



Board of Director Regular Meeting Minutes

December 13, 2022 Recorder: Donna Halvorsen

1. **Call Meeting To Order:** Jeff Nickerson called meeting to order at 10:02am.

2. **Roll Call:**

Chair	Klawock	Jeff Nickerson	present in Craig
Vice Chair	Thorne Bay	Harvey McDonald	absent excused
Sec/Tres	Craig	Otis Gibbons	present in Craig
Director	Coffman Cove	Brian Wilson	present in Craig
Director	Hydaburg	Sam Mooney	present via teleconference
Director	At Large	Doug Rhodes	present in Craig

Staff Present in Craig: Chrissy Torsey-Lucero and Carly Eddy

Staff present via teleconference: Ron Curtis, Walter Marsh, Katie Martin and Donna Halvorsen

Public Present in Craig: None

Public present via teleconference: None

3. **Approval of Agenda** Motion: Approve agenda as presented; moved by Brian Wilson and seconded by Doug Rhodes. Motion approved unanimously.

4. **Approval of Minutes** Motion: Approve minutes from September 12, 2022; moved by Brian Wilson and seconded by Doug Rhodes Motion approved unanimously.

5. **Public Comment** None

6. **Correspondence** None

7. **Manager's Report**

To: Inter-Island Ferry Authority Board of Directors

From: Ron Curtis - General Manager

Subject: Q2 Update

- 1) Funding Status - Last meeting I discussed our petition with the State for an administrative modification to the available funding for the Stikine Project and it was approved for an additional 957K. This was due to the difference in the STIP and the Engineering Estimate. Once the bids came back the lowest bid still came in approx. 900K even higher still due to inflation. We were able request and receive additional FHWA funds through the State to cover this difference also. We have paid the match of 860K and any unused portion will be refunded. Total cost for the Stikine project is approx. 4.6M. Walt has finished and submitted our 10 year STIP request. This plan culminates in Vessel replacement.
- 2) SE Conference – There was a Transportation committee meeting on 11-17 which I attended and gave an IFA update..

- 3) General Update – We are having a very good year. Ridership and Vehicle ridership are up over 2019 (Pre-COVID) levels by 2% and 12% respectively. At the same time revenue is up 7%.
- 4) Northern Route – The Management team and I had a meeting with the city managers for Wrangell and Petersburg, Jeff Good and Steve Giebbrecht on 11-23. We discussed past challenges with the route and they did not seem to think there is too much interest but will continue to talk to their communities. I made it abundantly clear we can't do this and lose money, also talked about staffing challenges. Really the ball is in their court and the State's if they want to subsidize something.
- 5) Operating Status – We are currently running 7 days a week between HYL and KTN.
- 6) M/V Stikine status – Moored in Ward Cove, prep for Federal Project.
- 7) MV Prince of Wales Status – In Operation. There have been a few instances of bow thruster problems in the last month, Walt is working on it.
- 8) Staffing – We have 4 new IFA employees; Andrew Rutledge, Mark Stewart, Josiah McCoy and Tammy Monk. At this point we are almost fully staffed. We need to Hire a Relief Captain/Mate. If we can not find a suitable candidate, we don't have one internally, I am seeking approval to engage a Headhunting firm.
- 9) Fuel Expense – Average fuel expense has been as follows; FY20 – 2.47, FY21 - 2.08, FY22 – 3.20, FY23 – 4.40. Fiscal Year 2022 fuel was approx. 23% of total costs. This compares to 15.8% in 2020.
- 10) KTN Dock project - KTN Dock improvement project will commence about Oct 1st 2023. I signed the MOA a couple weeks ago. We will be using the AMHS main berth and be using their line handlers. There is provision in the MOA for use to conduct practice landings prior to the disruption. We could be without the use of our KTN dock for up to a month. I am working with AMHS to make sure we will have as few departure and arrival disruptions as possible.
- 11) Terminal Security – We have entered into an agreement with 49th State security to provide security services and potentially training in security/safety at our KTN Terminal. This was precipitated by some staff safety concerns over the past several months with only one agent in the terminal. This move required entering into a short term MOA with the state as they own the terminal.
- 12) 1,000,000 Passenger – Sometime this spring we will board our 1,000,000th passenger. I have arranged a prize of round trip tickets to Hawaii from Alaska Airlines.
- 13) Veterans Grant – In September the Veterans grant program was funded for another year at the 50K level.
- 14) I am requesting that in future meetings we add the agenda item, Finance Report. This will allow us the time to discuss current financial condition and what we are working on.
- 15) Year End Bonus, Employee Benefits and Retention initiatives – We have implemented a \$225 clothing allowance for all employees to purchase IFA gear and other items outside of the Issued shirts to keep them looking sharp and Professional. For Bonus this year The Management team and I are proposing a 1,750 cash bonus and the choice of an IFA travel gift card in the amount of \$500 or an additional \$250 in cash. As I said before, we are having a great year and we filled in for the Lituya for a rather lengthy time this year. We couldn't do this without our great employees. Respectfully Submitted, Ron

