



# Alaska Department of Transportation & Public Facilities

## Alaska Marine Highway System Overview

### House Finance Sub-Committee

January 29, 2015



# AGENDA

- **Alaska Marine Highway System Background Data**
- **Fiscal Year 2015 Look Forward**
  - **Dayboat Alaska Class Ferry**
  - **Reservations & Manifest System**
- **Fiscal Year 2016 Governor's Endorsed Budget**
  - **General Fund Reductions**
    - **Service Reductions**
    - **Additional Reductions**

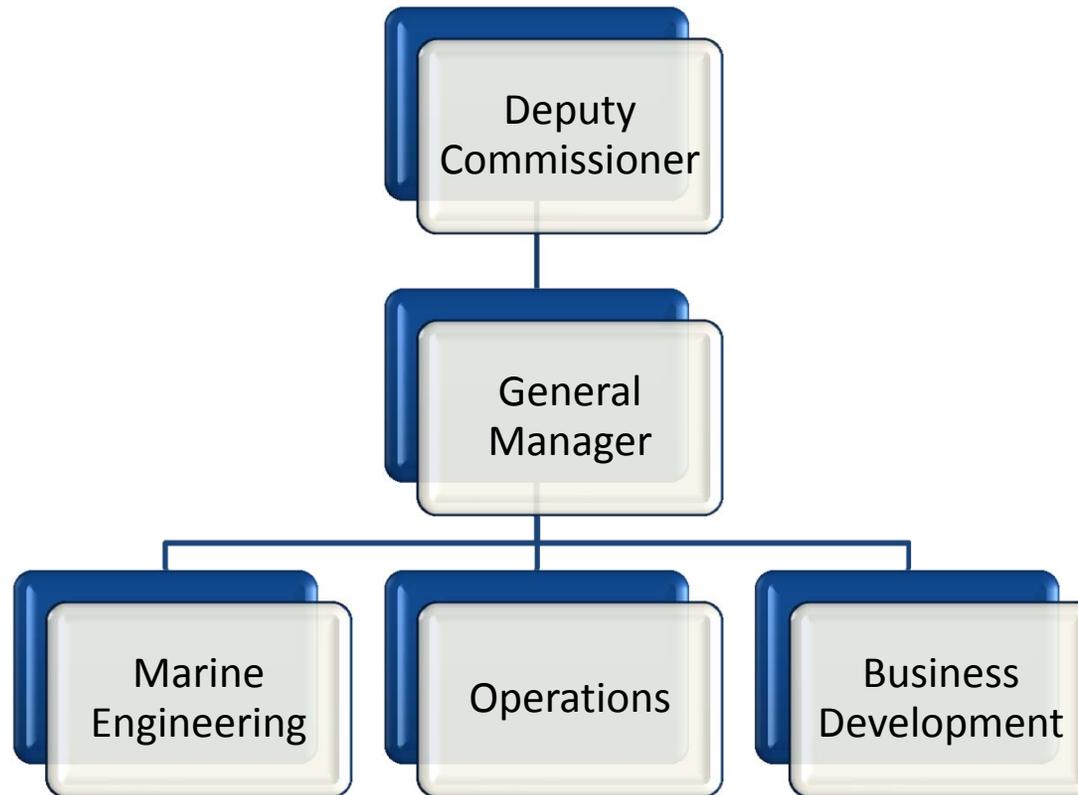


# MISSION STATEMENT

## **DOT&PF:**

*“Keep Alaska moving through service and infrastructure.”*

# ORGANIZATION/LEADERSHIP



1,024 Personnel

- Vessel Operations - 849
- Shore-side Facilities (Terminals) - 88
- Marine Engineering - 26
- Reservations & Marketing - 22
- Administration - 39

