

The background is a dark blue gradient with a subtle pattern of small white dots. On the left side, there are several overlapping circular elements. A prominent one is a large white arc with a scale from 140 to 260. Other circles are partially visible, some with dashed lines and arrows, suggesting a technical or scientific theme.

# AMHS FINANCIAL QUANDARY

- **Current state financial processes(annual appropriation uncertainty) poorly suited for effective planning and management of ferry operations**
- **Revenue the ferry system collects from passenger and freight carriage does not cover the costs of system operation resulting in need for substantial annual state unrestricted revenue funding support**
- **Asset age and Alaska marine operating conditions over time are increasing maintenance requirements and needs for capital equipment replacement**

# THE RESULT

- The combination of **factors** noted on the previous slide makes the current system (fleet size and type, cost structure, service levels) unsustainable for the future

# HOW TO ADDRESS THE QUANDARY

**Multi-year budget planning** (5 year rolling budget model agreed level)

**Reduce system costs, increase system revenue/funding sources,**

**Reduce, Simplify and (over time) modernize assets**

# STRATEGY TO GET THERE-

- Recommend new budget approach that could be implemented by legislature/administration
- Close the gap- recommend practical, responsible actions that would reduce costs (see NE Study list )- and actions that could increase revenue from farebox and other funding sources – quantify outcomes –
- Link budget strategy to governance strategy
- Assess mission statement
- Make the case for change

# SOME COAST REDUCTION EXAMPLES FROM NE STUDY

- **Reduce the number of vessels in the AMHS Fleet**
- **Reduce the number of operating days**
- **Reduce the number of hours the vessel operates**
- **Reduce the number of times ferries call at a given community**
- **Eliminate ports and communities from service**
- **Contract out passenger services to private contractors**
- **Reduce onboard staffing levels**
- **Change the operating parameters of vessels**