines. Vans are also used to move fresh Alaska fish and seafood to markets, and to transport U.S. mail and household goods.

The Southwest system serves Prince William Sound, the Kenai Peninsula, Kodiak Island, and the Aleutians. The MV Tustumena provides regular service between Kodiak, Port Lions, Seldovia and Homer. The Southwest routes connect to the continental road system at Valdez, Whittier, and Homer, Alaska. The MV Kennicott provides regular cross gulf sailings. These sailings connect Southeast Alaska with the Southcentral and Southwest regions of the state. The Southeast route is divided into two subsystems: the “mainline” routes which typically take more than one day for the ship to travel and shorter routes where vessels depart their home port in the morning, travel to destination ports and then return to their home port on the same day. The mainline routes carry a high percentage of tourists and vehicles in the summer, and provide service between Bellingham, WA or Prince Rupert, BC, and Skagway or Haines, Alaska. Along the way, the ships stop in Ketchikan, Wrangell, Petersburg, Sitka, Juneau, and Haines. Although Kake and Hoonah are smaller communities, they are also served by certain mainline sailings. The day boat routes connect the smaller communities to regional hub communities for commerce, government, health services, and connections to other transportation systems.

Section II. Project Information

About the Project

Project Title: Restoring the Health of the Alaska Marine Highway System for Sustainable Operations to Rural Communities
(Descriptive title of this project)

Project Executive Summary:

Alaska DOT&PF is extremely effective at delivering public benefits to Alaskans, leveraging millions of dollars on behalf of Alaskans to address the safety, state of good repair, economic impact, and technological innovation of Alaska’s transportation system. DOT&PF, like many agencies nationwide, is facing unprecedented challenges with inflation, tight labor markets, a pandemic, an aging workforce and fleet, supply chain issues, and outdated technologies. For years, DOT&PF has been trying to adapt to these ever-changing challenges, and, despite constant adjusting and tireless effort by staff and crew, the agency has been struggling to provide reliable and predictable service through its ferry system. Reliable, predictable service needs to be restored; to do so, DOT&PF is requesting \$44,823,800 in federal funding for FY23 through the Rural Ferry Program.

This financial operating support will improve the condition and quality of existing passenger ferry services and lead to more reliable and improved service. AMHS currently brings in an average of 30 percent of the annual average operating costs in revenue; the remaining operating costs are covered by federal and state funds. Revenue is insufficient to meet operational needs.

The State of Alaska fulfills all operating grant requirements including providing 50% in matching state funds. This funding request does not supplement state dollars but will be used to increase service to underserved communities. The State of Alaska maintains at least 75 percent of the three-year average pre-pandemic of state funding for operations which for FY17-19 is nearly \$70m. DOT&PF is committed to the long-term sustainability of the AMHS, a critical component of Alaska's transportation system, and when possible, seeks to strengthen and grow the service that Alaskans depend on.

Project Statement of Work (one sentence summarizing request):

The Alaska Marine Highway System Sustainable Operations funding request will strengthen the ferry system in Alaska, which serves 35 communities covering 3,500 miles of coastline, by ensuring that route coverage is appropriate and in place for served communities, that seasonal route schedules are able to respond to the increased workforce or travel demands, and that vessels have their necessary preventative maintenance addressed.

Will you need a Buy America waiver? Yes No

- Propulsion Type:
- Battery electric
 - CNG
 - Diesel
 - Diesel-electric hybrid
 - Electricity (including electricity from solar energy)
 - Fuels (except alcohol) derived from biological materials
 - Gasoline
 - Hydrogen
 - Liquefied petroleum gas
 - Methanol, denatured ethanol, and other alcohols
 - Natural Gas
 - A mixture containing at least 85% of methanol, denatured ethanol, and other alcohols by volume with gasoline or other fuels
 - Any other fuel that is not substantially petroleum and that would yield substantial energy security and environmental benefits

If other fuel, specify:

Other

If Other, specify:

Operating budget

- Project Type:
- Facility Rehabilitation
 - Facility Replacement
 - New Facility (expansion)
 - New Vessel (expansion)
 - Number of vessels for service expansion:
 - Vessel Rehabilitation
 - Number of vessels to be rehabilitated:
 - Vessel Replacement
 - Number of vessels to be replaced:
 - Related Equipment
 - Operating (Rural Program Only)
 - Planning (Rural Program Only)
 - Other

