

# ALASKA MARINE HIGHWAY FUND



## Annual Financial Report

2019

For the fiscal year ended June 30, 2019



Alaska Marine Highway System Fund

# ANNUAL FINANCIAL REPORT

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For the fiscal year ended June 30, 2019

Prepared by: Alaska Marine Highway System,  
Department of Transportation and Public Facilities

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**Annual Financial Report**  
For the Fiscal Year Ended June 30, 2019

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# I



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Transportation and Public Facilities

OFFICE OF THE COMMISSIONER  
John MacKinnon, Commissioner

PO Box 112500  
Juneau, Alaska 99811-2500  
Main: 907.465.3900  
dot.alaska.gov

December 5, 2019

Dear Alaska State Legislator:

Enclosed is the Alaska Marine Highway System (AMHS) Annual Financial Report for Fiscal Year 2019 (ended June 30, 2019) as required by AS 19.65.070.

During FY2019, AMHS recorded \$50.8 million in operating revenues which was an increase of \$3.5 million from the previous year. Revenues per vessel operating week exceeded the previous year's record and were the highest ever in the history of AMHS. Operating expenditures totaled \$140.9 million, \$1.1 million less than FY2018.

AMHS operated with an on-time departure rate of 88 percent. Port calls increased during FY2019 to 5,717, up from 5,518 during FY2018. Service weeks provided by AMHS also increased in 2019 to 329.1, up from the previous year's 317.5.

The Alaska Marine Highway System is continually finding innovative ways to meet the challenge of providing safe, efficient, reliable, and cost effective transportation for the traveling public. The system's customer satisfaction rating remains strong at 94 percent.

FY2020 has been a year of challenges and changes for the Alaska Marine Highway System. We look forward to discussing these with you during the upcoming legislative session.

Sincerely,

A handwritten signature in blue ink, appearing to read "John MacKinnon".

John MacKinnon  
Commissioner

*"Keep Alaska Moving through service and infrastructure."*

# MARINE TRANSPORTATION ADVISORY BOARD

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## Alaska Marine Highway System Marine Transportation Advisory Board

Originally created under Administrative Order 204, a temporary interim Marine Transportation Advisory Board (MTAB) was established by Governor Murkowski on January 15, 2003. Administrative Order 233, signed by Governor Palin and dated March 28, 2007, permanently established the MTAB which was subsequently established in Alaska Statute by House Bill 294 on June 4, 2008. This bill established the Alaska Marine Transportation Advisory Board and set out its powers and duties in Alaska Statute AS 19.65.011 and AS 19.65.110-195, made conforming amendments, and provided an effective date of June 5, 2008. The board was expanded by one seat (from 11 members to 12) with the addition of a representative from the Southwest System under Senate Bill 24 effective September 1, 2013. The following are the MTAB Members as of June 30th, 2019:

### CHAIRMAN

Robert Venables

Northern Southeast Alaska (Haines, Juneau, Skagway)

### DOT&PF STAFF SUPPORT

Captain John Falvey

General Manager

Tera Ollila

Administrative Assistant II

### MEMBERS

Patricia Branson

South Central Alaska

Shannon Adamson

Labor Unions of the employees of the AMHS

Gerald Hope

Central Southeast Alaska (Petersburg, Sitka, Wrangell)

Kerin Kramer

Prince William Sound / Kenai Peninsula (Cordova, Valdez, Whittier, Yakutat, Chenega Bay, Tatitlek)

Ernie Weiss

Public/ Not Directly Served by AMHS

Patty Mackey

Travel Agent / Tourism Specialist

Jack Jensen

Marine Captain / Engineer

Carlin Enlow

Southwest Alaska / Aleutian Chain / Alaska Peninsula  
(Akutan, Chignik, Cold Bay, False Pass, Homer, King Cove, Kodiak, Port Lions, Sand Point, Seldovia, Unalaska / Dutch Harbor)

Robert Arnold

Member At-Large

Norm Carson

Southeast Alaska (Angoon, Hoonah, Kake, Pelican, Tenakee)