8. Old Business

9. New Business

- a) General Manager contract expiring March 31, 2023. Jeff states he's served on many Boards and this task was always a struggle. Jeff suggests we figure out a clear process this time and do the same thing every year. Ron and Board decide to have Ron fill out current form and do a self-evaluation. Then Ron will send his self eval by 3rd week of January 2023 to each BOD to add their comments. Then each BOD sends their completed form to one Board member to consolidate feedback. Additionally, BOD agrees that when this renewed contract expires, bonuses will be part of Ron's evaluation process.

- b) Motion: Approve Resolution No. 2023-02 adopt the 2023-24 food concession contract with OUR T.E.A.M.; moved by Otis Gibbons and seconded by Doug Rhodes. A roll call vote was taken and motion passes.

Chair	Klawock	Jeff Nickerson	yes
Sec/Tres	Craig	Otis Gibbons	yes
Director	Coffman Cove	Brian Wilson	yes
Director	Hydaburg	Sam Mooney	yes
Director	At Large	Doug Rhodes	yes

- c) Motion: Approve Resolution No. 2023-03 approve Christine Harrington’s FY21 Audit Report; moved by Otis Gibbons and seconded by Doug Rhodes. Motion approved unanimously.

- d) Motion: Accept ‘Employee Bonus Proposal’ as amended to include Ron Curtis; moved by Brian Wilson and seconded by Doug Rhodes. A roll call vote was taken and motion passes.

Sec/Tres	Craig	Otis Gibbons	yes
Director	Coffman Cove	Brian Wilson	yes
Director	Hydaburg	Sam Mooney	yes
Director	At Large	Doug Rhodes	yes
Chair	Klawock	Jeff Nickerson	yes

- e) Motion: Approve to add ‘Finance Report’ as an Agenda Item; moved by Brian Wilson and seconded by Doug Rhodes. Motion approved unanimously.

10. **Board Comments** Jeff comments that there are a lot of state ferries tied up because of maintenance issues and wondering if it’s worth doing Northern Route even if state pays us to do it; the vessel wear and tear on our aging boats is a big concern for potential low ridership. Ron replies we are looking into it at this point as due diligence for Murkowski and others that have asked us what it would take to do this run; we are part of southeast Alaska community and originally, they were asking for 2-4 days in the summer. So, we put a pencil to it and figured out how much we would have to get which was about 10K per day to run the route. Ron continues that he doesn’t believe we would get the ridership and would not do it unless it was profitable, just trying to be a good stewardess and provide service as possible with funding that is partially provided by state and federal agencies. Doug adds that radio broadcasted that citizen group working on state ferry schedule said they are proposing to run all but 1 ferry this summer so wonders if we would be needed even. Brian states that if we are looking at summer only, a lot has changed since 2008; north end of island had just a handful of lodges then, and now has so many more and believes the ridership would be up because of it. He continues that country crashed in 2008 and fuel was high so must include other factors that contributed to low ridership. Jeff comments, if there is no interest in Petersburg and Wrangell, what do you mean? Ron states city managers don’t see a demand for the run, not hearing citizenry say they want it, but if ridership would be from lodges and vacationers then city managers would not hear that from locals. Brian states that there is competition with Breakaway Adventures, they ran at least 2 times a week last summer hauling all kinds of stuff. They even run about every 3 weeks this time of year so there would be a little opposition from the Wrangell based business. Otis asks if we could get the stats from Rainforest Islander Ferry and use it to help show viability/non-viability of run since they ran after 2008. Ron will get that information if possible, and Brian said he could get that information. Brian said that they had more ridership in the fall for schools for sports and their families but Doug and Brian state the weather is a problem that time of year. Doug states you could just go a couple times for school travel and set it up well in advance so the most schools can participate; get with SISD and set up runs during