# FLEET COMPOSITION

## Mainliners

MV Malaspina - 1963

MV Taku - 1963

MV Matanuska - 1963

MV Tustumena - 1964

MV Columbia - 1974

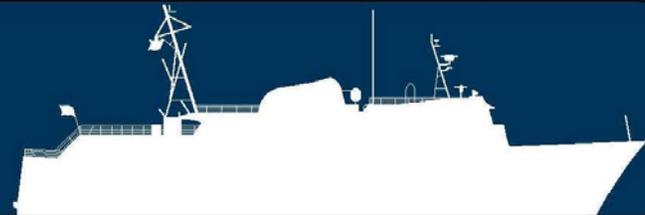
MV Kennicott - 1998



## Aurora Class

MV LeConte - 1974

MV Aurora - 1977



## Shuttle Ferries

FVF Fairweather - 2004

MV Lituya - 2004

FVF Chenega - 2005





# TERMINAL COMPOSITION

- 35 ports of call ranging from Bellingham as the southern terminus, Valdez as the northern terminus, and Dutch Harbor as the western terminus.
  - 17 in Southeast Alaska, Canada, and Washington and 18 in Southcentral and Southwest Alaska
- Of the 35 ports of call:
  - 17 State owned facilities (12 manned / 5 unmanned)
  - 4 leased facilities (Bellingham, Prince Rupert, Seldovia and Kodiak)
  - 14 privately owned operating under a terminal use agreement
- Life extending capital projects managed by Southeast Region of DOT&PF
- Annual maintenance managed by AMHS

