



# Alaska Department of Transportation & Public Facilities (DOT&PF)

Senate Finance Budget Subcommittee  
Alaska Marine Highway System (AMHS) Overview

Michael A. Neussl, Deputy Commissioner

March 10, 2017

*Keep Alaska Moving* through service and infrastructure



# 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.*

**Primary Core Service: Provide Transportation Services**



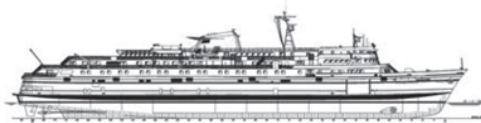
# Source Information Links

## Links to Source Documents and Information

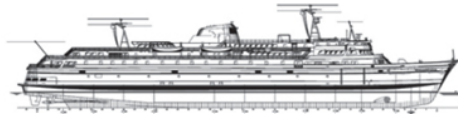
- AMHS Website: <http://www.dot.state.ak.us/amhs/> or FerryAlaska.com
- AMHS Reports Page: <http://www.dot.state.ak.us/amhs/reports.shtml>
  - Contains Traffic Volume Reports, Annual Financial Reports, Economic Impact Study, Tariff Analysis, and more.
- Southeast Conference AMHS Reform Project:  
<http://www.seconference.org/transportation-issues>
- AMHS Legislative Findings, Purpose, and Intent; Alaska Statute 19.65.050  
<http://www.legis.state.ak.us/basis/statutes.asp#19.65.050>



# AMHS Fleet Profile



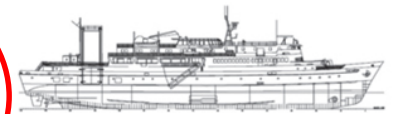
**M/V Matanuska**  
408 feet  
Built 1963