If Other, specify:

Climate Change

Please describe the significant community benefits relating to the environment (see NOFO section E.2):

The AMHS is responsive to climate change and environmental justice, which is especially true as newer ferries with better technology and improved fuel efficiency are appropriately deployed. There are numerous community climate action plans that call for more efficient transportation operations. The State is in the process of developing a Sustainable Transportation Program and considering the development of a transportation equity plan. EJSCREEN is used in DOT&PF planning.

Environmental Justice Populations

Is there an environmental justice population(s) located within the service area? Yes No

Describe the environmental justice population(s) and the anticipated benefits resulting from the project for those population(s) (see NOFO Section E.2):

The communities served by the AMHS all face low transportation access and high transportation cost barriers. The majority are not accessible by road so the cost of transporting freight and travel for individuals is extremely high. As a public transportation system, the AMHS provides affordable transportation options for people who might not otherwise be able to travel at all. In rural Alaskan towns, a ferry ride is a slower but more affordable way to the city than an air taxi or float plane for student groups, medical patients, or individuals looking to travel for work or for pleasure. In winter severe weather makes air transportation risky and unreliable. Lack of ferry service leads to a host of logistical problems, ranging from broken vehicles to stranded fishing gear and construction equipment. Locals may spend up to four times as much to barge freight if ferries are not available. Operating budget support reduces these barriers by ensuring regular ferry service.

Racial Equity/Barriers to Opportunity

Does the project address racial equity or barriers to opportunity (see NOFO Section E.2)? Yes No

If yes, please describe:

This project promotes racial equity and removes barriers to opportunity. The AMHS is at the heart of Alaska’s equitable approach to ensuring the benefits of affordable transportation. This publicly subsidized system ensures that coastal communities (the majority of which are considered disadvantaged) have high costs and limited service mitigated. Coastal communities’ land use policies and housing take into account distance from the ferry terminal and dock access. The State’s sustainable transportation program and future transportation equity plan take into account the AMHS. Operating budget support is essential to continued service to communities that would otherwise be further disadvantaged. Because the alternative to additional operating support is reduced or inequitable ferry service, all project costs are considered investments in addressing racial equity or removing barriers to opportunity.

Creating Good-Paying Jobs

Applicants for facility projects, please describe how the project will support creating good paying jobs (see NOFO section E.2):

DOT&PF contracts implement equity-focused policies and labor standards related to all phases of contracting and construction and requires payment of Davis-Bacon wages when applicable. For communities with few opportunities, AMHS provides good career jobs. AMHS employees are represented by three unions. Ninety-five percent of AMHS employees are residents of 44 communities. Contractors are required to seek out minority and local hires and fully utilize any training programs in the area.

Justice40

Does the project support the Justice40 Initiative? Yes No

Describe how the project supports the Justice40 Initiative and the benefits provided (see NOFO Section E.2):

The project will support the Justice40 Initiative by strengthening the resiliency of a vital transportation system in the face of extreme impacts from climate change and by connecting disadvantaged rural communities to commerce, health and social services, and providing an economical way to bring food and other goods and services in. Transportation planning in Alaska must account for communities that are very remote. Harsh weather means they are often not accessible by air during the winter, so the marine highway plays an important part in connecting residents to basic services that are often a short drive away in other parts of the U.S. Resilience to climate change in the transportation network is particularly important in Alaska, where climate change puts much of the state at increased risk for natural disasters. Since the Exxon Valdez oil spill in Prince William Sound in 1989, the AMHS has been integrated into the state's emergency response system.

Describe the methodology used to determine the project meets the Justice40 Initiative (see NOFO Section E.2):

Many of the datasets in Justice40 screening tools are not complete for Alaska and data is not always applicable. 15 of the 33 served communities on the AMHS route are considered Tribal or Disadvantaged, though other datasets would consider all communities served as Tribal and additional communities as Difficult Development Areas or climate-impacted. EPA’s EJSCREEN and DOT’s Historically Disadvantaged Community Tool are used by Alaska DOT&PF in their planning processes and project implementation. The State will launch an equitable development plan process, and Climate Action Plans at the local and regional level have identified emission reduction as a goal for mitigation.