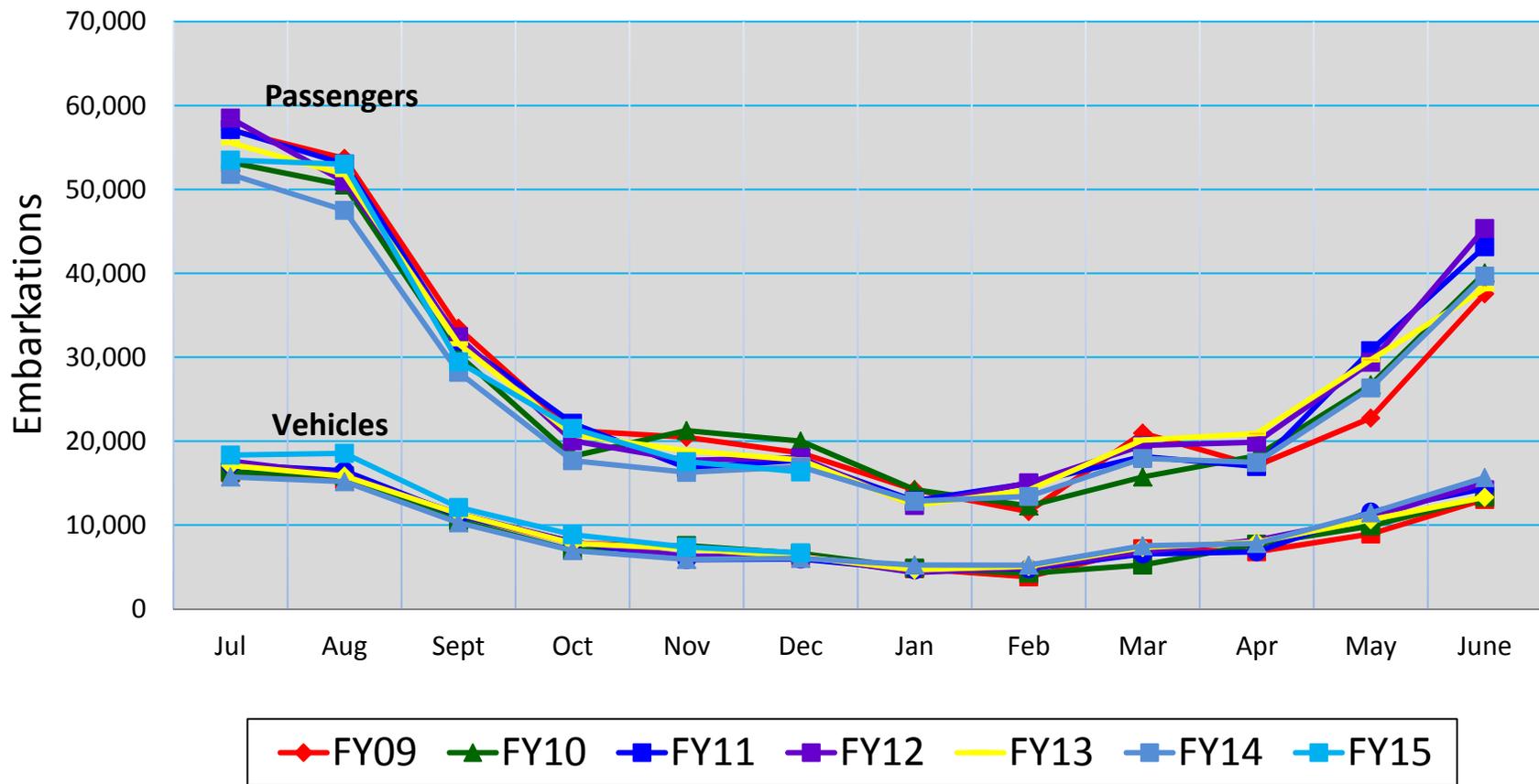
# ROUTE SUMMARY



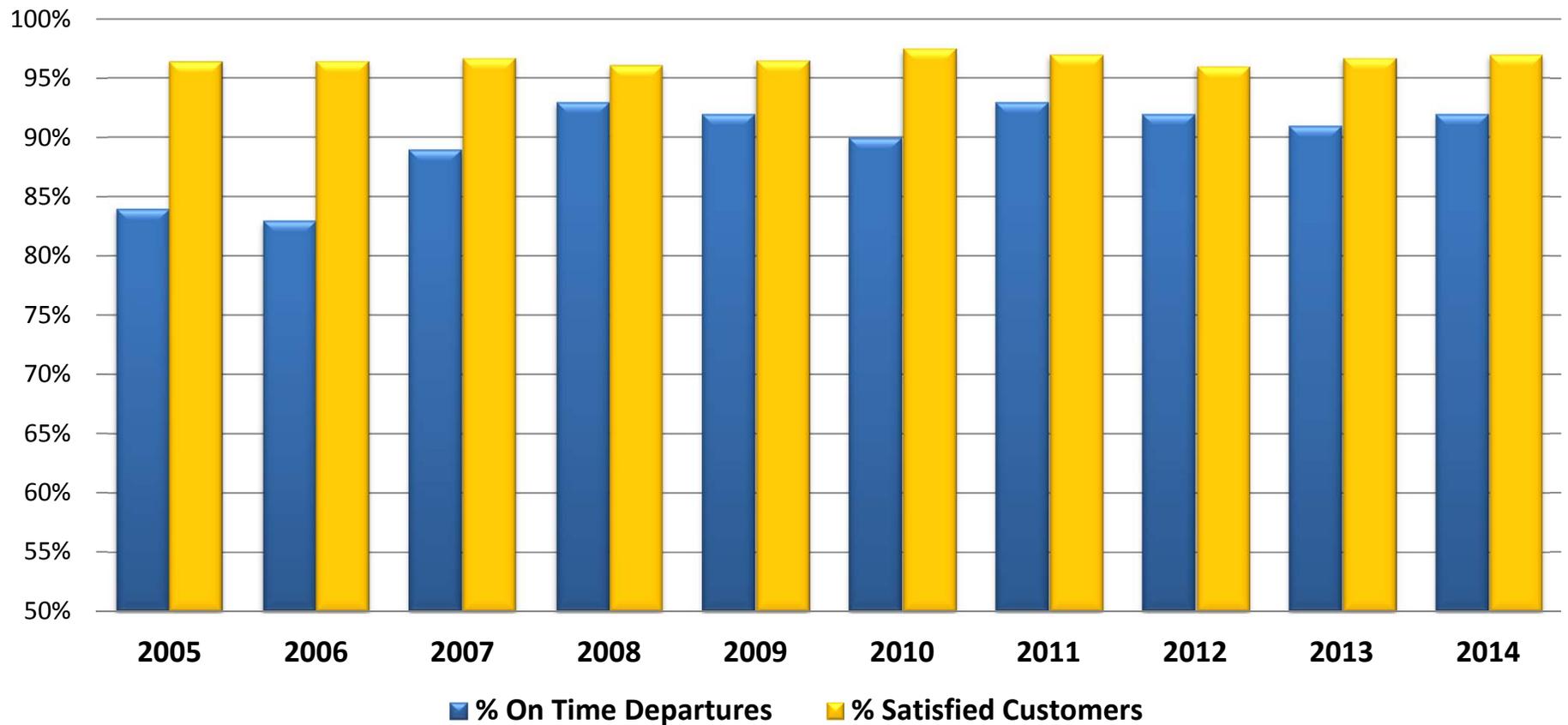
<b>Alaska Marine Highway</b>	Service Route:	3,500 miles
	Passengers:	340,000
	Vehicles:	115,000
<b>BC Ferries</b>	Service Route:	755 miles
	Passengers:	13,000,000
	Vehicles:	8,000,000
<b>Washington State Ferry</b>	Service Route:	200 Miles
	Passengers:	12,000,000
	Vehicles:	10,000,000

