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SOUTHEAST ALASKA REGIONAL DEVELOPMENT ORGANIZATION

January 24, 2024

Dear Reader:

Southeast Conference (SEC) is pleased to present the attached report "AMHS Business Impact Study". The report is based on a survey of businesses within the Alaska Marine Highway System's (AMHS) service area across multiple sectors.

As the state and federally designated regional economic development organization for Southeast Alaska, SEC serves as the collective voice for improving the region's economy and works to advance the unique economic opportunities in the region and improve the overall quality of life. Formed in 1958, SEC's original mission was to advocate for the creation of AMHS, which followed a couple of years later. Since then, SEC has been a champion for the success of AMHS, and the ability of this critical transportation system to meet the needs of our communities.

Throughout the last decade, as ferry service has diminished, it has been observed that many communities and businesses have seen increased costs or have been unable to conduct business activities only possible when there was regular and reliable ferry service. The negative impacts these losses of operations have on communities are far reaching, extending to other industry sectors and a community's tax base. To further the understanding of the importance of ferry service to communities in the AMHS Long-Range Plan, with funding by the US Department of Agriculture Rural Development program, SEC and AMHS partnered with the National Association of Development Organizations to conduct a survey on the impacts the ferry system has on local businesses.

The survey results show that private sector entities face hardship and loss of opportunity as AMHS service is reduced, while also showing that increasing service levels in the future will likely spur growth in private sector activity and investment. The hardships reported were common between various commercial sectors: loss of transportation options; increased transport costs; delays in service delivery; the expense of chartering private vessels; and missed opportunities for commercial growth.

On a positive note, survey respondents also share a favorable outlook that despite decreasing service levels in recent years, the potential remains high for beneficial economic growth that would accompany improved AMHS service levels. Further, that positive outlook dovetails nicely with service levels proposed in the draft AMHS Long-Range Plan; the plan puts AMHS on a path to increase service frequency and reliability through improvements to vessel reliability, compatibility with docking facilities, and crew recruitment and retention efforts. As the Business Impact Study's executive summary states, those surveyed "express a strong desire for increased reliability and frequency of service, hoping that these improvements will help their businesses succeed."

We are grateful for the partnerships and collaboration between Alaska DOT&PF, AMHS and AMHS communities and look forward to seeing a strong, modernized ferry system once again.

Sincerely,

Robert Venables
Executive Director

AMHS BUSINESS IMPACT STUDY

SUMMARY OF FINDINGS

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1. EXECUTIVE SUMMARY

Alaska's business community has long been a key user of Alaska Marine Highway System (AMHS) service. Businesses and industries have been impacted over the last decade by changes in AMHS service levels and service reliability. In partnership with USDA Rural Development, the National Association of Development Organizations (NADO) and Southeast Conference (SEC), this effort is intended to supplement stakeholder outreach conducted for the AMHS 2045 Long-Range Plan (LRP) through a series of executive interviews with businesses across the extent of the AMHS service area.

To gain insight into the unique needs, challenges, and opportunities of Alaska's diverse businesses and regions, this study involved interviews with businesses across various industries and geographic areas. The sample was intended to include a proportionate representation of coastal Alaska based on current distribution of AMHS sailings, with 76% of the participating businesses located in Southeast Alaska, 14% in Southwest Alaska, and 10% in the Southcentral region.


Businesses reached in the study included a diverse range of sector and geography and included:

- Retail/grocery
- Construction/Utilities
- Hospitality/Tourism
- Healthcare
- Seafood
- Marine Support
- Automotive/Transportation
- Alaska Native Claims Settlement Act (ANCSA) Corporations

The interviews conducted provided insight into the influence and impact of AMHS service on workforce, revenue, and quality of life for businesses, customers, and employees. AMHS provides a service that has become integral to the business operations of much of coastal Alaska. Of the 29 businesses interviewed, 22 reported they currently use the ferry service while seven do not. Among the seven that do not currently use AMHS, two reported that they had previously used AMHS before but no longer used the service as they perceived it had deteriorated in recent years. While some communities have alternative transportation services, such as air and barge, the cost or functionality of these may not align with business needs.

Across all industries and regions, businesses reported that the reliability of service was the most critical factor in their ability to utilize AMHS for operations. The frequency of service was identified as the second most important factor, directly affecting the delivery and supply of goods.

Both current and former business users of AMHS expressed a strong desire for increased reliability and frequency of service, hoping that these improvements will help their businesses succeed.



Has your business' use of the ferry system changed over the last several years?

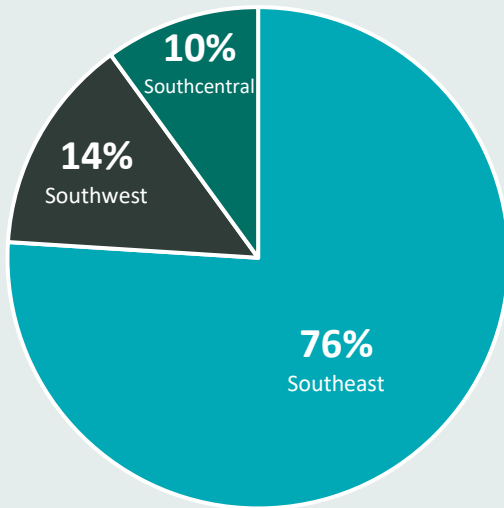
Do your customers use the ferry system to access your business?



