



Alaska Department of Transportation & Public Facilities

AMHS Community Engagement Meetings

Captain Michael Neussl, Deputy Commissioner

November/December 2015

(Revised 12-4-2015)



AGENDA

- **AMHS Mission & Profile**
- **Where are we?**
 - Traffic Report
 - Revenue Report & Historical Comparisons
 - Budgetary Constraints
 - Fiscal Year 2016 Operating Plan
- **What have we done?**
 - Non-Service Cost Reduction
 - Revenue Enhancements
- **Where are we going?**
 - Fiscal Year 2017 & Beyond
- **Questions and Discussion**



MISSION STATEMENTS

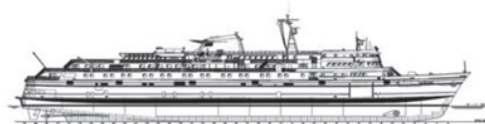
DOT&PF:

“Keep Alaska moving through service and infrastructure.”

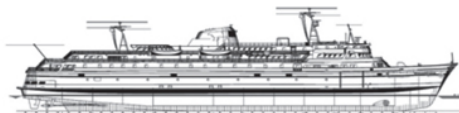
AMHS

To provide safe, reliable, and efficient transportation of people, goods, and vehicles among Alaska communities, Canada, and the "Lower 48," while providing opportunities to develop and maintain a reasonable standard of living and high quality of life, including social, education, and health needs.