Justice40 Population Impacted

Justice40 Disadvantaged Community Served as Identified in the NOFO Section E.2

Actual or Estimated Annual Ridership Count

Ketchikan (Saxman)	13,295
Haines (Klukwan)	21,035
Seldovia	6,356
Metlakatla	16,203
Petersburg	4,701
Kake	1,308
Valdez	7,010
Chenega Bay	127
Tatitlek	98
Ouzinkie	879
Chignik	137
Sand Point	235
Cold Bay	117
False Pass	42
Akutan	176
Port Lions	861
Hoonah	4,161

Angoon	2,894
Gustavus	3,802

What is the percentage of Disadvantaged Communities within the project area? %

Was this estimate generated using the Justice40 online mapping tool? Yes No

Project Budget

Description	QTY	Federal Amount Requested	Federal Match Amount	Other Federal Funds	Other	Total Cost
Annual Operating Budget	1	44,823,800	44,823,800	0	0	89,647,600
Total:		44,823,800	44,823,800	0	0	89,647,600

Operating Support (Rural Program Only)

Rural Ferry Program applicants requesting operating assistance should complete the following based on the applicant's fiscal year.

	A. Total Operating Cost**	B. Operating Support Provided by the State	C. Fares and Other System Generated Revenues	D. Other Funding Sources*	
2017	134,930,000	89,263,000	46,418,000	0	
2018	142,012,000	93,718,000	48,294,000	0	
2019	140,870,000	96,108,000	51,203,000	0	
<i>Anticipated*</i>					Amount Eligible to Apply
2023	142,962,500	80,063,000	18,075,700	0	44,823,800
2024					0

*do not include funds anticipated through this application

** Column B+C+D=A for 2017-2019

2017-2019 Average Operating Support Provided by the State or locality: 93,029,810

75 Percent (minimum that must be provided) of 2017-2019 Average Operating Support Provided by the State or locality: 69,772,360

Matching Funds Information

Matching Funds Amount:

Source of Matching Funds:

The State of Alaska DOT&PF is the source of non-federal matching funds. These funds are currently available and have been appropriated to the project. DOT&PF is committed to this match due to the disadvantaged status of AMHS-served communities, as described below.

Disadvantaged Community Status:

The communities of Sand Point, False Pass, Akutan, Chenega, Tatitlek, Seldovia, Saxman, Ouzinkie, Chignik, Kake, and Metlakatla are all federally recognized Alaska Native Villages and therefore have Disadvantaged Community Status.

Environmental Factors:

Environmental data is from the EJScreen Tool and the Climate and Economic Justice Screening Tool. Many communities on AMHS routes face environmental and climate change challenges. Expected population loss rate is high for the following communities: Sand Point, Cold Bay, False Pass, and Akutan are at the 83rd percentile. Klukwan is at the 99th percentile. Homer is at the 81st percentile. Seldovia is at the 98th percentile. Ouzinkie is at the 89th percentile. Chignik is at the 99th percentile. Yakutat is at the 92nd percentile. Diesel particulate matter exposure is high in Ketchikan and Kodiak, where one census tract in each community is at the 99th percentile. Five communities have high proximity to Risk Management Plan (RMP) facilities: Unalaska at the 92nd percentile, Cordova at the 87th percentile, Ketchikan at the 91st percentile in one census tract and 98th in another, Kodiak in three census tracts (81st percentile, 98th percentile, 99th percentile), and Sitka at the 81st percentile in one census tract.