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



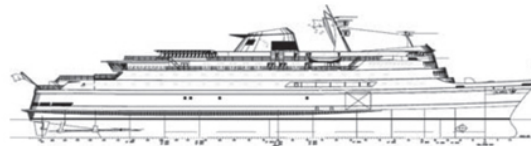
**M/V Taku**  
352 feet  
Built 1963



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



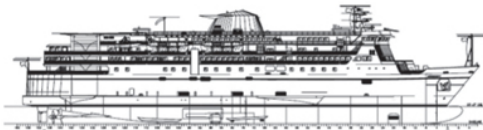
**M/V LeConte**  
235 feet  
Built 1974



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



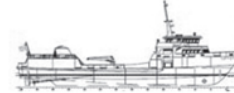
**M/V Aurora**  
235 feet  
Built 1977



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



**FVF Fairweather**  
240 feet  
Built 2004



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

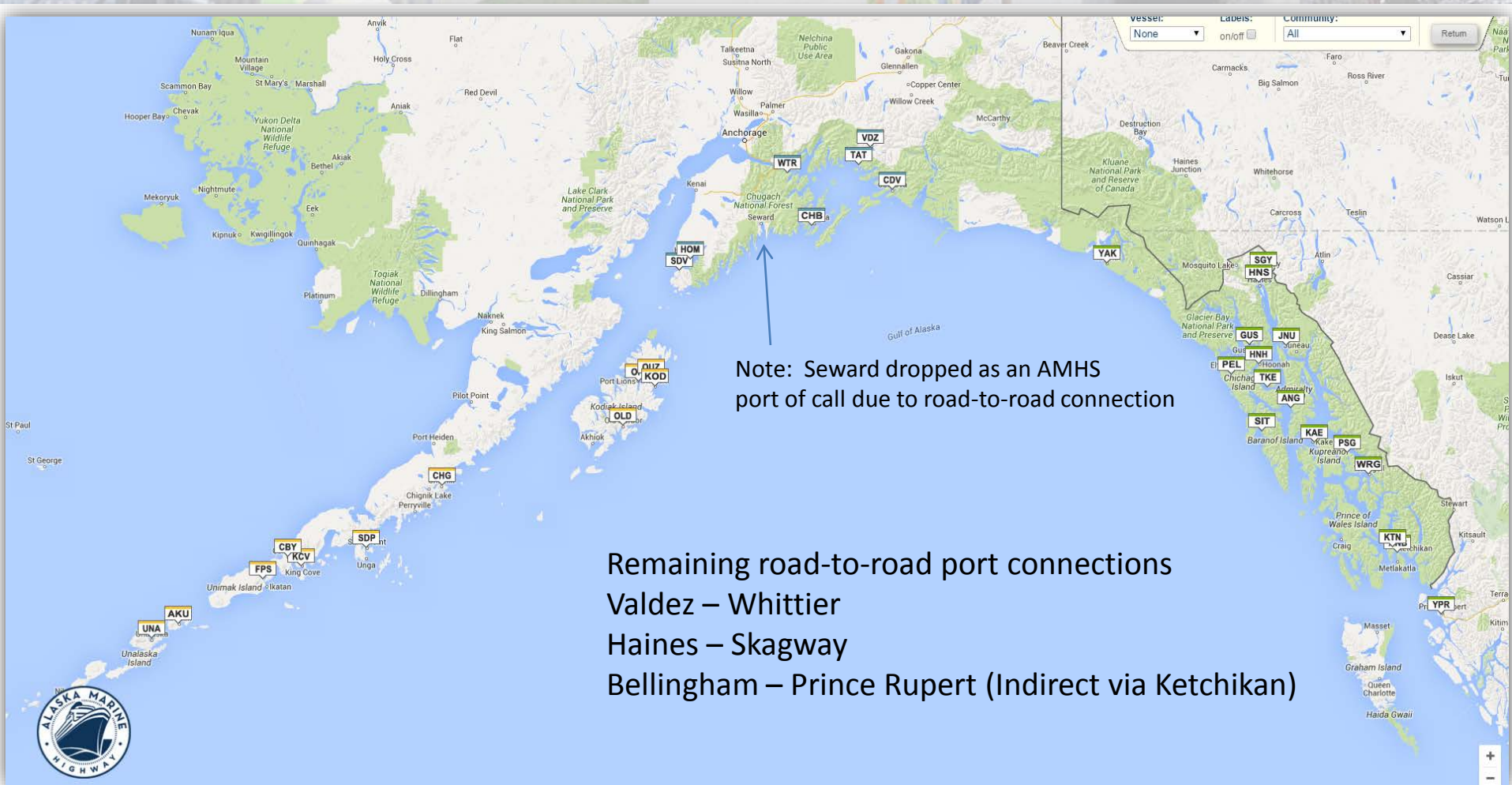


**FVF Chenega**  
240 feet  
Built 2005

Taku: Long term de-crewed layup in Ketchikan pending sale.

Chenega: Long term de-crewed layup in Tacoma, WA due to financial limitations.

# AMHS Ports Of Call



33 Alaskan Communities, Prince Rupert, & Bellingham

# AMHS Port and Vessel Codes

## Communities

ANB = Metlakatla (Annette Bay)  
AKU = Akutan  
ANG = Angoon  
BEL = Bellingham, WA  
CBY = Cold Bay  
CDV = Cordova  
CHB = Chenega Bay  
CHG = Chignik  
FPS = False Pass  
GUS = Gustavus  
HNS = Haines  
HNH = Hoonah  
HOM = Homer  
JNU = Juneau (Auke Bay)  
KAE = Kake  
KCV = King Cove  
KOD = Kodiak  
KTN = Ketchikan

## Communities

OLD = Old Harbor  
ORI = Port Lions  
OUZ = Ouzinkie  
PEL = Pelican  
PSG = Petersburg  
SDP = Sand Point  
SDV = Seldovia  
SGY = Skagway  
SIT = Sitka  
TAT = Tatitlek  
TKE = Tenakee  
UNA = Unalaska/  
Dutch Harbor  
VDZ = Valdez  
WRG = Wrangell  
WTR = Whittier  
YAK = Yakutat  
YPR = Prince Rupert, BC

## Ships

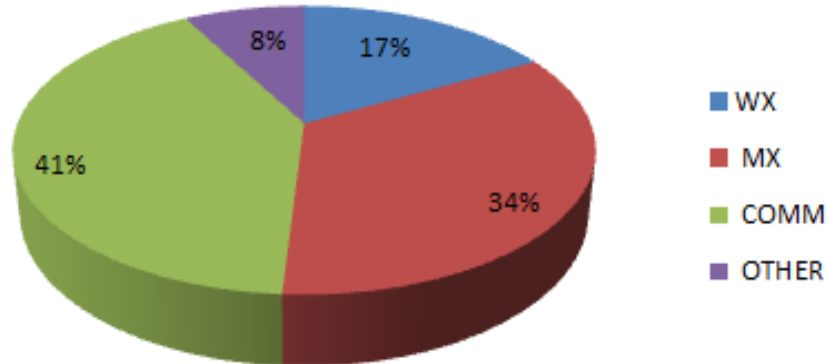
AUR	M/V Aurora
CHE	FVF Chenega
COL	M/V Columbia
FWX	FVF Fairweather
KEN	M/V Kennicott
LEC	M/V LeConte
LIT	M/V Lituya
MAL	M/V Malaspina
MAT	M/V Matanuska
TAK	M/V Taku
TUS	M/V Tustumena
M/V	Motor Vessel
FVF	Fast Vehicle Ferry