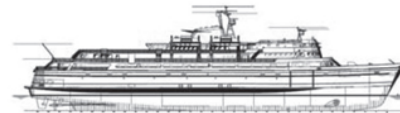
AMHS FLEET PROFILE



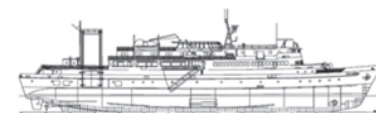
M/V Matanuska
408 feet
Built 1963



M/V Malaspina
408 feet
Built 1963



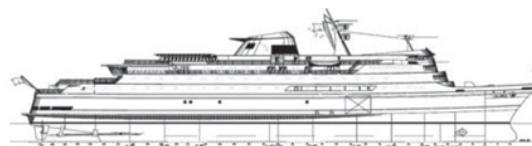
M/V Taku
352 feet
Built 1963



M/V Tustumena
296 feet
Built 1964



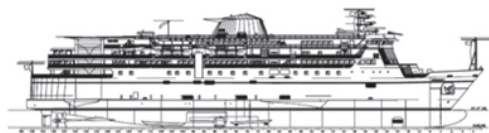
M/V LeConte
235 feet
Built 1974



M/V Columbia
418 feet
Built 1974



M/V Aurora
235 feet
Built 1977



M/V Kennicott
382 feet
Built 1998



FV Fairweather
240 feet
Built 2004



M/V Lituya
193 feet
Built 2004



FV Chenega
240 feet
Built 2005

AMHS PORTS OF CALL



33 Alaskan Communities, Prince Rupert & Bellingham



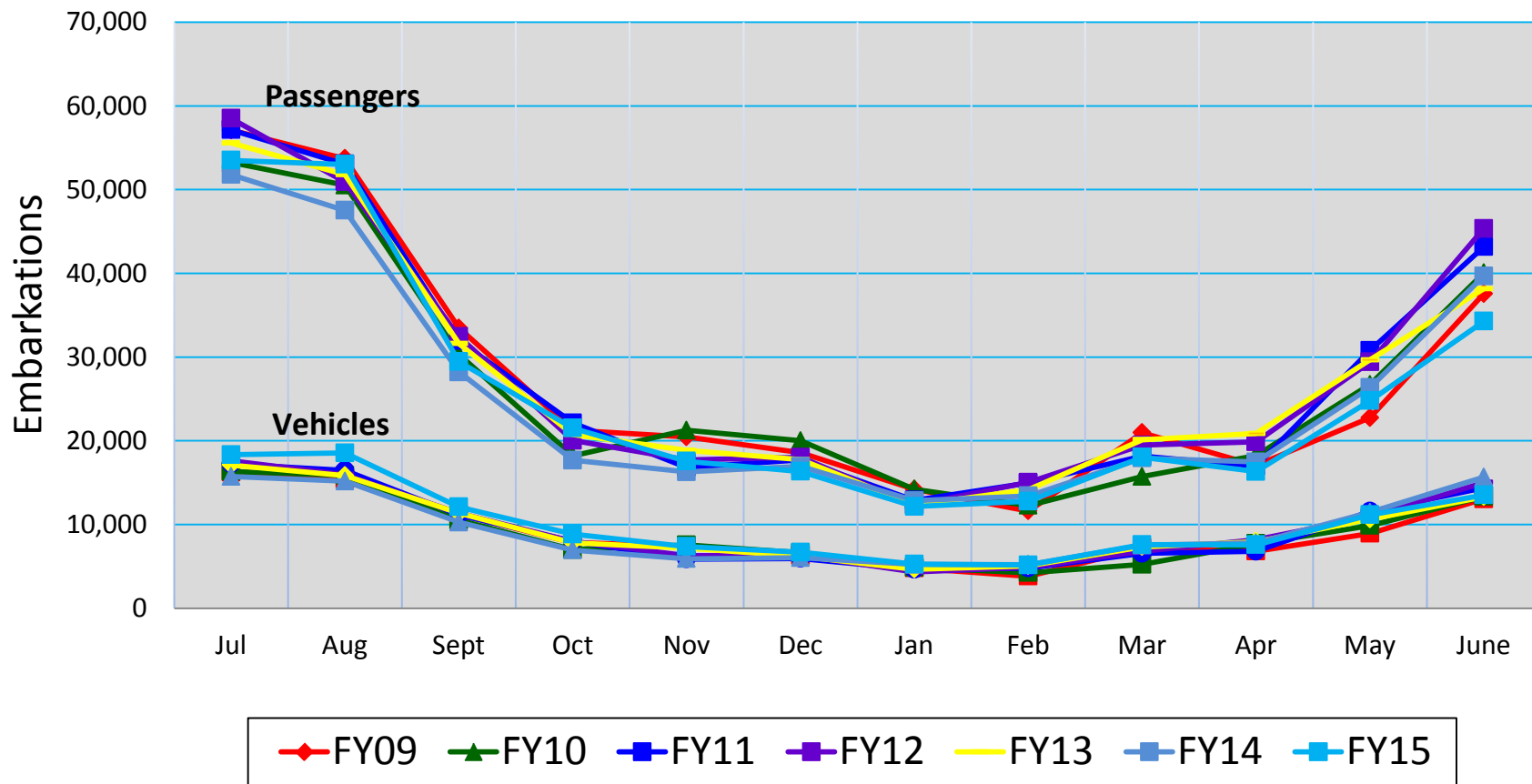
FISCAL YEAR 2015 STATISTICS

- Earned \$53.5M* in Revenue (+5% from FY14)
- Reduced total operating costs \$5M* compared to FY14 (down to \$161M, -4% from FY14)
- Provided 378 ship weeks of service
- Carried 310,000* passengers and 106,500* vehicles
- Made 6,478 port calls
- Redesigned & implemented a more user-friendly website
- 140,000+ followers on social media

*These numbers are estimates and will not be finalized until December 2015.