FINDINGS AT A GLANCE

29 BUSINESSES INTERVIEWED ACROSS COASTAL ALASKA

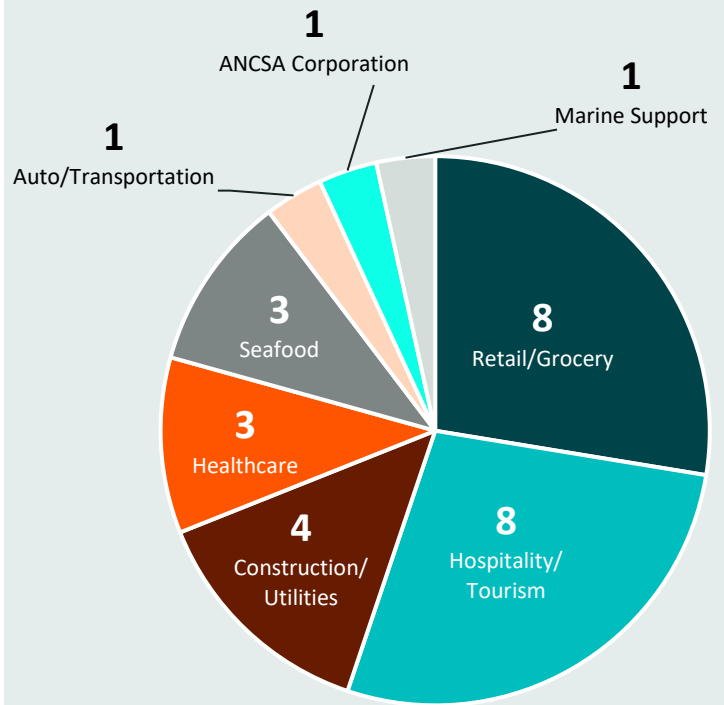
Geographic Distribution of Completed Interviews



83%

of respondents reported that their business currently or previously utilized AMHS

Industry Distribution of Completed Interviews



#1

Identified challenge to utilizing current ferry service was a lack of **reliability**.

#2

Identified challenge was **low frequency**.



2. PURPOSE AND BACKGROUND

The Alaska Marine Highway System (AMHS) is developing its 2045 Long-Range Plan (LRP) to guide operations and capital investments in AMHS operations and fleet and terminal infrastructure over the next 20 years. Although the plan will be updated every five years and short-term planning will occur annually, this 20-year vision aims to establish a long-term strategy for ferry operations, focusing on efficiency and resiliency to better serve Alaska's residents and visitors.

Recognizing the critical role Alaska's business community plays in utilizing and supporting AMHS services, this effort aims to enhance the 2045 LRP through increased and focused business stakeholder engagement. A series of executive interviews with businesses across the AMHS service area were conducted to gather these insights. Over the past decade, changes in AMHS service and reliability have significantly affected businesses and industries. The insights gained from these interviews illustrate how AMHS services impact workforce dynamics, revenue, and the overall quality of life for businesses and their employees.

Funding for this scope of work was provided by USDA Rural Development, with the National Association of Development Organizations (NADO) as a coordinating partner of this technical assistance project for Southeast Conference (SEC) and AMHS. NADO is a membership association established in 1967, representing regional community and economic development organizations. Its mission is to advocate for federal policies and programs that support equitable community development, economic competitiveness, rural development, economic mobility, and quality of life. NADO focuses on critical areas such as transportation planning, workforce training, and affordable housing, all of which align with the needs of communities across the United States.

SEC, a NADO member, is both the federally designated Economic Development District for Southeast Alaska and the state-designated Regional Development Organization. SEC's mission is to promote strong economies, healthy communities, and a quality environment in Southeast Alaska. In alignment with this mission, SEC and NADO, in collaboration with AMHS, have partnered to fund this critical scope of work.

AMHS serves as an essential transportation link for much of coastal Alaska. While some communities have alternative transportation options, these may not meet the needs of businesses throughout the AMHS service area. The information gathered from this effort will help ensure that the 2045 LRP addresses the unique needs of the business community and supports the economic vitality of the region through planned operating and infrastructure investments throughout the 20-year planning horizon.

3. PROCESS SUMMARY

3.1 METHODOLOGY

The AMHS Business Impact Study was designed to engage a diverse range of business owners across different regions and market sectors in AMHS-served communities. A targeted interview plan was developed to compile a contact list of businesses for the study. Once identified, businesses were interviewed by phone using a standardized set of questions. These questions were crafted to understand how various market sectors rely on or use the ferry system and how their needs and usage may vary depending on changes in reliability or service levels. The results were analyzed to identify common themes, as well as specific geographic and market sector needs, for consideration in the AMHS 2045 Long-Range Plan.



3.2 SAMPLE PLANNING

The project team generated a list of 100 businesses in communities served by AMHS in 2024. Businesses were selected through AMHS, SEC, other stakeholder recommendations, the consultant team’s professional experience, and from the State of Alaska business license directory with the goal of geographic and market sector diversity.

All 100 businesses from this initial list were contacted with 29 full interviews completed.

3.2.1 REGIONAL FOCUS

The project plan called for conducting 75% of interviews in the Southeast region, corresponding with the geographic distribution of all AMHS sailings. The remaining 25% of businesses chosen for interviews were split between Southcentral and Southwest Alaska. Southwest covers the area from Kodiak west to Unalaska. Southcentral covers Homer, Seldovia, and Prince William Sound. Southeast covers the area from Metlakatla north to Yakutat.