# MONTHLY TRAFFIC ACTIVITY

AMHS  
 FY09 – FY15 YTD  
 Monthly Embarkations  
 As of December 31, 2014



# ON-TIME DEPARTURES/CUSTOMER SATISFACTION

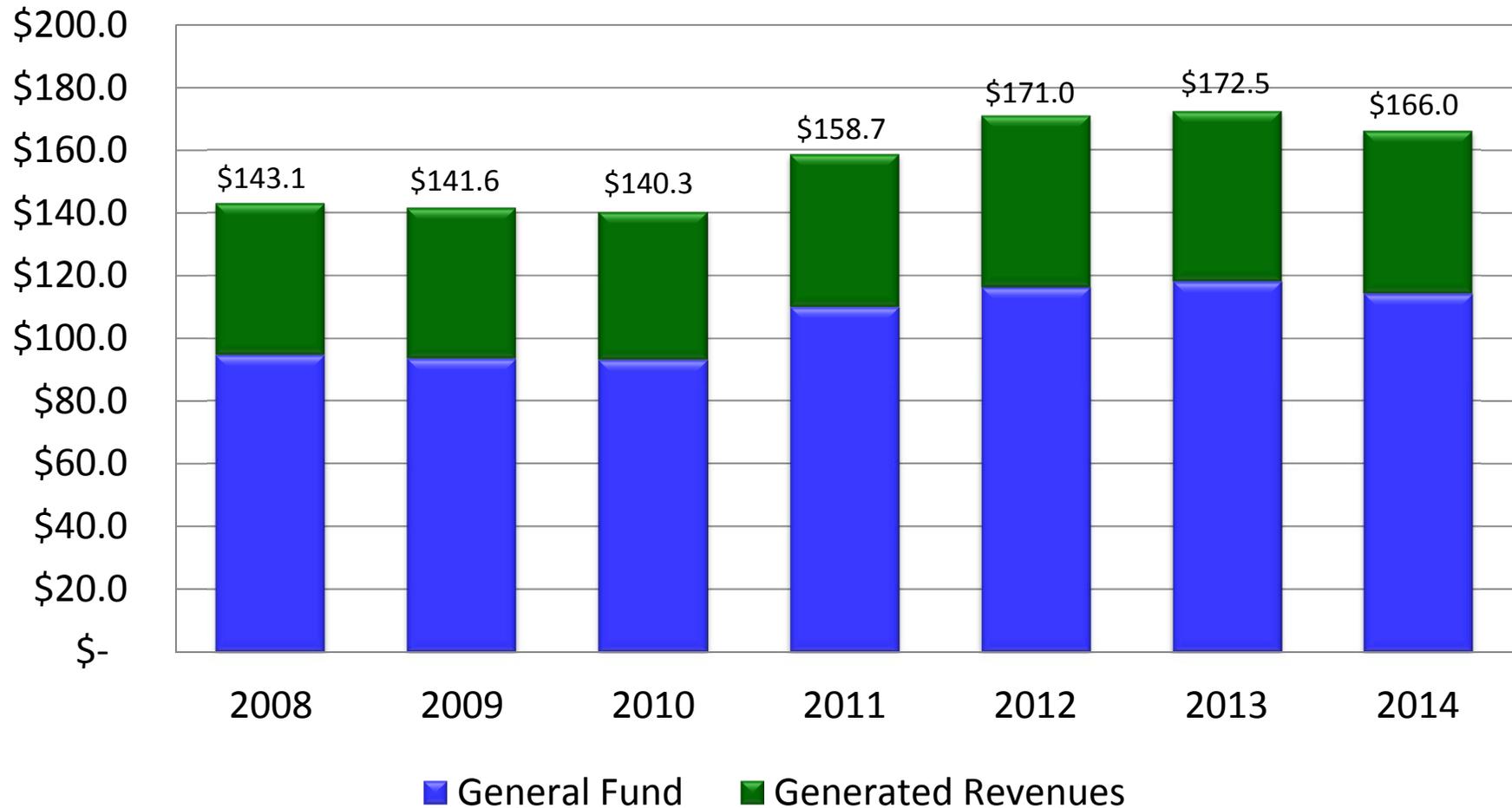


\* Online Automatic Reservations System (OARS) usage has increased from 18.5% - 41.0% for the period 2005 through 2014.