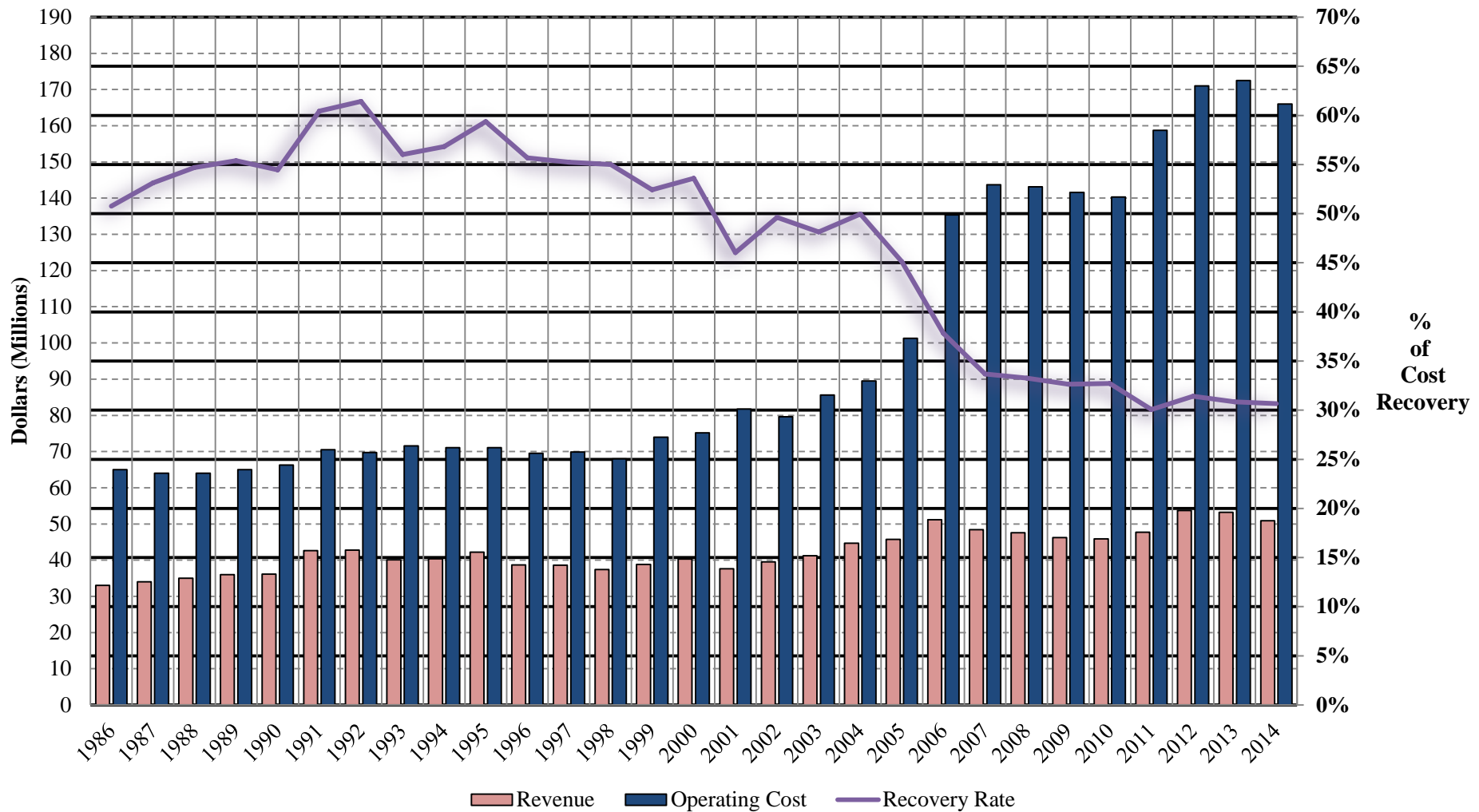
TRAFFIC REPORT

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



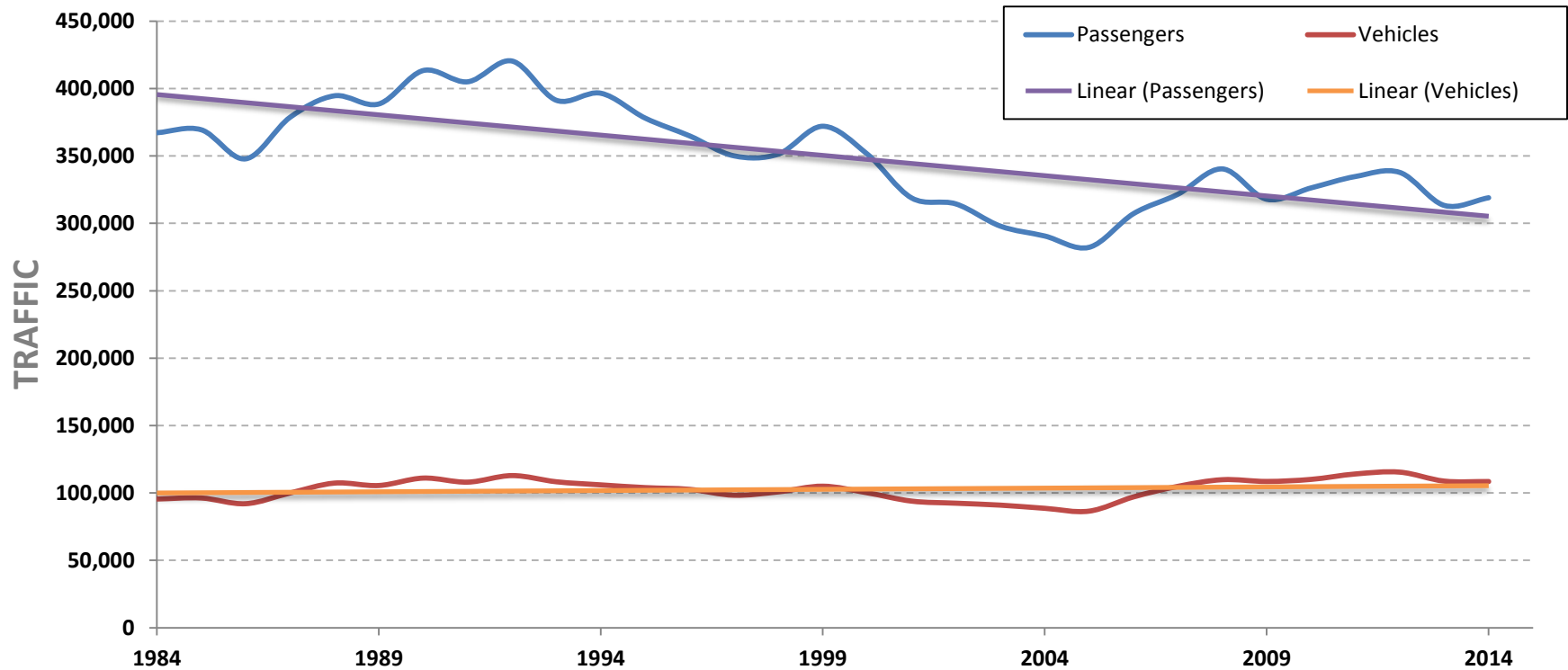
Historical Revenue & Operating Cost

AMHS Fare Box Recovery Rate 1986-2014



Historical Ridership

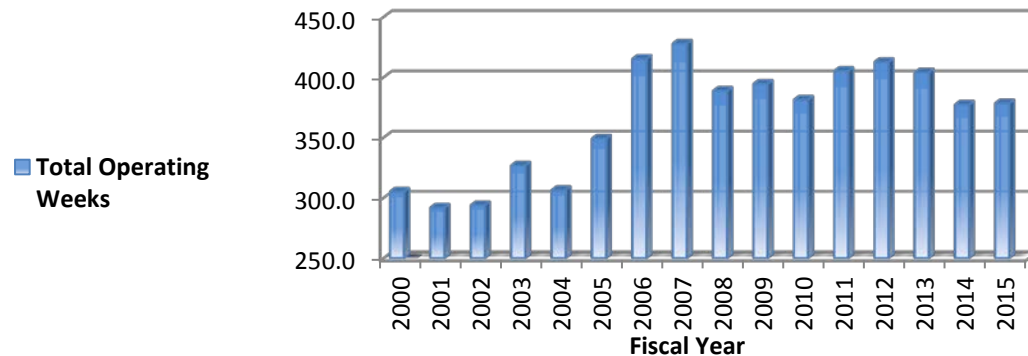
Annual Traffic Chart



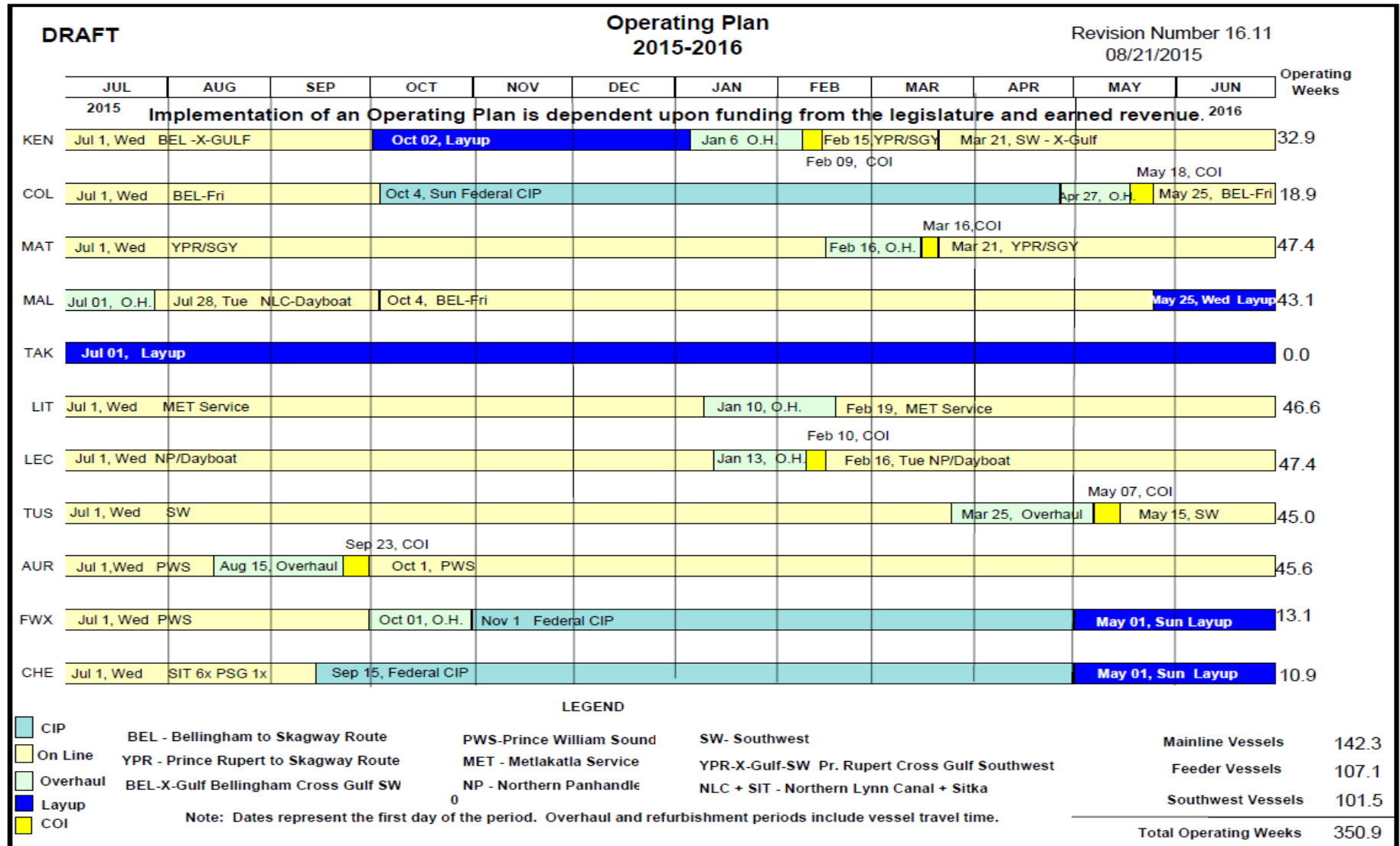
Historical Operating Weeks & Fleet Size

AMHS Operating Weeks from Annual Financial Reports

Fiscal Year	Operating weeks (actual as sailed)	Remarks
2000	305.0	9 ships (Bartlett, No FVF or Lituya)
2001	291.7	9 ships (Bartlett, No FVF or Lituya)
2002	293.7	9 ships (Bartlett, No FVF or Lituya)
2003	326.6	9 ships (Bartlett, No FVF or Lituya)
2004	306.2	11 ships (Lituya, FWX, Bartlett / No Chenega)
2005	349.0	Current 11 ships
2006	415.1	Current 11 ships
2007	427.8	Current 11 ships
2008	388.6	Current 11 ships
2009	394.4	Current 11 ships
2010	381.2	Current 11 ships
2011	405.1	Current 11 ships
2012	412.5	Current 11 ships
2013	403.8	Current 11 ships
2014	377.1	Current 11 Ships
2015	378.3	Current 11 Ships



FISCAL YEAR 2016 OPERATING PLAN



BUDGET PROGRESSION: AMHS Expenditure and Fund Source Analysis FY10 – FY16 (\$000s)