Completed interviews ended up near the goal geographic distribution, with 76% of completed interviews (22 interviews) in Southeast, 14% (four interviews) in Southwest, and 10% (three interviews) in Southcentral, as shown in *Figure 1*. Within Southeast, about two-thirds of interviews were with businesses in northern Southeast, while one-third were with businesses in southern Southeast.

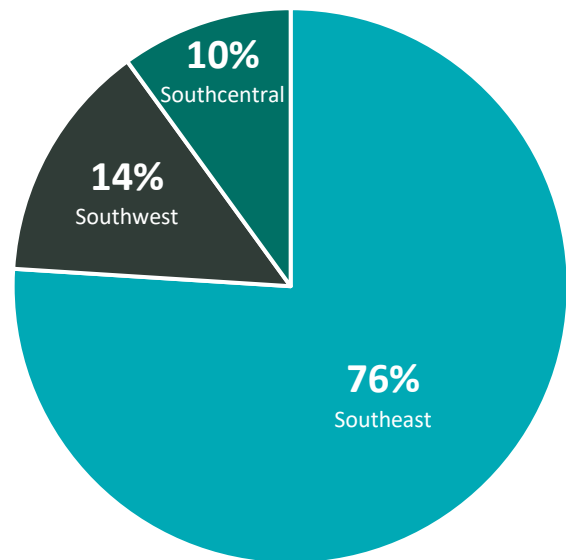


Figure 1: Geographic Distribution of Completed Interviews

3.2.2 INDUSTRY FOCUS

The interview sample plan was designed to gather perspectives from a wide variety of industries, including:

- Retail/grocery
- Construction/Utilities
- Hospitality/Tourism
- Healthcare
- Seafood
- Marine Support
- Automotive/Transportation
- Alaska Native Claims Settlement Act (ANCSA) corporations

The project team attempted to complete at least two interviews for each industry and was successful for all industries except ANCSA corporations (1 interview completed), marine support (1 interview completed), and auto/transportation (1 interview completed).

A complete list of interviewed businesses is available in *Appendix A*.

3.3 INTERVIEW PROTOCOL AND ADMINISTRATION

Interviews were conducted between June 21 and August 8, 2024. Each interview lasted about 30 minutes.

Questions included:

- Do you use the state ferry service at all to support your business operations?
- How do you use the ferry? For passenger service? Vehicle service? Cargo truck, trailer, or van service?
- Has your business’ use of the ferry system changed over the last several years?
- Do your customers use the ferry system to access your business?
- What other types of transportation besides the Alaska Marine Highway System do you use to support your business? What are the advantages and disadvantages of these transportation services?
- What level of ferry service do you believe is essential for your business?
- Would a greater frequency of ferry service allow you to grow your business?

A complete copy of the interview protocol is available in *Appendix B*.

Research was conducted as a series of interviews rather than a written survey to give interview participants a chance to answer in detail and respond to follow-up questions. The interviews were successful at developing an increased understanding of business use of AMHS and common concerns associated with future schedules and vessels.

4. FINDINGS BY INDUSTRY

The LRP project team completed 29 interviews with businesses across eight sectors (*Figure 2*) and located in 15 communities across coastal Alaska, mapped in *Figure 3*. Across all industries, respondents pointed to low reliability as the main barrier to utilizing AMHS to support their business.

Among the 29 businesses interviewed, 22 currently use the ferry service and seven do not. Among the seven that do not currently use AMHS, two reported that they utilized the system before service deteriorated in recent years.

17 businesses reported using the ferry to transport cargo vans or trailers, 13 reported using it to transport passengers, and eight reported using it to transport vehicles.

18 businesses mentioned service reliability as a reason they avoid using the ferry or consider alternative transportation options. Reliability was routinely

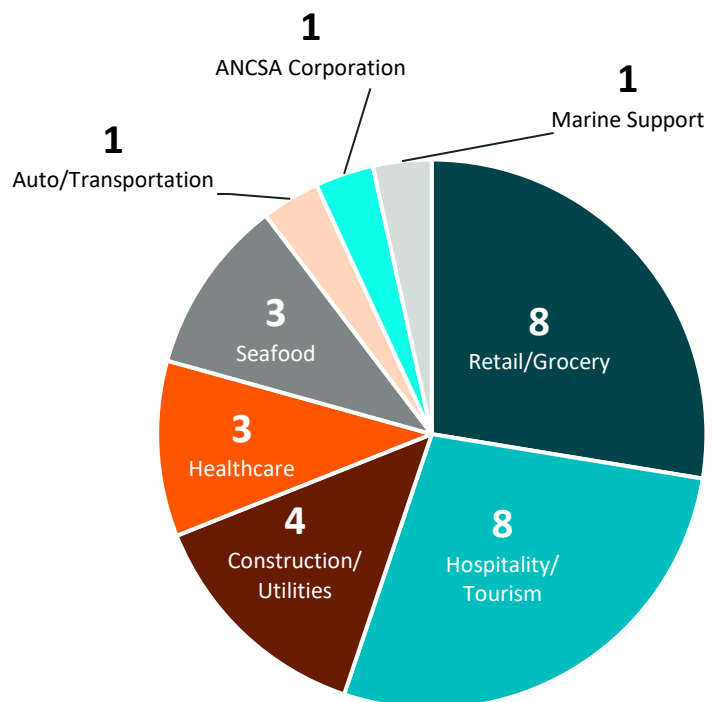


Figure 2: Industry Distribution of Completed Interviews



described as a more important consideration than service frequency or cost.