# OPERATING EXPENDITURE ANALYSIS\*

## FY08 – FY14

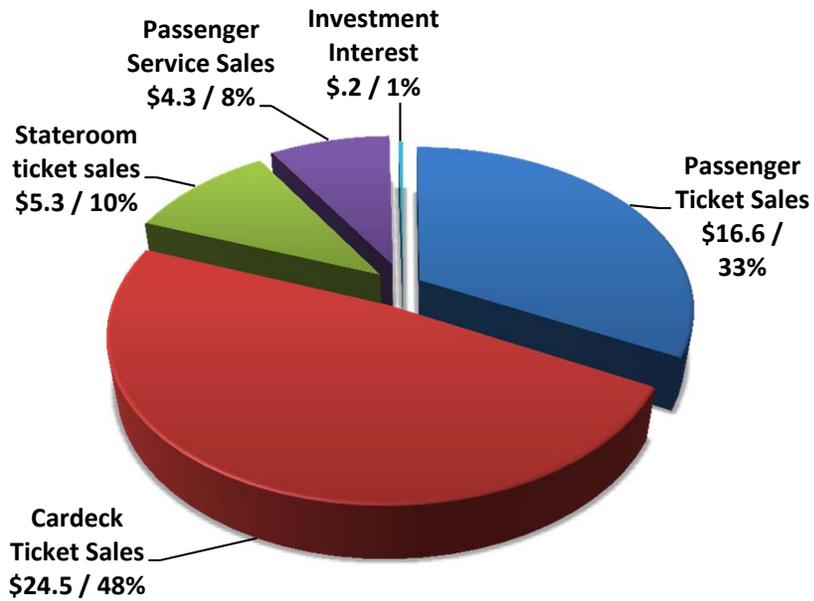
Millions



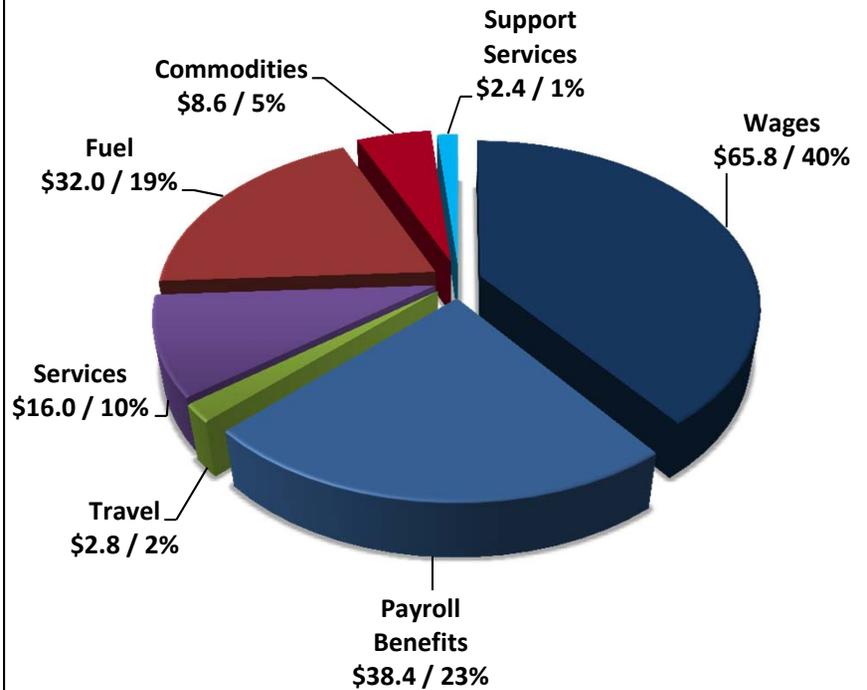
\*Does not include \$12.0 - \$15.0 Million in overhaul and deferred maintenance funded through the GF Capital Budget.