Description	HISTORICAL						FY 16 Authorized	FY 16 % of Total Direct Cost
	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Estimated		
Fleet Status-Weeks								
Revenue Service	381.2	405.1	412.5	403.8	376.6	378.3	353.9	
Fuel Gallons (000)	10,408.4	10,850.0	10,850.0	10,779.1	9,527.8	9,334.5	9,315.7	
Fuel Price Total	\$ 2.17	\$ 3.03	\$ 3.51	\$ 3.38	\$ 3.36	\$ 2.84	\$ 2.56	
Marine Vessel Operations								
Personel Services	\$ 78,984.4	\$ 85,200.0	\$ 90,054.0	\$ 91,493.0	\$ 89,889.5	\$ 91,109.0	\$ 89,248.1	57.4%
Travel	1,647.3	1,900.0	1,850.0	1,693.5	1,698.0	1,900.0	1,588.4	1.0%
Services	11,348.8	11,000.0	12,375.0	11,787.4	12,115.3	11,800.0	11,364.8	7.3%
Fuel	22,571.5	32,852.0	38,084.0	36,452.0	31,966.0	26,500.0	27,513.6	17.7%
Commodities	6,150.0	7,250.0	7,550.0	8,538.1	7,887.3	7,000.0	7,009.2	4.5%
Subtotal Marine Operations	\$ 120,702.0	\$ 138,202.0	\$ 149,913.0	\$ 149,964.0	\$ 143,556.1	\$ 138,309.0	\$ 136,724.1	87.9%
Shoreside Costs								
Marine Shore Operations	\$ 7,119.0	\$ 7,810.0	\$ 8,155.0	\$ 8,176.0	\$ 8,305.0	\$ 8,500.0	\$ 7,817.7	5.0%
Vessel Ops Management	3,953.0	4,140.0	4,450.0	5,306.0	5,057.0	5,100.0	4,024.0	2.6%
Reservations & Marketing	2,404.0	2,577.0	2,475.0	2,558.0	2,432.0	2,400.0	2,015.5	1.3%
Marine Engineering	2,180.0	2,108.0	2,059.0	2,442.0	2,632.0	2,700.0	3,361.7	2.2%
Overhaul	1,702.0	1,631.0	1,627.0	1,627.0	1,606.0	1,650.0	1,647.8	1.1%
Subtotal	\$ 17,358.0	\$ 18,266.0	\$ 18,766.0	\$ 20,109.0	\$ 20,032.0	\$ 20,350.0	\$ 18,866.7	12.1%
Subtotal AMHS	\$ 138,060.0	\$ 156,468.0	\$ 168,679.0	\$ 170,073.0	\$ 163,588.1	\$ 158,659.0	\$ 155,590.8	100.0%
Allocated Costs (Support Services)	\$ 2,201.0	\$ 2,264.0	\$ 2,363.0	\$ 2,454.0	\$ 2,434.0	\$ 2,431.9	\$ 3,280.9	
Total Approved Operating Expenditures	\$ 140,261.0	\$ 158,732.0	\$ 171,042.0	\$ 172,527.0	\$ 166,022.1	\$ 161,090.9	\$ 158,871.7	
Funding Sources								
Marine Highway Fund								
Revenues from Operations (DGF)	\$ 45,914.0	\$ 47,697.0	\$ 53,684.0	\$ 53,234.0	\$ 50,877.0	\$ 53,500.0	\$ 57,778.0	
Veh Rent Tax	700.0	300.0	-	-	-	-	-	
Gen Fund Allocation-AMHS (UGF)	97,583.0	103,670.0	116,773.0	123,760.0	116,830.0	112,590.0	96,660.3	
Transfer to Capitalization	(1,123.0)	-	(4,057.0)	(2,490.0)	-	-	-	
Transfer from Capitalization	-	-	-	-	-	-	2,600.0	
Add'l Fuel Trigger App'n	-	-	-	-	-	7,179.0	-	
Restricted Funds (CIP Receipts)	1,088.0	905.0	969.0	1,047.0	892.0	897.0	1,833.4	
Total Funding	\$ 144,162.0	\$ 152,572.0	\$ 167,369.0	\$ 175,551.0	\$ 168,599.0	\$ 174,166.0	\$ 158,871.7	
GF Capital Expenditures								
Overhaul/Maintenance ²	\$ 12,734.0	\$ 14,809.0	\$ 13,517.0	\$ 15,036.0	\$ 14,863.0	\$ 14,584.0	\$ 10,600.0	

² Includes Deferred Maintenance

AMHS Workforce Statistics

Vessel Employee Union	Number of Employees³	Average Cost/Employee¹	Total Annual CBA Cost (FY14)	% Non-Alaska Residents
IBU (Inlandboatmen's Union)	634	\$ 114,576.15	\$ 54,869,372.95	2.8%
MEBA² (Marine Engineers Union)	104	181,123.57	17,197,012.72	24.7%
MMP (Masters, Mates & Pilots Union)	108	190,774.48	17,823,076.14	16.7%
Subtotal	846		\$ 89,889,461.81	
Shoreside Employee Union	Number of Employees³	Average Cost/Employee¹	Total Annual CBA Cost (FY14)	
GG (General Government Union)	102	\$ 63,388.51	\$ 4,754,138.25	
SU (Supervisory Union)	29	103,439.81	2,999,754.49	
LT (Labor, Trades, and Crafts Union)	7	76,124.81	532,873.67	
KK (Confidential Union)	7	97,396.78	681,777.46	
XE (Exempt Employees)	5	166,582.92	832,914.60	
Subtotal	150		\$ 9,801,458.47	
¹ Includes Salary & Benefits (FT Employees)				
² Includes Three Shoreside Members				
³ Includes all Employees (FT, PT, Seasonal, & On-Call)				

BUDGETARY CONSTRAINTS

- \$15.9M less State Operating GF in FY 2016 compared to FY 2015
- \$4.0M less State Capital GF in FY 2016 compared to FY 2015
 - *MV Taku* removed from service in June 2015 - insufficient Fiscal Year 2015 capital overhaul funding
- Fuel base budget calculation of \$2.56 per gallon





NON-SERVICE COST REDUCTIONS

- Eliminated non-essential services (Bars, Gift Shops), 25 vessel positions
- Eliminated AMHS commercial marketing contract
- Eliminated funding for contract commercial backfill service
- Eliminated 30 shore side positions
- Installed new, more fuel efficient engines in Columbia, and fuel management systems fleet wide
- Eliminated printed schedule
- Reduced Risk Management costs
- Reduced leased warehouse space and cost in Bellingham by using Marine Engineering Building in Ketchikan



REVENUE ENHANCEMENTS

- Altered cancellation and change fee policies
- Eliminated all Travel Agent commissions
- Tariff Equalization Implementation – 4.5% increase, 20% commercial increase
- Eliminated or altered discount programs



FISCAL YEAR 2017 & BEYOND

- Promote AMHS as an important part of Alaska's transportation system – serves much more than SE and SW Alaska
- Maintain core services to all 33 Alaskan ports, Prince Rupert, and Bellingham
- Budget Constraints – minimize impact to Alaskans
- New reservations system to improve customer service
- Continue finding efficiencies and reducing costs to maintain service
- Retire excess vessels ... Reduce fleet and/or reduce routes
- New vessels: Two Alaska Class, Tustumena replacement
- Dock modifications
- Revisit Southeast Alaska Transportation Plan
- Economic Impact Study update



QUESTIONS

- What is more important, cost or service?
- What do you believe is the minimum level of service needed in your community to maintain your way of life?
- Based on what you have seen and heard, what suggestions do you have?