Greg Wakefield

Member At-Large / Not directly served by AMHS

# PORTS OF CALL

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## Alaska Marine Highway System Ports of Call

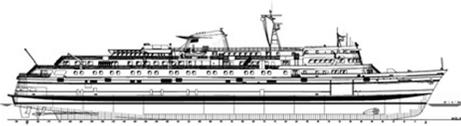
### SOUTHEAST ALASKA

Angoon  
Bellingham, WA  
Gustavus  
Haines  
Hoonah  
Juneau (Auke Bay)  
Kake  
Ketchikan  
Metlakatla (Annette Bay)  
Pelican  
Petersburg  
Prince Rupert, BC, Canada  
Sitka  
Skagway  
Tenakee Springs  
Wrangell  
Yakutat

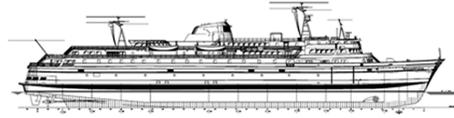
### SOUTHWEST ALASKA

Akutan  
Chenega Bay  
Chignik  
Cold Bay  
Cordova  
False Pass  
Homer  
King Cove  
Kodiak  
Old Harbor  
Ouzinkie  
Port Lions  
Sand Point  
Seldovia  
Tatitlek  
Unalaska / Dutch Harbor  
Valdez  
Whittier

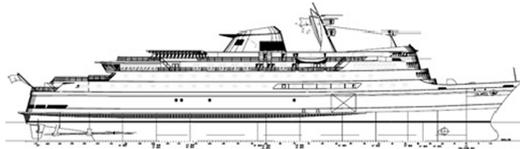
## Alaska Marine Highway System Profile of the Fleet



**M/V Matanuska**  
408 feet  
Built 1963



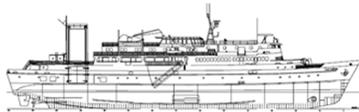
**M/V Malaspina**  
408 feet  
Built 1963



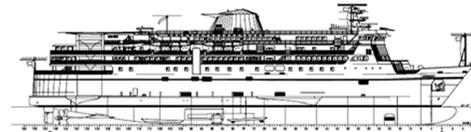
**M/V Columbia**  
418 feet  
Built 1974



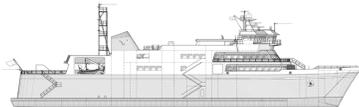
**M/V Lituya**  
181 feet  
Built 2004



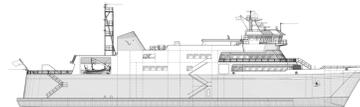
**M/V Tustumena**  
296 feet  
Built 1964