# FY14 REVENUES & COSTS

**AMHS  
FY2014 Revenue Sources (\$50.9)  
(in Millions)**



**AMHS  
FY2014 Annual Operating Costs (\$166.0)  
(in Millions)**



# FY15 LOOK FORWARD

- **Current Status:**

Managing to the budget

Traffic numbers have improved – currently 7% above FY14

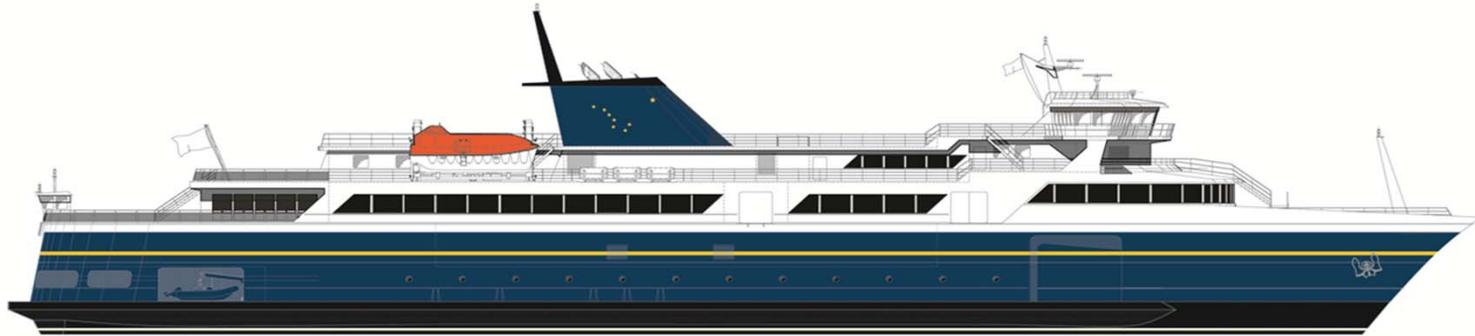
Minimal mechanical casualties – some weather cancellations

Tariff increase of 4.5% implemented on summer 2015  
schedule

Dayboat Alaska Class Ferry

Reservations & Manifest System

# DAYBOAT ALASKA CLASS FERRIES



- **Construction contract signed early October 2014 – Due 2018**
  - Ferries will be 280-feet long
  - Seat up to 300 passengers
  - Carry 53 standard vehicles
  - Feature bow and stern doors
  - Enclosed car decks
  - Controllable pitch propellers to maximize maneuverability and efficiency.

# RESERVATIONS & MANIFEST SYSTEM

Carus



- Project kicked off in October 2014
- The system is estimated to be fully implemented by October 1, 2015
- Carus works with 28 ferry operators spread over 13 countries
  - Operators in the Baltic, UK, mainland Europe, Africa, Australia, and the US
  - Clients cover every aspect of the ferry industry and operate virtually every type of vessel

# THE CARRES SYSTEM



- The CarRes system will allow AMHS to:
  - Automate check-in and boarding as needed
  - Create routines for Customer Relationship Management
  - Apply industry standards for business processes and streamlined operations in:
    - Ticketing, e-tickets, and ticketless travel
    - Check-in & boarding via the use of handheld wireless scanners to check in vehicles and passengers
    - Automation of processes
    - Integration with other AMHS/SOA systems

# FY16 Governor's Requested Budget

- Operating Budget: Estimated \$105.1M in GF appropriation (with cost reductions) compared to \$112.6M (including fuel trigger) estimated in FY15. Provides for 362 weeks of service in comparison to 399 weeks in the FY15 budget. The following changes will be made in order to reduce GF appropriation needs:
  - Taku and Malaspina will be laid up longer
  - FVFs will not operate in the winter
  - FVFs will only operate four days per week in summer
  - Bars will be closed on all vessels
  - Marketing and advertising contract will not be re-solicited.
- Vessel schedules will be adjusted in order to best accommodate traffic demands during this time.
- Anticipated Revenue is \$53.7M compared to an estimated \$54.4M in FY15.