Health Factors:

Twenty-five communities are in Medically Underserved Areas according to the EJScreen tool: Ketchikan, Saxman, Wrangell, Kake, Juneau, Haines, Klukwan, Skagway, Cordova, Valdez, Whittier, Chenega, Tatitlek, Yakutat, Kodiak, Homer, Seldovia, Ouzinkie, Chignik, Sand Point, King Cove, False Pass, Akutan, and Unalaska. EJScreen lists four communities in food deserts: Wrangell, Kake, Klukwan, and Chignik. Other health data came from the Climate and Economic Justice Screening Tool. Four communities on AMHS routes have high rates of asthma among adults, with Klukwan at the 91st percentile, Ouzinkie at the 85th percentile, Chignik at the 93rd, and Metlakatla at the 93rd percentile. Two communities have high rates of both diagnosed diabetes and coronary heart disease among adults: Klukwan is in the 92nd percentile for diabetes and the 96th for heart disease and Metlakatla is in the 94th percentile for diabetes and the 83rd percentile for heart disease. One census tract in Juneau is in the 92nd percentile for low life expectancy.

Socioeconomic Factors:

Socioeconomic data is from the Climate and Economic Justice Screening Tool. Klukwan is in the 90th percentile for low median household income as a percent of area median income, Chignik is in the 88th percentile for the same metric and one census tract in Ketchikan is in the 80th percentile. Four census tracts along AMHS routes are at the 80th percentile or above for linguistic isolation: one census tract in Ketchikan is at the 80th percentile, two census tracts in Kodiak are in the 80th percentile and one census tract in Kodiak is in the 85th percentile. Four communities have very high unemployment rates: One census tract in Ketchikan is at the 85th percentile, Ouzinkie is at the 93rd percentile, Chignik is in the 95th percentile, and Metlakatla is in the 97th percentile.

Supporting Documentation of Local Match:

One of the first actions of the State of Alaska when it became a state was to bond for a ferry. The Alaska Marine Highway System has been a mainstay of Alaska's economy and community viability. The State of Alaska remains just as committed to that system and outcome today as 70+ years ago.

The Alaska State Legislature continues to fund the AMHS beyond farebox recovery, with more than 50% of the budget coming from general fund revenues. That kind of commitment has been upheld even as the State faced dire fiscal circumstances with its precipitous drop in revenue due to oil price decline and output. More recently, and concurrently, the State upheld its budget commitment while the pandemic and economic crisis diminished the ability for the ferry system to operate fully due to public health concerns and in the face of restricted travel.

The Alaska Department of Transportation and Public Facilities (DOT&PF) is the State Transportation Agency that plans, designs, constructs, maintains, and operates transportation infrastructure in the State of Alaska. DOT&PF has a proven track record of utilizing FHWA formula funds, through surface transportation grants, and constructing maritime infrastructure in support of the operations of AMHS, which is a division of DOT&PF.

DOT&PF is committed to the long-term sustainability of the AMHS, a critical component of Alaska's transportation system. The system knits together ports, towns, and cities across the system, covering 3,500 service miles, and their service affects the lives and livelihoods of many Alaskans. Operating budget support will mean improved quality of service to rural and disadvantaged communities, greater

operational efficiency and cost savings, and the health and safety of residents and mariners.

The 2017-2019 Average Operating Support provided by the State was \$93,029,800. The State commits to providing a minimum of 75 percent of the 2017-2019 Average Operating Support provided by the State, or \$69,772,400. Through the Rural Ferry grant program, operating funds, the State is requesting \$44,823,800 for one year. DOT&PF may continue to apply in future for similar amounts, consistent with its sustainability goals.

The State of Alaska commits to contributing 50 percent (\$44,823,800) of the total eligible project cost towards this critical State need. The State of Alaska Office of Management and Budget will be responsible for managing these funds alongside the expertise at the Alaska DOT&PF and AMHS management team.

The Alaska Marine Highway is vital to the health of Alaska. It's here to stay and DOT&PF is reinvesting in its people, vessels, and shoreside infrastructure. The department is continuing an aggressive recruitment effort and working to keep the fleet in top operating condition through its annual shipyard overhaul schedule. The vision for the AMHS is that it is sustainable into the future, and the partnership between the State and federal government will ensure this is met.

DOT&PF has included its match commitment and local letters of support in Appendix C. All project documents are located at <https://dot.alaska.gov/amhob/strategy.shtml> under Item 1.4 "IIJA Funding and Discretionary Grants." Appendix A provides maps and routes for the AMHS, and Appendix B is a Technical Volume providing any condition reports or implementation plans.