Questions & Discussion

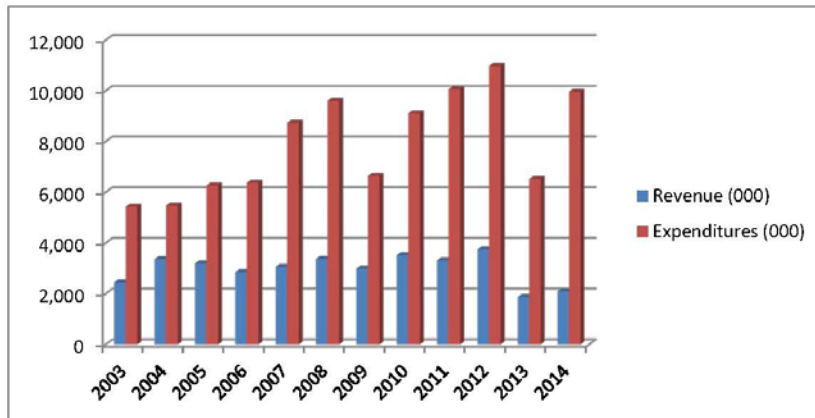


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VESSEL REVENUE/COST HISTORY

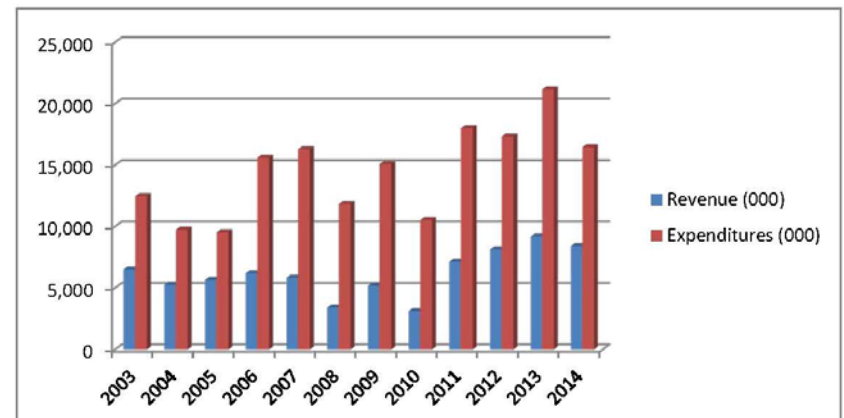
M/V TUSTUMENA REVENUE AND COST HISTORY (Source: AMHS FY14 Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	2,453	5,433	-2,980
2004	3,366	5,483	-2,117
2005	3,196	6,269	-3,073
2006	2,849	6,378	-3,529
2007	3,060	8,744	-5,684
2008	3,376	9,612	-6,236
2009	2,992	6,642	-3,650
2010	3,525	9,114	-5,589
2011	3,318	10,068	-6,750
2012	3,755	10,978	-7,223
2013	1,875	6,527	-4,652
2014	2,106	9,966	-7,860
12 YR Totals	35,871	95,214	-59,343
Averages	2,989	7,935	-4,945



M/V KENNICOTT REVENUE AND COST HISTORY (Source: AMHS FY14 Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	6,519	12,483	-5,964
2004	5,276	9,744	-4,468
2005	5,662	9,535	-3,873
2006	6,209	15,624	-9,415
2007	5,831	16,300	-10,469
2008	3,414	11,853	-8,439
2009	5,182	15,091	-9,909
2010	3,125	10,557	-7,432
2011	7,154	18,022	-10,868
2012	8,151	17,341	-9,190
2013	9,195	21,170	-11,975
2014	8,425	16,468	-8,043
12 YR Totals	74,143	174,188	-100,045
Averages	6,179	14,516	-8,337



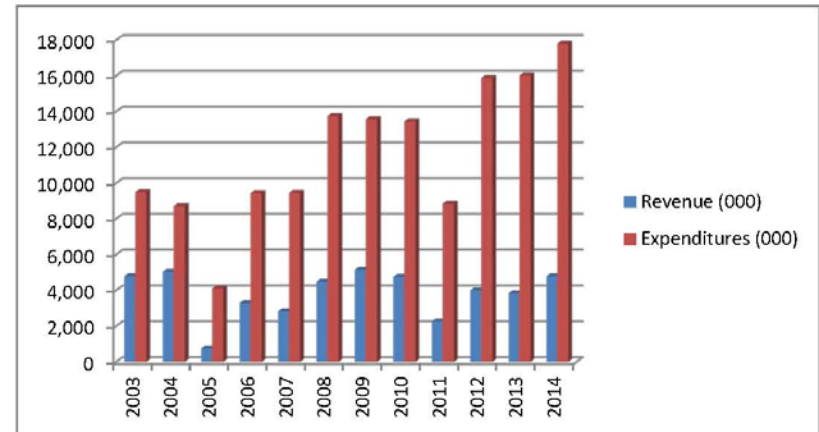
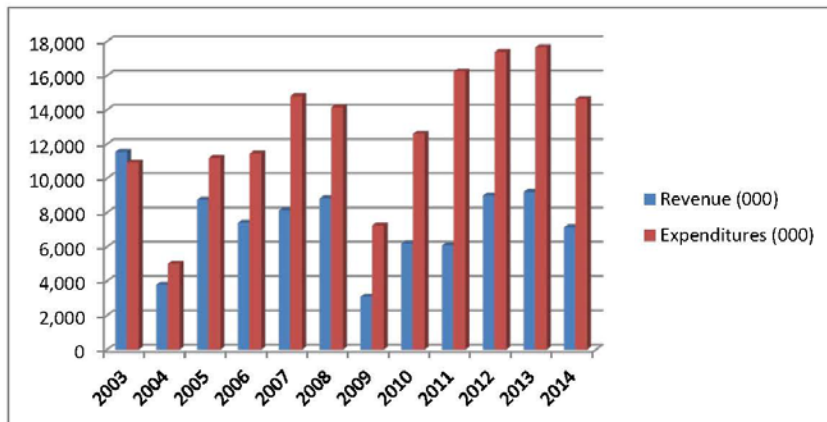
VESSEL REVENUE/COST HISTORY