**M/V Kennicott**  
382 feet  
Built 1998



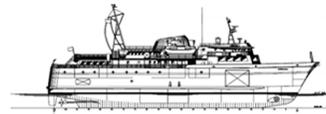
**M/V Tazlina**  
280 feet  
Built 2019



**M/V Hubbard**  
280 feet  
Built 2019



**M/V LeConte**  
235 feet  
Built 1974



**M/V Aurora**  
235 feet  
Built 1977



**FVF Fairweather**  
235 feet  
Built 2004



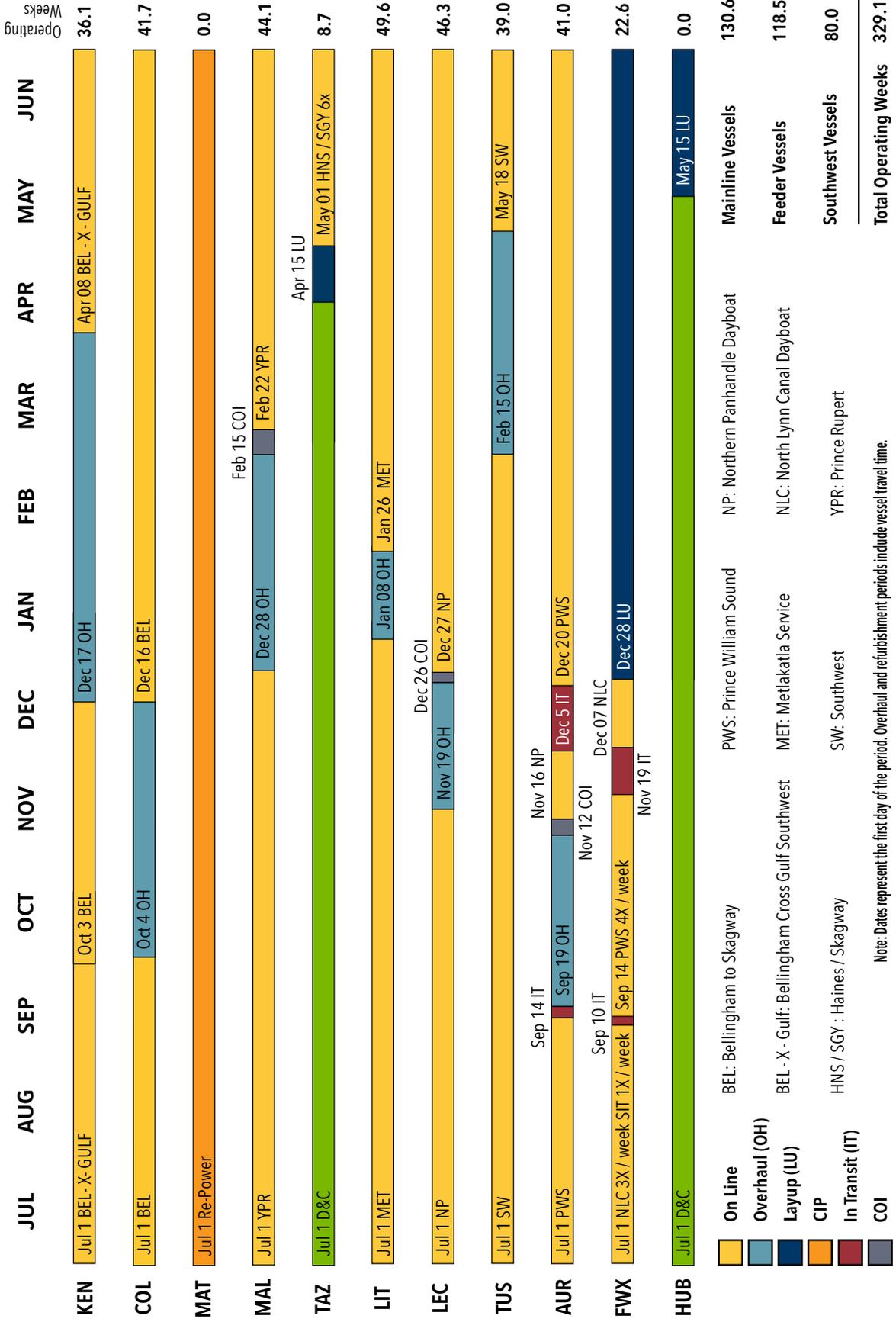
**FVF Chenega**  
235 feet  
Built 2005

# VESSEL INFORMATION TABLE

Alaska Marine Highway System  
Vessel Information Table

	Matanuska	Malaspina	Tustumena	Columbia	LeConte	Aurora	Kennicott	Lituya	Fairweather	Chenega	Tazlina	Hubbard
Year Built	1963	1963	1964	1974	1974	1977	1998	2004	2004	2005	2019	2019
Length (ft)	408	408	296	418	235	235	382	181	235	235	280	280
Beam (ft)	74	74	59	85	57	57	85	50	60	60	67	67
Displacement (L/T)	5,569	5,994	3,081	7,684	2,132	2,132	7,504	647	787	787	3016	3016
Loaded Draft (ft-in)	16-11 5/8	16-10	14-4 1/2	17-6 1/8	13-8	13-8	17-6	12	8-6	8-6	13-11	13-11
<u>International Tonnage</u>												
Gross:	9,214	9,121	4,529	13,009	3,124	3,124	12,635	758	3,424	3,420	5,304	5,304
Net:	3,824	3,667	1,451	4,932	987	987	3,790	227	1,027	1,026	1,591	1,591
<u>Domestic Tonnage</u>												