This section summarizes the industry-specific uses of, and challenges with, AMHS ferry service. The industries are grouped into Construction/Utilities, Healthcare, Hospitality/Tourism, Retail/Grocery, Seafood, and Miscellaneous. Miscellaneous includes Auto/Transportation, Marine Support, and ANCSA Corporations. For each sector, findings are presented in two parts: first, the “Use Case,” which outlines how and why businesses interact with or rely on AMHS services; and second, “Challenges and Considerations,” which highlights the unique issues each industry faces in relation to ferry service.

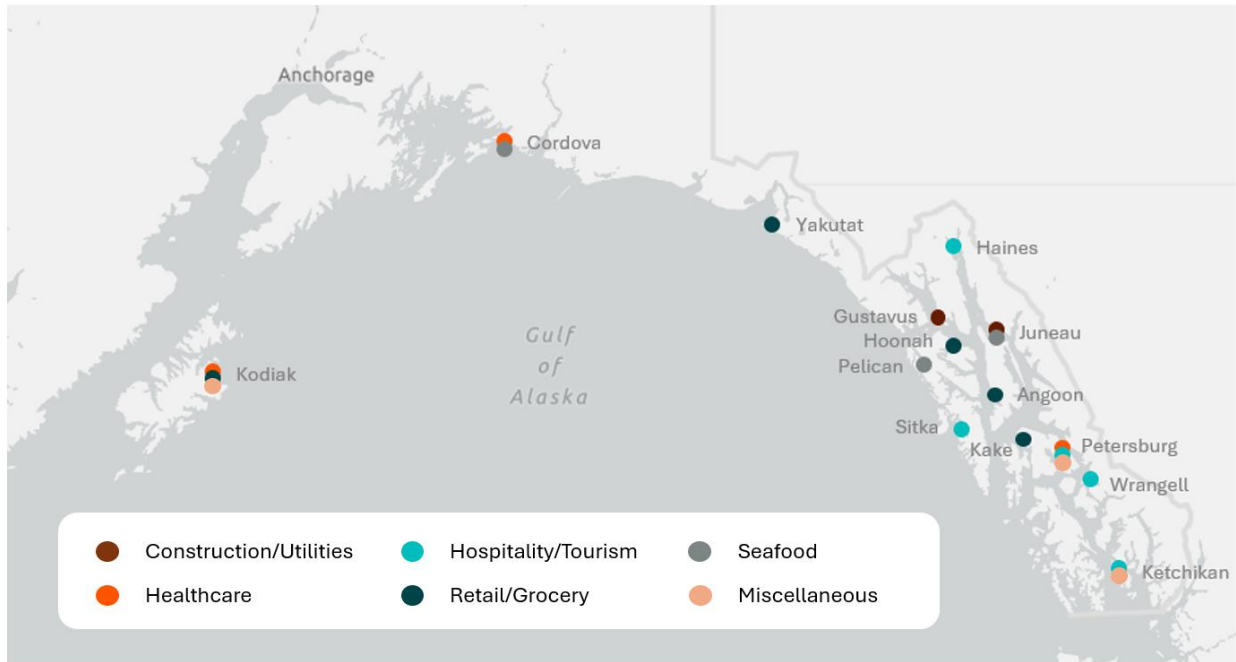


Figure 3: Interviews Mapped by Industry

4.1 CONSTRUCTION/UTILITIES

Construction/Utilities include companies that focus on the installation, maintenance, and repair of Alaska’s infrastructure. The utility sector specifically supports the state’s essential services such as water, electricity, gas, telecommunications, and sewage.

4.1.1 USE-CASES

Respondents representing the construction/utilities sector reported using AMHS for transporting equipment, materials, and employees across Southeast Alaska to support contracted work and routine maintenance.

For half of the respondents, passenger service was reported to be crucial to transport staff. For all respondents, vehicle service was said to be important for crew transport and some small equipment transport. Half of the respondents rely on AMHS for cargo and freight capacity to transport larger equipment and vehicles, while the other half of the respondents opt for alternative service providers (i.e. Alaska Seaplanes, Trucano Trucking, Alaska Marine Lines) to fulfill this need.

Important AMHS routes for construction and utilities transportation mentioned in interviews included Ketchikan – Juneau, Haines – Juneau, and Haines – Sitka.

4.1.2 CHALLENGES AND CONSIDERATIONS

Though AMHS remains the most affordable option for the uses specific to this sector, there are several reasons offered by respondents for why a construction or utility provider may look for alternatives to AMHS.

Reliability – Construction companies and utility providers rely on the ferry to move staff and equipment between jobs. When AMHS is unable to make the scheduled trip, there are often costly repercussions. Return of rented equipment may be delayed, adding additional per day costs. Delays hinder operations, making the business unable to provide timely service for customers. In the case of Chatham Electric, this may mean that an essential utility is down for longer in emergency situations. More than increased service requests, these businesses reported that a reliable schedule is the most important factor for carrying out current and potentially increased business.

Frequency – Businesses benefit from the greater flexibility of frequent trips, allowing them to take on new contracts with less notice. Contracted barge service (AML) and seaplanes allow for more spontaneous travel to accommodate the occasional request for a quick project startup.

Capacity – Some construction equipment is too large or heavy for AMHS to accommodate, making contracted barge service a better option. The travel and freight demand from construction companies can often be unpredictable and arise on short notice, in these instances space on AMHS vessels is not always available. Alternative providers can offer transport when the ferry is fully booked.