M/V MATANUSKA REVENUE AND COST HISTORY (Source: AMHS FY14 Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	11,555	10,920	635
2004	3,798	5,018	-1,220
2005	8762	11,202	-2,440
2006	7,418	11,456	-4,038
2007	8,146	14,814	-6,668
2008	8,841	14,160	-5,319
2009	3,094	7,260	-4,166
2010	6,211	12,611	-6,400
2011	6,100	16,246	-10,146
2012	9,003	17,390	-8,387
2013	9,217	17,669	-8,452
2014	7,154	14,644	-7,490
12 YR Totals	89,299	153,390	-64,091
Averages	7,442	12,783	-5,341

M/V TAKU REVENUE AND COST HISTORY (Source: AMHS FY14 Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	4,787	9,492	-4,705
2004	5,039	8,709	-3,670
2005	761	4,107	-3,346
2006	3,292	9,436	-6,144
2007	2,833	9,452	-6,619
2008	4,480	13,745	-9,265
2009	5,156	13,583	-8,427
2010	4,755	13,458	-8,703
2011	2,265	8,853	-6,588
2012	4,001	15,880	-11,879
2013	3,839	16,020	-12,181
2014	4,789	17,810	-13,021
12 YR Totals	45,997	140,545	-94,548
Averages	3,833	11,712	-7,879



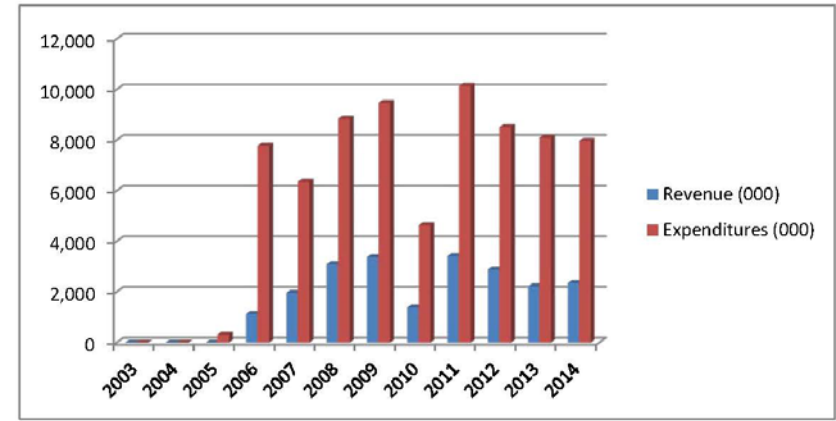
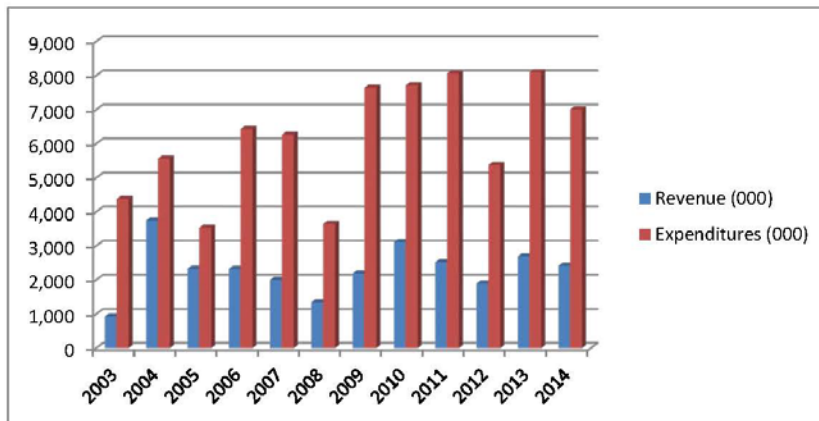
VESSEL REVENUE/COST HISTORY

M/V AURORA REVENUE AND COST HISTORY (Source: AMHS FY14 Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	931	4,379	-3,448
2004	3,749	5,565	-1,816
2005	2,333	3,533	-1,200
2006	2,327	6,434	-4,107
2007	2,003	6,264	-4,261
2008	1,347	3,649	-2,302
2009	2,191	7,649	-5,458
2010	3,115	7,720	-4,605
2011	2,522	8,065	-5,543
2012	1,898	5,380	-3,482
2013	2,697	8,104	-5,407
2014	2,421	7,013	-4,592
12 YR Totals	27,534	73,755	-46,221
Averages	2,295	6,146	-3,852