# Results Based Alignment Adherence to Schedule

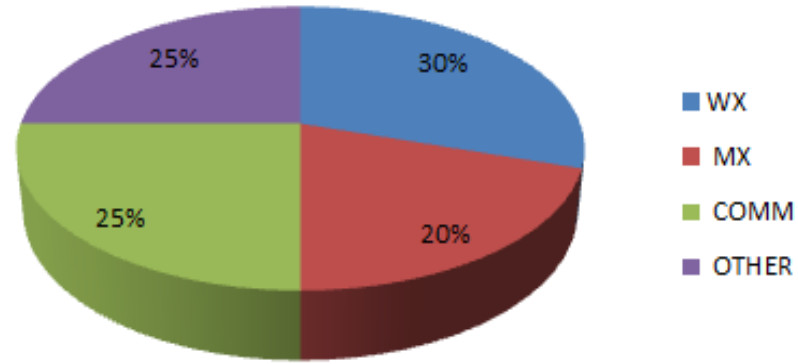
FY15 Data

## Southeast Schedule Changes



Med = Medical Emergency

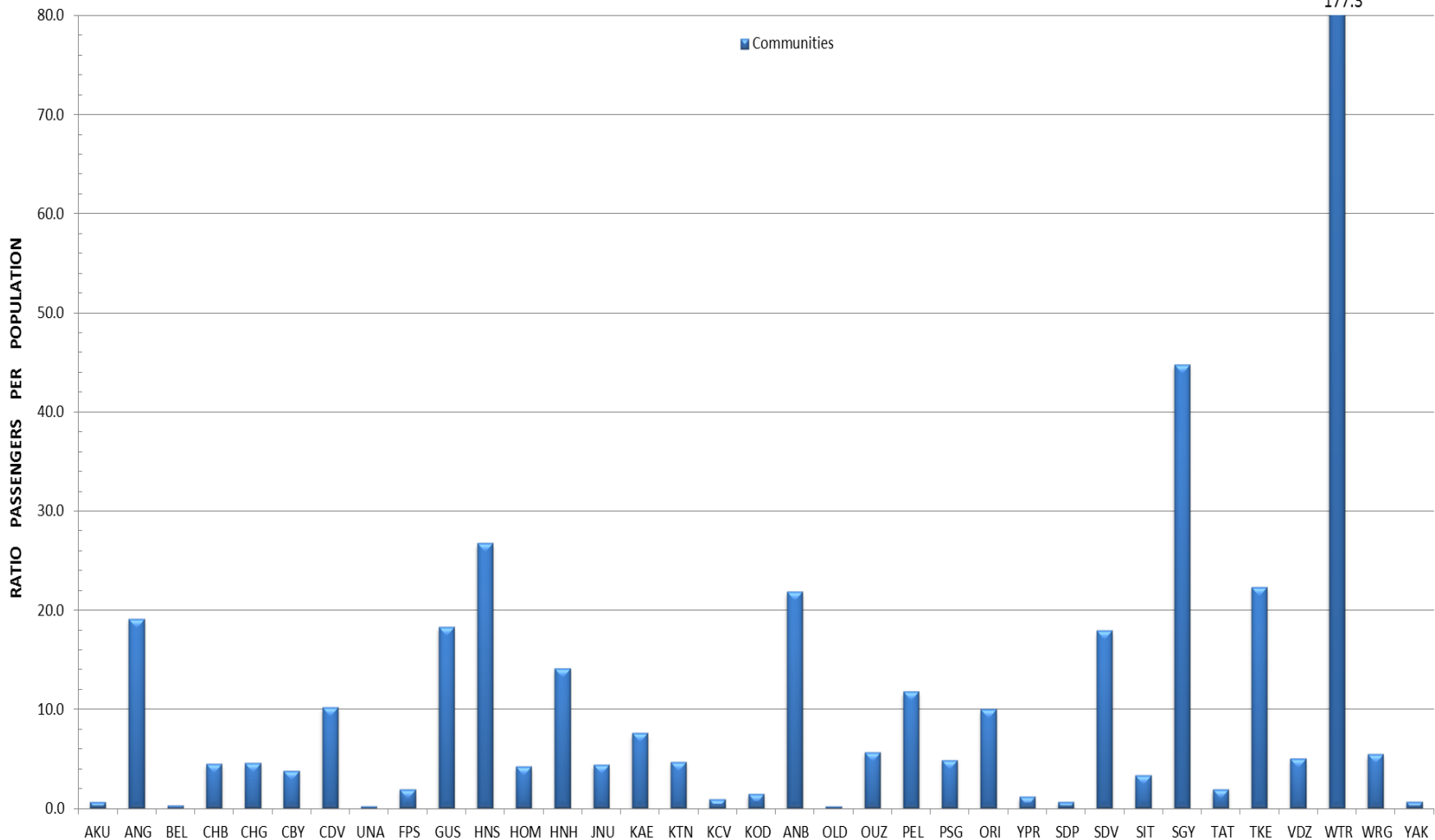