4.2 HEALTHCARE

Healthcare includes hospitals and medical clinics that provide routine and/or emergency care.

4.2.1 USE-CASES

The healthcare sector utilizes AMHS primarily to relocate permanent and temporary employees and their personal vehicles. Interview participants also noted use of AMHS transporting patients to/from scheduled care and bringing in medical equipment and supplies. Frequent and reliable service is critical for each of these uses, allowing increased flexibility for staff members' travel between communities and more options for patients when scheduling appointments.

Medical centers, such as Providence Kodiak Island Medical Center (PKIMC), frequently have temporary employees that relocate to their area. In the case of PKIMC, 75 to 100 employees relocate to Kodiak every year. AMHS allows these employees to travel to their contract by car.

Important AMHS routes for healthcare transportation mentioned in interviews included Cordova – Whittier and Kake/Wrangell – Petersburg.

4.2.2 CHALLENGES AND CONSIDERATIONS

AMHS is the preferred choice for employee transportation because alternative options, such as Matson, Samson Tug & Barge, Alaska Air Cargo, Island Air, and Sundog Charters, tend to be more expensive and may not accommodate vehicles or larger personal belongings, which are often needed when employees are relocating for extended periods. For example, the average contract length for a registered nurse can range from 8 to 16 weeks.



Reliability – When transportation is unreliable, employees and patients are both impacted.

For employees, the ferry is the most affordable way to transport themselves and their personal vehicles when relocating. However, delayed or canceled trips often force them to resort to more expensive air travel to ensure they arrive in the community by the time their contract or job starts. Timeliness is crucial, especially since these employees often provide essential healthcare services in remote areas.

Patients also depend on the ferry to attend scheduled medical appointments. Reliable ferry service is especially critical for those with health conditions that prevent them from flying, as it is often their only means of accessing care.

Frequency – Due to the duration of some ferry trips and layovers, AMHS is often not a favorable option for many travel workers because they must stay in the community longer than they would prefer, waiting for the return trip. One interview participant noted that this delay was significant enough to dissuade many nurses from working in certain communities – becoming a major issue for the clinics to meet minimum staffing requirements.

Frequency of service also impacts patients' ability to schedule care. Currently, appointment options are constrained by the ferry schedule, requiring patients to plan extensively and make compromises. More frequent trips would provide more travel options, offer greater flexibility, and better support emergent or emergency healthcare needs.

Feedback indicated that a schedule with trips every other day, including both weekday and weekend service, would significantly improve access and convenience for patients.

4.3 HOSPITALITY/TOURISM

Hospitality encompasses businesses across the region that provide accommodation, food, or entertainment. This includes hotels, bed and breakfasts, and restaurants.

Tourism relates to businesses that support visitors to Alaska. These businesses include travel agencies and guided tour companies.

4.3.1 USE-CASES

AMHS supports the hospitality and tourism industries by bringing in patrons and supplies from across the region, Anchorage, and the Lower 48. In addition to transporting patrons with scheduled bookings, businesses located near AMHS ports greatly benefit from the foot traffic that AMHS brings to shops, restaurants, and special events, notably in the summer months. Tourism and travel agencies that were spoken with all mentioned the overwhelming demand for ferry trips from visitors.

Additionally, many business owners noted the desire for patrons to include a ferry ride in their travels. Locals and visitors alike have fond memories of AMHS and often want to include it in their itinerary.

Important AMHS routes for hospitality and tourism transportation mentioned in interviews included trips in and out of Juneau and Bellingham, WA.

4.3.2 CHALLENGES AND CONSIDERATIONS

The overwhelming feedback from respondents representing the hospitality and tourism industries was that AMHS is no longer the best choice for their customers due to difficulties with scheduling and trip planning, reliability, and cost. With the recent reduced service, AMHS is no longer an option for many travelers. Even when it is, the lack of reliability makes it risky and undesirable. Alternative transportation services are recommended instead and booked more frequently for these reasons.



Reliability – Many visitors plan their Alaska vacation up to one year in advance and need the security of knowing that they will be able to get where they need to go within their discrete travel window. Businesses in the tourism sector must ensure guests have peace of mind, which is challenging when ferry schedules are unpredictable and vessels are prone to maintenance issues.

With delayed schedule releases and lack of service reliability, travelers are unable to rely on AMHS and tend to choose other modes.

Frequency – Air service (Alaska Airlines, Alaska Seaplanes) allow travelers greater flexibility in both the timing and duration of their trip, whereas the current ferry schedule restricts options, often making short weekend visits impossible. Many businesses indicated that a schedule that arrives on Thursday or Friday and leaves on Sunday afternoon would support the interests of more weekend travelers.

The reduced service frequency and fewer stopovers in port communities have led to decreased foot traffic for businesses and restaurants. As a result, hospitality businesses are experiencing lower revenue, which has reduced the need for full-time staff.

Schedule – Publishing a schedule in advance would significantly benefit these businesses by enabling earlier bookings by visitors and tourism agencies. Industry feedback reveals that visitors often plan their travel and accommodations up to a year ahead. Without a published schedule, AMHS loses the chance to be included in these plans, as travelers opt for flights simply because airline schedules are available sooner.

4.4 RETAIL/GROCERY

Retail/Grocery encompasses establishments that supply groceries and provisions, clothing, and gear. Those included in this study are largely local businesses that source their inventory from wholesalers in neighboring communities.