Gross:	3,029	2,928	2,174	3,946	1,328	1,280	9,978	97	1,280	1,333	3,217	3,217
Net:	1,235	1,253	898	2,683	566	453	7,354	66	870	827	2,188	2,188
hp @ Service Speed	7,200	8,000	5,100	14,000	4,300	4,300	13,200	2,000	19,310	19,310	6,000	6,000
Service Speed (kts)	16.50	16.50	13.30	17.30	14.50	14.50	16.75	11.50	32.00	32.00	16.50	16.50
Fuel Use (gph)	234	270	151	397	188	190	354	55	600	600	250	250
Crew Capacity: COI	48	47	38	63	24	24	55	5	10	10	14	14
Passenger Capacity: COI	499	499	174	600	247	300	499	149	250	250	297	297
Passenger Capacity: Booking	450	450	160	499	225	250	450	125	210	210	290	290
<u>Staterooms</u>												
4 berth	5	45	6	45	-	-	48	-	-	-	-	-
3 berth	21	-	-	-	-	-	-	-	-	-	-	-
2 berth	79	26	17	56	-	-	58	-	-	-	-	-
4 berth ADA	-	-	-	-	-	-	2	-	-	-	-	-
2 berth ADA	1	1	1	3	-	-	-	-	-	-	-	-
Total Staterooms	106	72	24	104	-	-	109	-	-	-	-	-
Total Berths	243	234	60	298	-	-	320	-	-	-	-	-
Vehicle Capacity (lane-ft.): COI	1,960	1,960	852	3,200	720	720	1,700	360	720	720	1,060	1,060
Quantity (20 foot vehicles): Bk	83	83	34	133	33	33	78	15	31	31	53	53
Vehicle Capacity: Booking	1,675	1,675	680	2,660	660	660	1,560	300	620	620	850	850
Van Capacity: Booking	10	10	6	16	8	7	17	2	3	3	4	4