their sporting events. Ron states that he doesn't think we could find people to hire for sporadic part-time employees, and we don't have enough reserve staff to cover something like that. Jeff states that the northern run was the 'baby' of senator Taylor and that was why we did the route. And now its being requested again and that he would have to see numbers from lodges to even consider saying yes to the route again. We are here to take care of IFA and don't want to hurt IFA; right now we have best service in Alaska and want to keep it that way. Ron agrees. Brain states if state can't cover our costs, he is not in favor of it. Ron states this is all just periphery topic but important enough to discuss and keep up to date on it.

Otis asks if docking in Saxman is a possibility while KTN dock is being updated Oct 2023? Ron states don't think we can off load vehicles, and fortunately we will not be sharing the berth with the Lituya so our schedule will be impacted less. He continues that AMHS put is in the berth that will have the least scheduling disruptions and that will fit our boat. The biggest issue is that vehicles with trailers or any larger vehicles will have to back down ramp onto boat. He continues that Rich will have to put together training of crews to help customers navigate.

Doug comments that he likes the marketing presentation Johanna sent out to Board and the rain gear employees are getting.

Jeff asks if we have a standard operating procedure for captains for bad weather. He wants captains to be protected if something negative does happen; he wants to be able to say that they followed protocol and not that sole responsibility is on captain. Ron states that its always captain's call and that is not questioned. But there is a guideline in place that if 18' seas, they don't go but again too many other variables so captain call. Jeff is worried that as a Board, we don't know what happened in worst case scenario, and it seems like it would be better for captains if something was on paper that they all would follow; that could protect them in a worst-case scenario. Jeff asks if idea is crazy, do we want to leave as is. Ron states he's not sure but will get with Operation Manager and see what he says. Brian states Maritime Law/CFRs addresses a lot of this so let's check that before we do any policies. Jeff is worried captain would get blame personally and would rather that IFA procedure dictated actions. Sam agrees and states he knows people have blamed captain in the past and not IFA in general and doesn't want captain to have that pressure. Jeff states that if we do a policy, it would be something captains agreed on. Ron states he will talk to Rich and email Board results of the conversation.

Sam asks Ron if he and Operation Manager has thought more about utilizing 6-man crew to get 1st Mate potentials more time on the wheel or start a training program for captain advancement.

Ron replies it is something we have discussed but for right now we need a Mate/relief Captain person. Per Rich, our current licensed relief Mates could not perform necessary tasks of a captain, and our need is immediate. In the future we need to be self sufficient and have plans in place for advancement and develop internal talent. Ron continues that right now we have several people who can admirably fill in as Mate; we just don't have the Mate/relief Captain person that Brad used to fill. Sam wants to keep topic on the table and keep discussing it; Ron agrees.

11. **Schedule Next Meeting** TBA and have General Manager evaluation (and discuss adding bonus to future contracts) meeting sometime during week of February 21, 2023, and Regular meeting in March 2023 TBA.
12. **Adjournment** Motion: Adjourn meeting at 11:17am; moved by Otis Gibbons and seconded by Sam Mooney. Motion approved unanimously.