4.4.1 USE-CASES

Retail and grocery providers in communities without access to scheduled barge freight service reported reliance on the ferry to bring in inventory. Retail stores in smaller communities that do have scheduled freight service appreciate having access to AMHS as an alternative way to bring in goods. When AMHS is used to transport deliveries, vehicle and freight space are important. A few key wholesale suppliers, namely Costco and Northern Sales Company, Inc, are based in Juneau, supplying many of the businesses in Southeast Alaska, making connections to Juneau especially important.

Interview respondents indicated that local retailers and grocery stores are not reliant on passenger service to bring in customers, as most of their profit comes from local customers.

4.4.2 CHALLENGES AND CONSIDERATIONS

AMHS would remain the preferred option for cargo transportation if its reliability improved. Alternative services are more expensive and often come with added challenges in loading and unloading. All business owners interviewed in communities without scheduled barge service agreed that AMHS would be their top choice if it could provide consistent and reliable service.

Reliability – Though many businesses use AMHS currently, seven reported they do not, citing lack of reliability as the main concern. Timeliness is of the essence for deliveries like produce, and cancellations or missed trips can be extremely costly if the inventory spoils in transit. Alternative modes (chartered air service or barge) are thus used more often.



4.5 SEAFOOD

Seafood covers fisheries, processors, and distributors that provide seafood for the state and beyond. Alaska harvest is about 60% of the total United States seafood harvest and 1.3% of the global seafood harvest¹.

4.5.1 USE-CASES

AMHS service is critical for transporting seafood out of small communities that are not on the main barge line. The ferry system is also important for small and medium-sized seafood processing businesses in larger communities, such as Juneau and Cordova, as it is a lower-cost alternative to barge service.

Important AMHS routes for seafood transportation mentioned in interviews included Cordova-Whittier, Pelican-Juneau, and Juneau-Skagway. After using the ferry to bring seafood (primarily frozen but also refrigerated) to the larger hub communities or the road system, seafood processors have access to a wider set of shipping options to reach final markets including barge, container ship, truck, and air cargo.

4.5.2 CHALLENGES AND CONSIDERATIONS

Seafood processing businesses reported relying on the ferry primarily because alternatives were either more expensive or unavailable. However, they expressed frustration over the recent decline in service frequency, and the lack of reliability. Many of these businesses need to plan far in advance for using AMHS because with reduced service, ferries are more likely to be overloaded.

Reliability – During the busy summer salmon season, shipping delays can damage processors' customer relationships and lead to frozen inventory piling up in limited storage space. If the backlog grows too large, processors may have to stop purchasing new seafood, which negatively impacts the local fishing fleet. For fresh (refrigerated) products, service disruptions can also result in product quality degradation.

Vessel configuration – A concern specific to the community of Pelican is that the stern-loading configuration of the MV LeConte and associated dock in Pelican does not facilitate the use of alternative vessels for loading processed seafood.

4.6 MISCELLANEOUS

This section includes unique responses from Alaska Native Corporations (ANCSA), the automotive/transportation industry, and a respondent who provides marine support services. Automotive/transportation pertains to businesses providing vehicle repair and maintenance services. Marine support pertains to businesses providing specialized maritime services which may include transportation, logistical support, environmental cleanup, and other miscellaneous maritime services.

4.6.1 USE-CASES

The ferry transports vehicles, parts, and equipment to vehicle repair shops for repair or maintenance. Vehicles are transported from other parts of the State or the Lower 48 on the ferry when schedule and capacity allow. Alaska Native Corporations rely on the ferry primarily for relocating employees and moving equipment between surrounding communities which receive AMHS service.

¹ McKinley Research Group, LLC, The Economic Value of Alaska's Seafood Industry, April 2024



4.6.2 CHALLENGES AND CONSIDERATIONS

There are AMHS-served communities in Southwest, Southcentral, and Southeast Alaska that do not have direct barge service, making AMHS vital for shipments and deliveries as it is the primary way of bringing in inventory and equipment for these businesses and others across industries.

The automotive/transportation industry respondent indicated that the cost of AMHS was an obstacle for their business. The business provides vehicle and parts repair services to Ketchikan and surrounding communities. Historically, vehicles, parts, and equipment were transported via ferry to the shop for repair. It was reported that the revenue from a job rarely offsets the high shipping cost for the ferry from some communities.

Reliability – Unreliable ferry service leads to missed business opportunities and higher costs to move employees. Businesses are not able to accept contracts at short notice, as the ferry may not be scheduled in time to accommodate, or scheduled trips may be fully booked. Even when trips are scheduled, delays and cancellations often inhibit the timeliness of the work.

Cost – As freight costs rise, it has become increasingly impractical for many businesses to ship vehicles and parts via ferry. Customers in other communities are often able to find a local mechanic and, in some situations, opt for cheaper shipping alternatives, such as Alaska Air Cargo to ship parts.

5. CONCLUSIONS

Across all market sectors interviewed, service reliability emerged as a key challenge that must be addressed for businesses to thrive. A dependable schedule would encourage many businesses to return to AMHS as their primary mode of transportation, benefiting not only the businesses but also their communities, workforce, and the ferry system itself. With a reliable schedule, deliveries can be made on time, contracts can be scheduled and completed, employees can commute reliably, and patients can receive timely care. While communities have adapted to the current, often inconsistent schedules, their ability to depend on ferry transportation is ultimately tied to the ferry system fulfilling its planned services.