## Alaska Marine Highway System FY 2019 Operating Plan



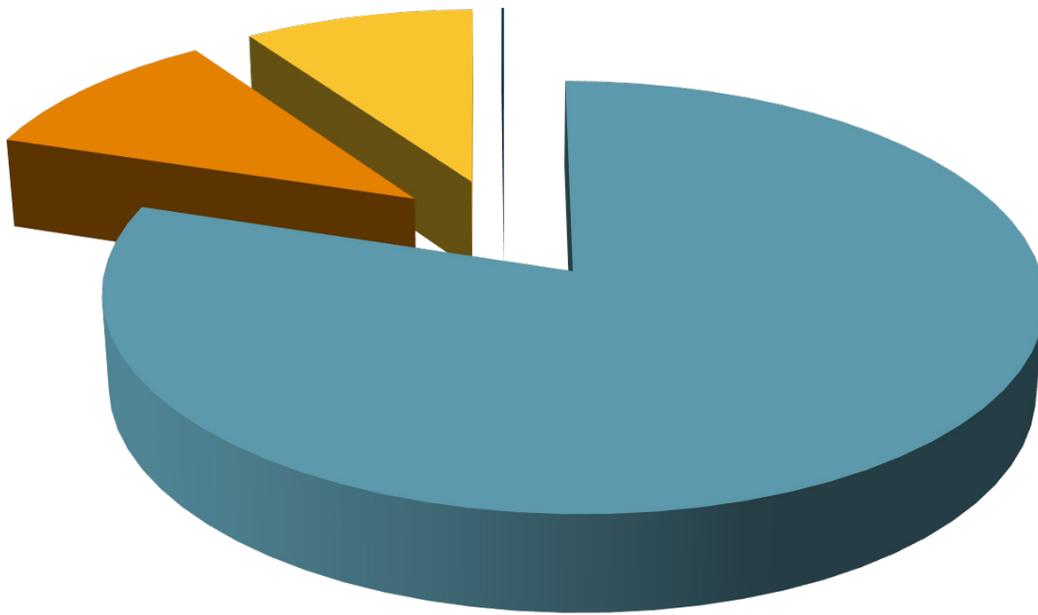
# OPERATING REVENUES

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Alaska Marine Highway System Fund  
**UNRESTRICTED OPERATING REVENUES**

For the fiscal year ended June 30, 2019

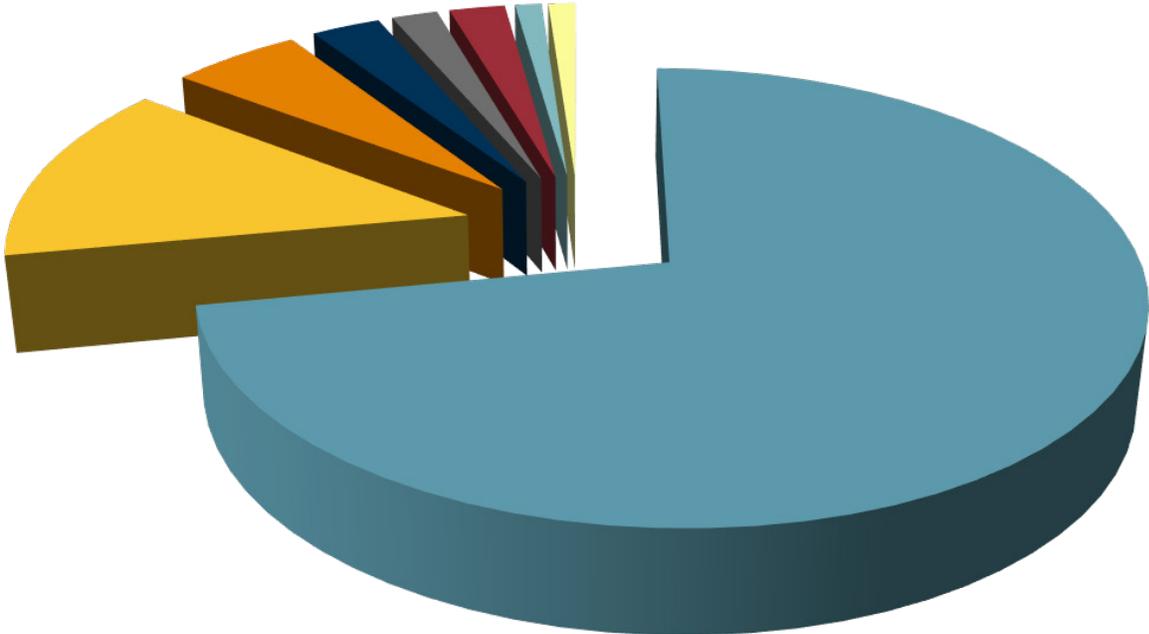
**\$50.8 MILLION**



	Ticket Sales	80.1%
	Stateroom Sales	10.5%
	Passenger Services Sales	9.3%
	Other Unrestricted Revenue	0.1%

**Alaska Marine Highway System Fund**  
**OPERATING EXPENDITURES**

For the fiscal year ended June 30, 2019  
**\$140.9 MILLION**



	Marine Vessel Operations	<b>71.9%</b>		Operations Management	<b>2.9%</b>
	Marine Fuel	<b>13.9%</b>		Overhaul	<b>1.1%</b>
	Shore Operations	<b>5.4%</b>		Marine Engineering	<b>1.4%</b>
	Reservations and Marketing	<b>1.1%</b>		Support Services	<b>2.3%</b>



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# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

**Alaska Marine Highway System Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
 For the Fiscal Year Ended June 30, 2019 (In Thousands)