Project Scalability

Is Project Scope scalable? Yes No

If Yes, specify minimum Federal Funds necessary:

Provide explanation of scalability with specific references to the budget line items above:

Scaling this operating budget application is not ideal, as it threatens the integrity of the AMHS and the service communities depend on. Without full funding as requested, the AMHS is unable to increase service where demand is identified, nor pursue additional goals of sustainable and equitable transportation. Considering that nearly half of the communities served by the system are considered disadvantaged, scaling back federal support for the AMHS operating budget engenders great uncertainty for these rural residents.

Reduced funding calls into question the ability of the State to strengthen the system, and to ensure its long-term viability. With that in mind, USDOT could choose to scale back the operating budget request back to an amount consistent with its available funding. The Alaska DOT&PF may continue to apply in future for similar amounts, consistent with its sustainability goals.

Project Timeline (Please be as specific as possible)

Timeline Item Description	Timeline Item Date
Draft Budget Released	12/15/2021
Legislative Session	01/15/2022
Final Budget Adopted	05/15/2023
CY23 Operating Budget	01/01/2023

Congressional Districts (Project Location)

Congressional District

AK-001

Section III. Evaluation Criteria

***** Address each of the evaluation criteria as described in the Notice of Funding Opportunity. *****

Demonstration of Need

DOT&PF, like many agencies in Alaska and the nation, is facing unprecedented challenges with inflation, tight labor markets, a pandemic, an aging workforce and fleet, supply chain issues, and outdated technologies. For years DOT&PF has been trying to adapt to these ever-changing challenges, and, despite constant adjusting and tireless effort by staff and crew, the agency has been struggling to provide reliable and predictable service. This pattern cannot continue.

The public expects more from its transportation agency. Reliable, predictable service needs to be restored, and to do so, DOT&PF is requesting federal support for FY23 through the Rural Ferry Program. With this funding request, DOT&PF proposes to begin a new program to restore the system to pre-pandemic service levels. The AMHS Restoration Program will chart the course ahead to a restored and healthy transportation system by meeting service level targets based on crewing availability, fleet capacity, and budget. This program will first focus on stabilizing the system and then incrementally adding service while providing transparency through monitoring and reporting of critical system elements—our crew, our vessels, and the financial resources to support service. Each phase includes mitigation measures addressing fare structure, policy, and communication. This program will have a cost for mitigation measures such as those need to recruit and retain employees. To enhance transparency and communications, each community will be able to track service updates, program progress, and any changes to mitigation measures via a customized Service Area Playbook.

Crew. AMHS is nothing without the people working daily to keep vessels running, provide passengers with services, maintain schedules, and keep us in regulatory compliance. Committed staff are burning out due to national staffing shortages in the maritime industry. The shortage of qualified crewmembers threatens operations. Vessels are frequently at risk of going into lay-up and sailing with a crew operating by extensive holdovers and significant overtime status, leading to low morale. Since 2019, AMHS has lost more staff annually than recruitment efforts can replace. For every person hired, 1.8 people leave. Despite efforts to hire and retain talented staff, recruiting efforts to date are failing to attract workers.

Fleet. Reliability is impacted by mechanical delays and failures due to the aging fleet. Currently, the fleet is aging and behind in vessel maintenance. This is a liability to the ability of the system to provide an adequate level of service. Five out of the nine vessels in the fleet are at least 45 years of age, and the fleet size has contracted in recent years as vessels have been sold or otherwise decommissioned.

Budget. AMHS uses a combination of federal, state, and fare box revenue to operate and maintain the system. The AMHS operating budget is based on legislatively approved service levels, and as such, ferry schedules have historically varied from year to year based on available funding levels. In recent years, the system has seen reduced revenue due to loss of ridership and other services. For example, after budget cuts in 2016, AMHS traffic volumes have trended steadily downward, and farebox recovery dropped from about 50 percent of operating costs to about 30 percent. The pandemic reduced ridership even further; AMHS served 52,196 passengers and 27,006 vehicles in 2020, down from 190,118 passengers and 77,203 vehicles in 2019.