M/V CHENEGA REVENUE AND COST HISTORY (Source: AMHS FY14 Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	0	0	0
2004	0	0	0
2005	0	314	-314
2006	1,128	7,778	-6,650
2007	1,963	6,360	-4,397
2008	3,093	8,845	-5,752
2009	3,380	9,474	-6,094
2010	1,392	4,643	-3,251
2011	3,428	10,146	-6,718
2012	2,889	8,513	-5,624
2013	2,221	8,098	-5,877
2014	2,358	7,971	-5,613
12 YR Totals	21,852	72,142	-50,290
9 Yr Averages	2,428	7,981	-5,553



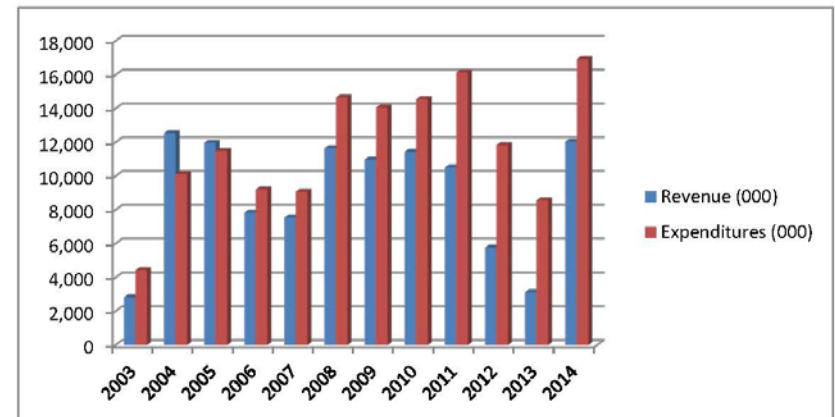
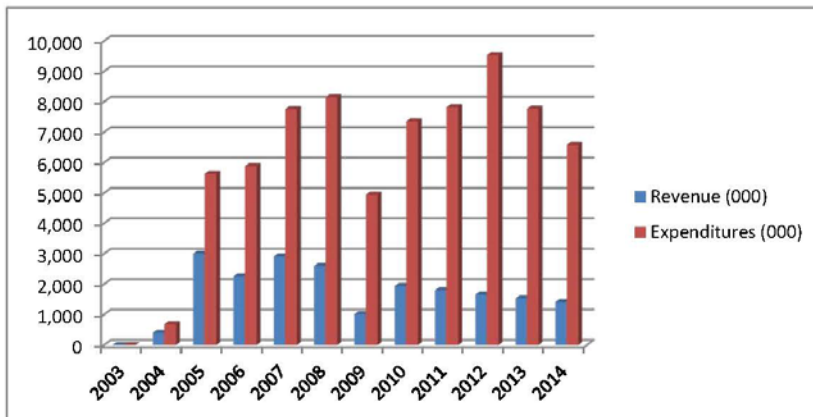
VESSEL REVENUE/COST HISTORY

M/V FAIRWEATHER REVENUE AND COST HISTORY (Source: AMHS FY14 Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	0	0	0
2004	401	692	-291
2005	3003	5,635	-2,632
2006	2,257	5,887	-3,630
2007	2,913	7,762	-4,849
2008	2,605	8,154	-5,549
2009	1,015	4,949	-3,934
2010	1,945	7,356	-5,411
2011	1,805	7,824	-6,019
2012	1,659	9,539	-7,880
2013	1,537	7,774	-6,237
2014	1,415	6,586	-5,171
12 YR Totals	20,555	72,158	-51,603
11 Yr Averages	1,869	6,560	-4,691

M/V MALASPINA REVENUE AND COST HISTORY (Source: AMHS FY14 Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	2,829	4,432	-1,603
2004	12,550	10,131	2,419
2005	11,975	11,492	483
2006	7,832	9,219	-1,387
2007	7,552	9,089	-1,537
2008	11,659	14,664	-3,005
2009	10,980	14,065	-3,085
2010	11,446	14,558	-3,112
2011	10,520	16,147	-5,627
2012	5,765	11,843	-6,078
2013	3,133	8,573	-5,440
2014	12,051	16,929	-4,878
12 YR Totals	108,292	141,142	-32,850
Averages	9,024	11,762	-2,738



VESSEL REVENUE/COST HISTORY

M/V COLUMBIA REVENUE AND COST HISTORY (Source: AMHS FY14 Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	8,227	7,917	310
2004	7,763	7,787	-24
2005	7,917	7,336	581
2006	15,530	17,205	-1,675
2007	12,439	16,735	-4,296
2008	6,463	8,892	-2,429
2009	9,713	11,231	-1,518
2010	7,924	9,587	-1,663
2011	8,939	11,861	-2,922
2012	13,014	17,292	-4,278
2013	16,635	20,380	-3,745
2014	6,682	9,706	-3,024
12 YR Totals	121,246	145,929	-24,683
Averages	10,104	12,161	-2,057

M/V LECONTE REVENUE AND COST HISTORY (Source: AMHS FY14 Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	1,527	6,490	-4,963
2004	880	4,037	-3,157
2005	1,396	5,869	-4,473
2006	1,638	8,129	-6,491
2007	916	5,485	-4,569
2008	1,514	7,141	-5,627
2009	1,808	6,912	-5,104
2010	1,757	7,070	-5,313
2011	794	4,858	-4,064
2012	2,537	9,807	-7,270
2013	2,006	9,533	-7,527
2014	2,499	9,915	-7,416
12 YR Totals	19,272	85,246	-65,974
Averages	1,606	7,104	-5,498