<b>Revenues:</b>	<u>Capitalization</u>	<u>AMHS</u>	<u>Total</u>
Unrestricted Revenues:			
Ticket Sales	\$ -	\$ 40,674	\$ 40,674
Stateroom Sales	-	5,366	5,366
Passenger Services Sales	-	4,716	4,716
Facility Rental	-	7	7
Concession Fees	-	15	15
Other Unrestricted Revenue	-	26	26
Total Unrestricted Revenues	<u>-</u>	<u>50,804</u>	<u>50,804</u>
Restricted Revenues	-	399	399
Indirect Cost Recovery	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>51,203</u>	<u>51,203</u>
<b>Expenditures:</b>			
Current Operating:			
Support Services	-	3,204	3,204
Marine Engineering	-	1,998	1,998
Overhaul	-	1,586	1,586
Operations Management	-	4,096	4,096
Reservations & Marketing	-	1,531	1,531
Shore Operations	-	7,654	7,654
Marine Fuel	-	19,540	19,540
Marine Vessel Operations	-	100,864	100,864
AMHS RSA	-	399	399
<b>Total Expenditures</b>	<u>-</u>	<u>140,871</u>	<u>140,871</u>
Excess (Deficiency) of Revenues and Other Financing Sources			
Financing Uses from Operating	-	(89,668)	(89,668)
Fund Balance, Beginning of Year	2,630	10,444	13,074
Reserves and Year End Adjustments	-	-	-
Fund Transfer - General Fund	-	92,491	92,491
Motor Fuel Tax	-	3,617	3,617
Fund Transfer - Vessel Gaming & Gambling Tax	-	10,063	10,063
<b>Fund Balance, End of Year; Undesignated</b>	<u>\$ 2,630</u>	<u>\$ 26,947</u>	<u>\$ 29,577</u>

The notes to the financial statement are an integral part of this statement.

# STATEMENT OF ACTUAL AND ESTIMATED REVENUES

## Alaska Marine Highway System Fund Statement of Actual and Estimated Revenues Budgetary Basis (In Thousands)

	Fiscal Year Ended June 30, 2019			Fiscal Year Ending June 30, 2020		Fiscal Year Ending June 30, 2021
	Estimated Revenues	Actual Revenues	Actual Over (Under) Estimated	Total Estimated Revenues	Estimated Revenues 12/31/2019	Estimated Revenues
<b>Restricted</b>						
Restricted Revenues	\$ 224	\$ 399	\$ 176	\$ 200	\$ 200	\$ 200
Indirect Cost Recovery (ICAP)	600	0	(600)	625	0	849
<b>Total Restricted</b>	<b>824</b>	<b>399</b>	<b>(424)</b>	<b>825</b>	<b>200</b>	<b>1,049</b>
<b>Unrestricted AMHS Fund</b>						
Ticket Sales	40,689	40,674	(16)	37,829	18,035	35,298
Stateroom Sales	5,077	5,366	289	4,991	2,379	4,657
Passenger Service Sales	5,084	4,716	(368)	4,386	2,091	4,093
Facility Rental	4	7	3	10	9	8
Concession Fees	10	15	5	12	8	10
Other Unrestricted Revenue	10	26	16	10	0	11
<b>Total Unrestricted</b>	<b>50,874</b>	<b>50,804</b>	<b>(70)</b>	<b>47,238</b>	<b>22,522</b>	<b>44,078</b>
<b>Total Revenues</b>	<b>\$ 51,698</b>	<b>\$ 51,203</b>	<b>(495)</b>	<b>\$ 48,063</b>	<b>\$ 22,722</b>	<b>\$ 45,127</b>

The notes to the financial statement are an integral part of this statement.  
Budgetary Presentation shows all budgeted and actual revenues including budgeted intergovernmental activity.