FY21 continued the trend of challenging years for AMHS. The pandemic continued to cause lower-than-normal traffic volumes and forced AMHS to reduce operations, resulting in lower annual operating revenues, lower operating weeks, and fewer port calls than pre-pandemic operations. During FY2021, AMHS recorded \$27.9 million in operating revenues, which was a decrease of \$22.9 million compared to FY2019. Operating expenditures totaled \$96.1 million, which is \$44.8 less than FY2019

Demonstration of Benefits

Note: If applying to more than one program, be sure to select "yes" and provide a response to the applicable questions below.

Is this an application to the Passenger Ferry or Rural Program? Yes No

Please describe the benefits of the proposed project per the statutory requirements of the Ferry or Rural Programs (see NOFO Section E(1)(b)(ii)):

Operating budget support will help Alaska DOT&PF fulfill the statutory requirements of the Rural Ferry Program, including to address: Safety – Many of the AMHS fleet and shoreside infrastructure need safety improvements for both passengers and workforce; State of Good Repair – The AMHS fleet is aging and much of it in need of replacement or significant rehabilitation, which leads to extreme maintenance needs; Transportation Options - The ferry avoids the need for duplicative use of both air and marine transportation for passengers and freight; Improve Quality – Residents struggle with shifting route schedules as vessels are pulled for maintenance or crew needs, and additional operating support will ensure greater timeliness; Support for Passengers – Passengers far outweigh vehicles across the system, and in Southeast that means 55,821 passengers to 32,899 vehicles and in Southwest it is 11,656 passengers to 9,398 vehicles.

Is this an application to the Low-Emitting Program? Yes No

Please describe the benefits of the proposed project per the statutory requirements of the Low-Emitting Program (see NOFO Section E(1)(b)(ii)):

Planning and Local / Regional Prioritization

This proposal is supported by State plans, regional Comprehensive Economic Development Strategies (CEDS) and local Comprehensive Plans. Numerous support letters have been provided by impacted communities.

Consistent with Regional and Community Plans

The Southwest Alaska Municipal Conference’s CEDS states the region’s growing concern is the sustainability of reliable ferry service. Continual repairs required for the Tustumena and AMHS budget shortfalls have resulted in service disruptions. The Strategy update supports continued service to Kodiak and communities west to Unalaska. Unalaska’s Comprehensive Plan considers ferries as critical to residents, businesses and visitors.

The Kenai Peninsula Economic Development District’s CEDS highlights disruptions to marine travel as being a key challenge for the region. Budget reductions to the AMHS have threatened ferry service which provides critical passenger connections and transports goods to and from the Kenai Peninsula. Seldovia depends on the AMHS to accommodate freight, vehicles, and passenger travel to and from Homer. Their Comprehensive Plan’s goal is to retain, safe, well-timed, water-based transportation options, by cooperating with the State to improve service.

The Southeast Conference’s CEDS stresses that a strong ferry system is essential to regional economic development, quality of life and community wellbeing. The priority transportation objective is to minimize impact of budget cuts to AMHS and develop sustainable operational model. Elements of this objective include: Design a new strategic operating plan for AMHS, Lower State’s general fund subsidy percentage, Fleet Renewal Plan, and AMHS Value Outreach. Skagway, the northern terminus of Southeast Alaska’s part of the AMHS, advocates for consistent ferry service. Their Comprehensive Plan notes that the ease and cost of resident travel are negatively affected when ferry service is down, especially in the winter.

Consistent with DOT&PF Strategic Planning and AMHS Prioritization

Sustainable Transportation Program. DOT&PF’s draft Long Range Term Plan “Alaska Moves 2050” drives strategic goals for the DOT&PF family of plans. Focus areas impacting AMHS are identified to make progress toward the long-term strategies, including Sustainability. DOT&PF Strategic Themes (and the respective AMHS Focus areas) include: Safety (Vessel Repair); State of Good Repair (Preservation and Maintenance of Terminals and Vessels); Economic Vitality (New Service Vessels, New Terminals); Resiliency (Fleet Modernization, Vessel Replacement, Terminal Upgrades); Sustainability (Vessel Hybrid Conversion, terminal Electronification, Electric Shuttle Ferry Construction, Energy Efficient Operations Strategies); Mobility/Access (Increased Service, ADA accessibility). Developing

sustainable transportation infrastructure involves a multi-modal lifecycle approach that considers environmental quality, economic development, and social equity.