A schedule that caters to each sector, community, and individual business' unique needs is a difficult feat, though a couple key considerations were heard repeatedly in these interviews.

- *Schedules need to be published earlier to allow for pre-planning, both for tourists planning trips in advance and for businesses scheduling deliveries and work contracts.*
- *Weekend service (Thursday – Monday) to and from hub communities (where connections are made for travel or that have a higher-level of availability of goods and services) would allow deliveries to arrive at the beginning of the week, and individuals to travel, shop, and attend appointments over the weekend.*

In the interviews, respondents were asked to define service levels that would support both (1) the essential functioning of their business and (2) future growth for their business. When describing an essential service level, many indicated that the current service would be adequate—provided it was reliable. Responses by region are broken down in Figure 4.



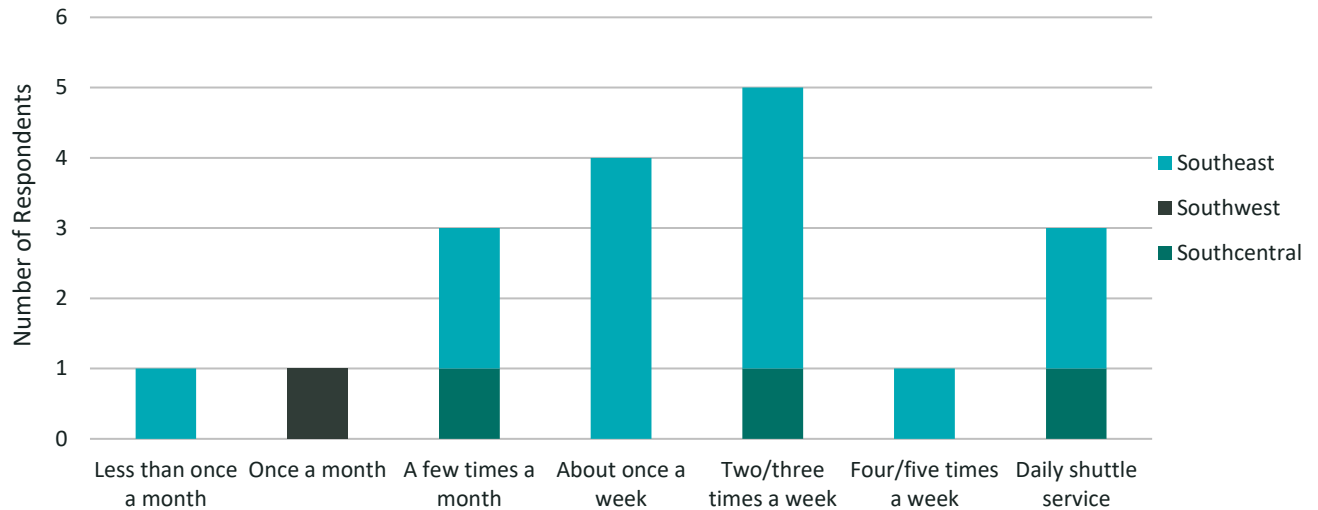


Figure 4: Identified Essential Service Levels, by region

For some, identifying a growth scenario was difficult, as their business operations have formed around current service. Of the responses gathered, it was clear that across regions, service once a week or more would be beneficial, as shown in Figure 5.

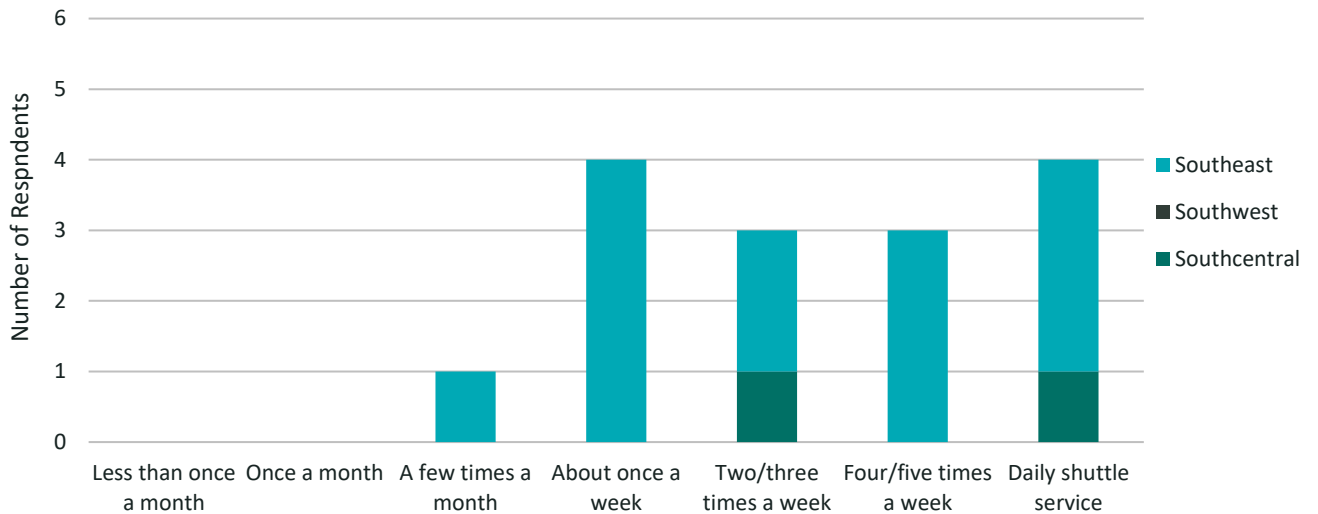


Figure 5: Identified Growth Service Levels, by region

Though many have now opted for alternative transportation providers for much of their business operations or have identified ways to manage the reliability issues that now challenge the system, ultimately, interviewees expressed hope for the future of AMHS. To quote one business owner from Pelican, “As the ferry system grows, our community becomes more livable.” Most respondents are eager to see AMHS return as a reliable, frequent, and cost-effective option again.