# NOTES TO THE FINANCIAL STATEMENT

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**Alaska Marine Highway System Fund**  
**Notes to the Financial Statement**  
For the Fiscal Year Ended June 30, 2019

**NOTE 1 - Alaska Marine Highway System Fund**

The Alaska Marine Highway System Fund was established July 1, 1990. All gross revenues generated from the operation of the Alaska Marine Highway System are accounted for and remitted in accordance with AS 19.65.070 which mandates that the money shall be deposited in the Alaska Marine Highway System Fund.

**Marine Highway Capitalization Account**

The Marine Highway Capitalization account was established within the Alaska Marine Highway System Fund June 30, 2009. An estimated \$9 million in general funds was reappropriated to the new Capitalization Account. Access to this new funding will be restricted and will only occur with approval by the Legislative Budget and Audit Committee.

An unexpended and unobligated balance of funds for the off-set of higher fuel costs, estimated at \$1.25 million, were reallocated in Chapter 13, SLA 10, Sec 11(c) to the Marine Highway Capitalization Account.

In FY2012 and FY2013, a total of \$6.55 million of unexpended and unobligated balance of funds for the off-set of higher fuel costs were reallocated to the Marine Highway Capitalization Account.

In FY2014, \$11.0 million of funds were transferred to the AMHS FY2015 Capital Fund for vessel overhaul projects and \$3.0 million in funds were transferred to the AMHS Deferred Maintenance capital fund.

**NOTE 2 - CIP Program Component**

The Alaska Marine Highway System budget includes a component which authorizes positions directly related to capital projects. Beginning in FY2001, the salary cost of time charged directly to capital projects is not recorded in the Alaska Marine Highway Fund. The cost of time charged to administration or overhead is recorded in the Alaska Marine Highway Fund.

**NOTE 3 - Fund Transfers**

In FY2019, the Legislature appropriated \$20.0 million from the General Fund to the Marine Highway Fund; \$13.5 million of that was authorized and used for overhaul and deferred maintenance expenditures included in the FY2019 Capital Budget (see Note 4). Additionally, the Marine Highway Fund was appropriated \$10.1 million from the Large Passenger Vessel Gaming and Gambling Tax Fund and \$3.62 million from the Motor Fuel Tax Fund to the Marine Highway Fund. The authority to use the Motor Fuel Tax Fund is part of the Marine Highway System's FY2019 Operating Budget.

**NOTE 4 - Operating Overhaul**

Overhaul expenditures that are included in the Operating Budget are limited to small maintenance items that arise while the vessels are operating and do not include capital overhaul expenditures. Large vessel overhaul and deferred maintenance items are included in the Capital Budget. In FY2019, the Vessel Overhaul and Deferred Maintenance Capital Budgets totaled \$14.9 million.

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# OPERATING REVENUES BY VESSEL

## Alaska Marine Highway System Unrestricted Revenue by Vessel\*

Fiscal Years 2008 - 2019 (In Thousands)

VESSEL	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Aurora	1,347	2,191	3,115	2,522	1,898	2,679	2,421	4,059	2,721	3,228	3,458	3,359
Chenega	3,093	3,380	1,392	3,428	2,889	2,221	2,358	1,914	675	-	-	-
Columbia	6,463	9,713	7,924	8,939	13,014	16,635	6,682	11,778	7,471	5,500	10,929	15,060
Fairweather	2,605	1,015	1,945	1,805	1,659	1,537	1,415	1,684	2,049	2,418	2,516	2,024
Hubbard	-	-	-	-	-	-	-	-	-	-	-	-
Kennicott	3,414	5,182	3,125	7,154	8,151	9,195	8,425	8,265	7,705	11,198	9,873	11,296
Leconte	1,514	1,808	1,757	794	2,537	2,006	2,499	854	3,634	4,015	4,356	4,587
Lituya	721	639	620	724	822	774	769	848	812	1,117	1,069	1,159
Malaspina	11,659	10,980	11,446	10,520	5,765	3,133	12,051	11,036	11,316	7,481	7,785	8,355
Matanuska	8,841	3,094	6,211	6,100	9,003	9,217	7,154	3,989	7,192	7,863	4,329	-
Taku	4,480	5,156	4,755	2,265	4,001	3,839	4,789	5,474	-	-	-	-
Tazlina	-	-	-	-	-	-	-	-	-	-	-	782
Tustumena	3,376	2,992	3,525	3,318	3,755	1,875	2,106	3,828	3,566	2,865	2,981	4,133
Contract Vessels	-	2	54	39	12	2	-	-	-	-	-	-
Non Vessel Revenue	135	46	46	89	180	121	207	167	16	74	21	47
<b>TOTAL</b>	<b>47,647</b>	<b>46,200</b>	<b>45,914</b>	<b>47,697</b>	<b>53,684</b>	<b>53,234</b>	<b>50,877</b>	<b>53,896</b>	<b>47,157</b>	<b>45,759</b>	<b>47,316</b>	<b>50,804</b>