## FY16 Reductions (000s)

- FY16 Governor's endorsed budget includes \$3,560.0 in General Fund reductions
  
- Fuel Trigger –
  - In FY16 fuel for AMHS vessels is budgeted at \$2.56 per gallon.
  - In past years the difference between the budgeted and actual cost of fuel was covered by the fuel trigger appropriation; however, no fuel trigger is anticipated in FY16.
  - DOT&PF estimates an additional \$5,315.0 will be needed for fuel with a 399 operating week schedule. Operating weeks will be reduced to 362 weeks in order to stay within budget

# FY16 Reductions

	Cost Reduction (000s)
<b>GF Reductions</b>	
Additional Layup of the Taku	\$ 2,810.0
Close Bars	<u>750.0</u>
<b>Subtotal GF Reduction</b>	<b>\$ 3,560.0</b>
<b>Service Reductions</b>	
<b>Additional Vessel Layups:</b>	
Malaspina	\$ 3,290.0
FVFs	1,200.0
<b>FVFs Four Days per Week</b>	325.0
<b>Reduce Marketing &amp; Advertising</b>	<u>500.0</u>
<b>Subtotal Service Reductions</b>	<b>\$ 5,315.0</b>
<b>TOTAL COST REDUCTION</b>	<b>\$ 8,875.0</b>

\*Please Note: An additional \$1.8M of GF appropriation was already reduced due to the 4.5% tariff increase effective May 1<sup>st</sup>, 2015.



# FY16 General Fund Reductions

- **Taku –**

- In FY15 the Taku began Prince Rupert – Juneau service July 1<sup>st</sup>. In FY16 this service will not begin until October 6<sup>th</sup>. This will reduce service to Prince Rupert from four to two port calls per week in the summer. This will also reduce mainliner service to Sitka and all communities in Southeast Alaska.

Estimated GF savings = \$2,810.0

- **Bars –**

- Bars on all vessels will be closed. Beer and wine will still be sold on the vessels. Estimated GF savings = \$750.0

# Service Reductions

- **FVFs –**

- **Fairweather:** Service will be reduced to four days per week servicing Sitka – Angoon – Juneau. The vessel will only operate during the summer season with the exception of May 18<sup>th</sup> – June 30<sup>th</sup> when it will be laid up. The Fairweather will be used to accommodate traffic demands between Sitka and Juneau caused by laying up the Taku.
- **Chenega:** Service in Prince William Sound (PWS) is currently provided by both the Aurora and Chenega. PWS service will now only be provided by the Chenega to fill in when the Aurora is not available (Aug. 15<sup>th</sup> – Sept. 30<sup>th</sup> & May 1<sup>st</sup> – June 30<sup>th</sup>, in FY16). When operating the Chenega will only run four days per week. This change will reduce the number of port calls in PWS and increase the time to travel between ports in PWS.

Estimated Cost Savings = \$1,525.0



## Service Reductions (Continued)

- **Malaspina –**

- For the past few years the Malaspina has operated as a dayboat in North Lynn Canal during the summer. This service will not be provided in Lynn Canal from July – September. Service in Lynn Canal during these months will be provided by a combination of the LeConte and mainliners. This will reduce the weekly number of port calls in Lynn Canal during this time.

Estimated Cost Savings = \$3,290.0

- **Marketing Plan –**

- The Marketing Plan will be reduced to include significantly less advertising and marketing outreach.

Estimated Cost Savings = \$500.0

# Questions?

Captain John Falvey - General Manager  
Alaska DOT&PF, AMHS  
(907) 228-7250  
[John.Falvey@Alaska.gov](mailto:John.Falvey@Alaska.gov)

Matt McLaren – Business Development Mgr  
Alaska DOT&PF, AMHS  
(907) 228-7274  
[Matt.McLaren@Alaska.Gov](mailto:Matt.McLaren@Alaska.Gov)