APPENDIX A

Completed Interviews Business List



COMPLETED INTERVIEWS BUSINESS LIST

- 60 North Seafoods, Cordova
- Alaska Glacier Seafoods, Juneau
- Angoon Trading Co., Angoon
- Aspen Suites, Sitka
- Bobcat, Juneau
- Chatham Electric, Juneau
- Collete's Cupboards, Hoonah
- Cordova Community Health Center, Cordova
- Cost Savers, Kodiak
- Dan's Automotive Services, Ketchikan
- Glacier Bay Construction Inc., Gustavus
- Grand View B&B, Wrangell
- Haines RV Park, Haines
- Island Escape Car Rental, Wrangell
- Kodiak Area Native Association, Kodiak
- Koniag Incorporated, Kodiak
- Lisianski Inlet Café, Pelican
- Mallott's General Store, Yakutat
- Morsa Marine, Juneau
- Nichols' Backdoor Company, Cordova
- Olerud's Market, Haines
- Petersburg Dental / Bed and Breakfast, Petersburg
- Providence Kodiak Island Medical Center, Kodiak
- Sagebrush Dry Manufacturing, Juneau
- SECON, Juneau
- Showers of Flowers, Metlakatla
- The Landing Hotel, Ketchikan
- Viking Travel, Petersburg
- Yakobi Fisheries, Pelican



APPENDIX B

Interview Protocol



INTERVIEW PROTOCOL

1. DO YOU USE THE STATE FERRY SERVICE AT ALL TO SUPPORT YOUR BUSINESS OPERATIONS?
 - a. If yes, go to question 2.
 - b. If no, skip to question 3.
2. PLEASE DESCRIBE HOW YOU USE THE FERRY SYSTEM TO SUPPORT YOUR BUSINESS. (PROMPT, IF NEEDED, WITH THE FOLLOWING OPTIONS.)
 - a. Passenger service
 - i. If yes, how important is this service to your business currently?
 - 1) How frequently do you use this service?
 - ii. If no, move to next service.
 - b. Vehicle service
 - i. If yes, how important is this service to your business currently?
 - 1) How frequently do you use this service?
 - ii. If no, move to next service.
 - c. Cargo van or trailer service
 - i. If yes, how important is this service to your business currently?
 - 1) How frequently do you use this service?
 - 2) How much cargo are you moving each time?
 - ii. If no, move to next service.
3. HAS YOUR BUSINESS USE OF THE FERRY SYSTEM CHANGED OVER THE LAST SEVERAL YEARS?
 - a. If yes, why?
 - b. If no, go to question 4.
4. DO YOU CUSTOMERS USE THE FERRY SYSTEM TO ACCESS YOUR BUSINESS?
5. WHAT OTHER TYPES OF TRANSPORTATION BESIDES THE ALASKA FERRY SYSTEM DO YOU USE TO SUPPORT YOUR BUSINESS? (PROMPT, IF NEEDED, PRIVATE BARGE SERVICE, SCHEDULED OR CHARTERED AIR SERVICE.)
 - a. What are the advantages each type of transportation you use compared to the Alaska ferry system?
 - b. Are there disadvantages these other types of transportation compared to the ferry system?
6. DOES THE PRICE OF RIDING OR MOVING CARGO OR VEHICLES ON THE ALASKA FERRY SYSTEM IMPACT HOW YOU USE THAT SYSTEM FOR YOUR BUSINESS?



- a. If yes, how?
 - b. If no, skip to question 7.
7. WHAT LEVEL OF FERRY SERVICE DO YOU BELIEVE IS ESSENTIAL FOR YOUR BUSINESS? BY "ESSENTIAL" WE MEAN A LEVEL OF SERVICE THAT ALLOWS YOU TO TRAVEL OR MOVE PRODUCTS OR CUSTOMERS TO OTHER COMMUNITIES AS NEEDED FOR YOUR BUSINESS.
- a. Daily shuttle service
 - b. Four/five times a week
 - c. Two/three times a week
 - d. About once a week
 - e. A few times a month
 - f. Once a month
8. WOULD AN INCREASE IN FERRY SERVICE HELP YOUR BUSINESS GROW?
- a. If yes:
 - i. Specifically, how would an increase help your business grow?
 - ii. Go to question 9
 - b. If no, skip to question 10
9. WHAT LEVEL OF FERRY SERVICE DO YOU BELIEVE IS NEEDED TO SUPPORT GROWTH OF YOUR BUSINESS?
- a. Daily shuttle service
 - b. Four/five times a week
 - c. Two/three times a week
 - d. About once a week
 - e. A few times a month
 - f. Once a month
10. IS THERE ANYTHING ELSE YOU THINK YOU WOULD LIKE TO SHARE ABOUT BUSINESS NEEDS RELATED TO AMHS FERRY SERVICE?
11. ARE THERE ANY OTHER BUSINESSES YOU RECOMMEND WE TALK WITH AS PART OF THIS DISCUSSION?