\*These figures are close approximations based on reservations and ticketing information. They may be used to show relative magnitude of different vessel operations. They are not accounting figures. Therefore, attempts to reconcile the figures with accounting documents may yield small discrepancies.

# OPERATING EXPENDITURES BY VESSEL

## Alaska Marine Highway System Operating Expenditures by Vessel\*

Fiscal Years 2008 - 2019 (In Thousands)

VESSEL	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Aurora	3,649	7,649	7,720	8,065	5,380	8,104	7,013	6,446	6,264	7,051	8,569	8,031
Chenega	8,845	9,474	4,643	10,146	8,513	8,098	7,971	6,595	3,899	878	345	208
Columbia	8,892	11,231	9,587	11,861	17,292	20,380	9,706	15,757	14,312	13,297	19,131	20,341
Fairweather	8,154	4,949	7,356	7,824	9,539	7,774	6,586	7,739	6,894	8,248	6,433	4,944
Hubbard	-	-	-	-	-	-	-	-	-	-	-	229
Kennicott	11,853	15,091	10,557	18,022	17,341	21,170	16,468	15,031	17,074	18,121	20,549	18,270
LeConte	7,141	6,912	7,070	4,858	9,807	9,533	9,915	6,677	9,087	9,511	10,374	9,678
Lituya	1,170	1,189	1,114	1,415	1,381	1,367	1,195	1,224	963	1,065	1,197	1,155
Malaspina	14,664	14,065	14,558	16,147	11,843	8,573	16,929	15,313	14,794	8,215	12,185	17,006
Matanuska	14,160	7,260	12,611	16,246	17,390	17,669	14,644	10,683	17,078	15,909	7,729	2,380
Taku	13,745	13,583	13,458	8,853	15,880	16,020	17,810	16,768	3,414	1,261	203	-
Tazlina	-	-	-	-	-	-	-	-	-	-	-	2,713
Tustumena	9,612	6,642	9,114	10,068	10,978	6,527	9,966	10,569	10,884	10,644	11,316	10,986
Vessel Leave	15,164	14,268	14,375	15,949	16,605	16,695	17,234	9,006	13,339	13,350	13,478	13,845
All Vessels	9,709	12,231	10,240	10,379	9,591	10,178	9,725	18,298	7,145	8,347	11,252	12,603
<b>TOTAL</b>	<b>126,757</b>	<b>124,542</b>	<b>122,404</b>	<b>139,834</b>	<b>151,540</b>	<b>152,087</b>	<b>145,162</b>	<b>140,106</b>	<b>125,147</b>	<b>115,897</b>	<b>122,759</b>	<b>122,389</b>

\* Expenditures by vessel include the following operating components: Marine Vessel Operations, Overhaul, Fuel and unbudgeted AMHS Reimbursable Service Agreements (RSA). Not included are the budget components for Marine Engineering, Operations Management, Reservations and Marketing, and Shore Operations.



**Alaska Marine Highway System Fund**

**FY 2019 ANNUAL FINANCIAL REPORT**

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State of Alaska, Department of Transportation and Public Facilities

Compiled December 2nd, 2019