Ferry-related Focus Areas. Sustainable Transportation Research: FHWA Low-No Emission Ferry Research, Renewable Diesel Research, and Automation through Digitization; AMHS Fleet Modernization: Tustumena Replacement Vessel Construction, Low-No Emission Shuttle Ferry Construction, Shoreside Charging, Ferry Retrofits; Statewide Equipment Fleet Modernization: Statewide Fleetwide Modernization and Rolling Stock Electrification.

Modernization Topics. Low-Cost Transportation: Alternative Energy Corridors EV Infrastructure, Port Parking Community EV Infrastructure; Energy Efficiency: DOT&PF Facilities Energy Efficiency Upgrades, LED Streetlight Conversions; Healthy Environment: Tracking Transportation Emissions, Cruise Line and Port Facilities Electrification; Equitable Transportation: Promoting equity within and between successive generations.

Sustainable Transportation Program Goal. Help communities thrive through transportation investments that promote independence, efficiency, low-cost transportation, and healthy environment

Local Financial Commitment

One of the first actions of the State of Alaska when it became a state was to bond for a ferry. The Alaska Marine Highway System has been a mainstay of Alaska’s economy and community viability. The State of Alaska remains just as committed to that system and outcome today as 70+ years ago.

The Alaska State Legislature continues to fund the AMHS beyond farebox recovery, with more than 50% of the budget coming from general fund revenues. That kind of commitment has been upheld even as the State faced dire fiscal circumstances with its precipitous drop in revenue due to oil price decline and output. More recently, and concurrently, the State upheld its budget commitment while the pandemic and economic crisis diminished the ability for the ferry system to operate fully due to public health concerns and in the face of restricted travel.

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The State of Alaska Office of Management and Budget will be responsible for managing these funds alongside the expertise at the Alaska DOT&PF and AMHS management team.

The Alaska Marine Highway is vital to the health of Alaska. It’s here to stay and DOT&PF is reinvesting in its people, vessels, and shoreside infrastructure. The department is continuing an aggressive recruitment effort and working to keep the fleet in top operating condition through its annual shipyard overhaul schedule. The vision for the AMHS is that it is sustainable into the future, and the partnership between the State and federal government will ensure this is met.

DOT&PF has included its match commitment and local letters of support in Appendix C. All project documents are located at <https://dot.alaska.gov/amhob/strategy.shtml> under Item 1.4 “IIJA Funding and Discretionary Grants.” Appendix A provides maps and routes for the AMHS, and Appendix B is a Technical Volume providing any condition reports or implementation plans.

Project Implementation Strategy

Can this project be obligated within 12 months? Yes No

AMHS Restoration Program Framework – Implemented in FY23

Since 2018, Alaska Marine Highway System (AMHS) service and reliability have been significantly reduced due to budget constraints and pandemic stresses. With recent stress added due to crew shortages and the continually aging fleet, DOT&PF is proposing to begin a new public-facing program to communicate a plan to restore the system to pre-pandemic service levels. DOT&PF proposes launching the AMHS Restoration Program as a phased approach to meeting service level targets based on crewing availability, fleet capacity, and budget constraints determining the system's health.

Three logical service phases have been identified to return AMHS to a healthy system. These three phases are Stabilization, Recovery, and Full Steam Ahead. Each phase includes mitigation measures addressing fare structure, policy, and communication.

This plan will have a cost and save the public money by accommodating travel disruptions and having straightforward fare structures during unstable times. There will also be a cost to increasing incentive programs to recruit and retain employees. The proposed plan can be funded due to excesses created by crew vacancies and ship layups/overhauls. The AMHS Restoration Program will be implemented immediately with the 2022/2023 winter schedule.

Core Program Elements

Dynamic Schedule: A minimum service schedule is published for customers to book sailings in advance. As gaps are identified, contract services are leveraged to maintain a minimum service level to communities.

Community Focus: DOT&PF will implement service area playbooks to engage communities with service as schedule changes occur. Playbooks include community events, gaps in service, target service levels, compatible vessels, etc., for decision-making.

Fares: DOT&PF will support Alaskan ridership and encourage economic vitality.

Communications: Public communications will be modernized, focusing on passenger information. Key metrics of system health will be tracked and published weekly on.

Policy: Impacts on passengers are high when service is disrupted. DOT&PF will establish a formal policy for paying for alternative travel arrangements during non-weather-related disruptions.

AMHS Restoration Program Mitigation Measures and Milestones

DOT&PF proposes launching the AMHS Restoration Program to meet service level targets based on crewing availability, fleet capacity, and budget constraints.

The program envisions a transition from stabilization of the current state through recovery, to a stretch goal of full operational success. That means the following are accomplished:

- Moving from the critical state of crew/fleet/budget to full fleet capability that is available and utilized
- There is reliable service across Alaska
- Evaluation of pricing structures to be responsive to system need
- Modernize communications to include real-time text messages and ship Wifi
- Establish and maintain alternative travel policy for disruptions
- Intensive crew hiring practices while implementing sustainable workforce recruitment and retention
- Real-time budget projections tracked against service targets and corresponding operational decision-making

Operating budget funding will not require any environmental assessment or work, resulting in no NEPA action.

Technical, Legal, and Financial Capacity

DOT&PF owns, operates and/or maintains ferry terminals in 35 Alaskan communities. AMHS has operated since 1968. DOT&PF has a dedicated marine design group and environmental staff who have delivered dozens of terminal improvement projects, including up to six per year. DOT&PF has maintained a marine engineering team since Statehood in 1959 – primarily dedicated to supporting the AMHS ferry system. They have directly designed or managed consultant designs and conducted numerous refurbishments, replacements, repairs, and maintenance on nearly every ferry terminal facility in the State and many other ports, harbors, and seaplane facilities. Most of these projects utilized federal aid through FHWA. They have successfully delivered many federal aid marine projects supporting AMHS over the years, including 86 projects totaling over \$308,000,000 since 2002 alone.

DOT&PF's project development staff comprises 75 persons, including materials and geotechnical engineers, environmental and right of way professionals who can navigate and achieve the required support products according to all Federal regulations and requirements. DOT&PF and its marine design group are knowledgeable about federal requirements, including Build America stipulations.

Alaska DOT&PF was granted primacy over its NEPA Assignment Program through an MOU with FHWA signed Nov. 3, 2017 to assume responsibilities under NEPA and all or part of FHWA's responsibilities for environmental review, consultation, or other actions required under any Federal environmental law with respect to one or more Federal Highway projects within Alaska. The assigned

responsibilities are subject to the same procedural and substantive requirements as applied to FHWA.

Alaska DOT&PF's Equal Employment Opportunity Plan (2022) includes a review of personnel designations, employment practices information, employment practices assessment, monitoring and reporting systems, and additional resources. DOT&PF participates in the federal Disadvantaged Business Enterprise (DBE) program and meets the federal requirements. DOT&PF has a vibrant Disadvantaged Business Enterprise Program and a DBE Utilization Goal of 8.63 percent for federally funded projects. According to a 2019 study, M/W/DBE firms were awarded contracts totaling \$418.8 million, 17.68 percent of construction dollars. MBEs were awarded \$298.8 million in contracts, 12.61 percent of construction dollars.

DOT&PF has authority under 23 U.S.C. 140 to implement and conduct a compliance program that addresses Equal Employment Opportunity (EEO) and Affirmative Action (AA) for employment on federally assisted construction contracts. DOT&PF maintains a Civil Rights Office committed to ensuring equal opportunity for all businesses and personnel on DOT&PF projects. The bidding and contract documents include specific provisions to implement equity-focused policies related to all phases of contracting and construction. The contract provisions address nondiscrimination, equal employment opportunity, reasonable accommodations for employees with disabilities, and non-segregation of facilities.

DOT&PF provides reasonable accommodations to applicants and employees who need them because of a disability or practice or observe their religion absent undue hardships. Alaska DOT&PF appointed just under 70 percent (630) males and approximately 30 percent (275) females from July 1, 2019, thru June 30, 2021. This is a marked increase in female new hires from only 25 percent the previous fiscal year. DOT&PF has created a Diversity, Equity, and Inclusion (DEI) Team whose members work with the different department training systems.