## Southwest Schedule Changes



USCG = U.S. Coast Guard Inspection or Drill

# Results Based Alignment Passengers per Population

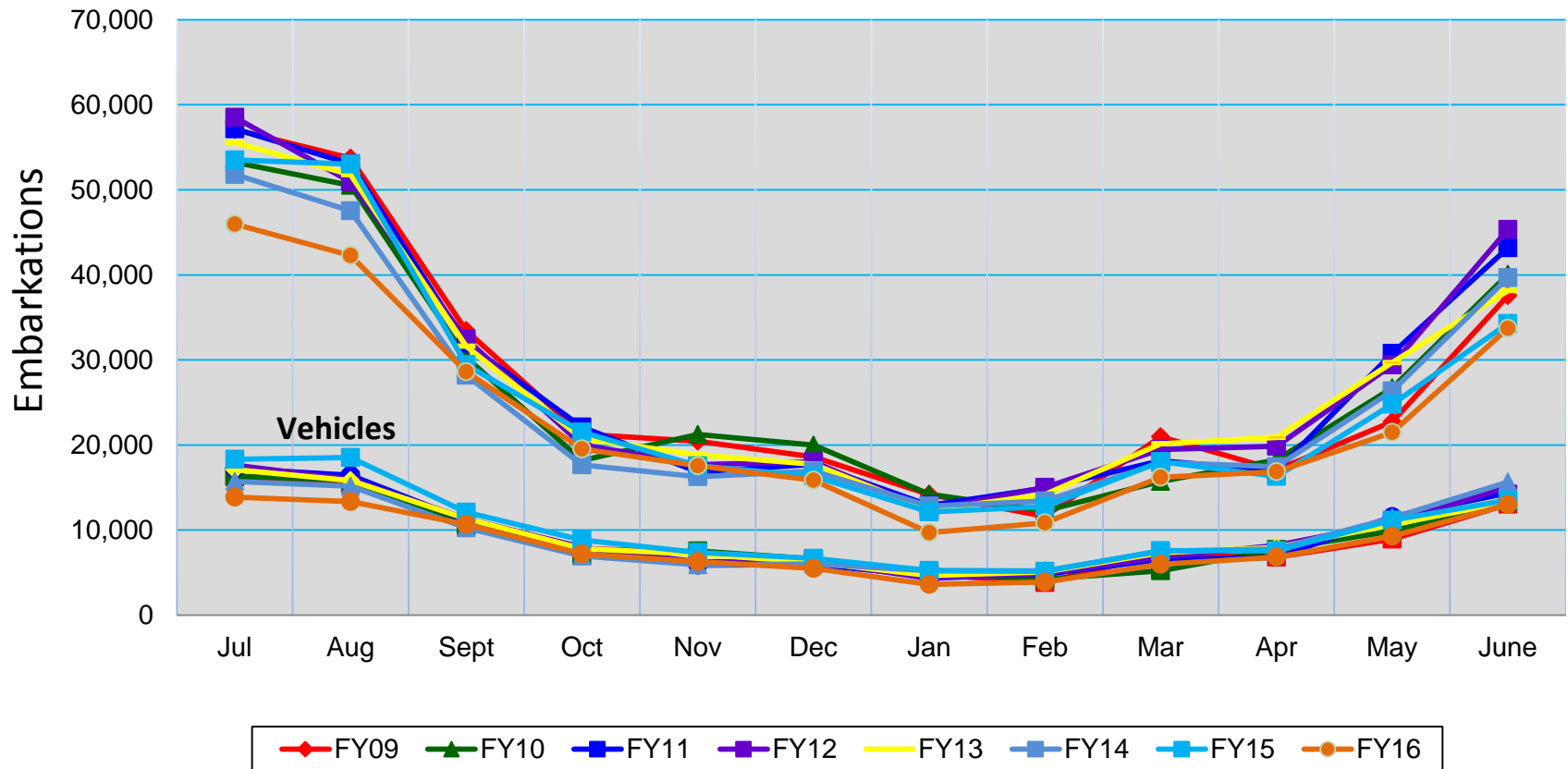
Passengers Transported Per Population (4 Year Average 2012-2015)



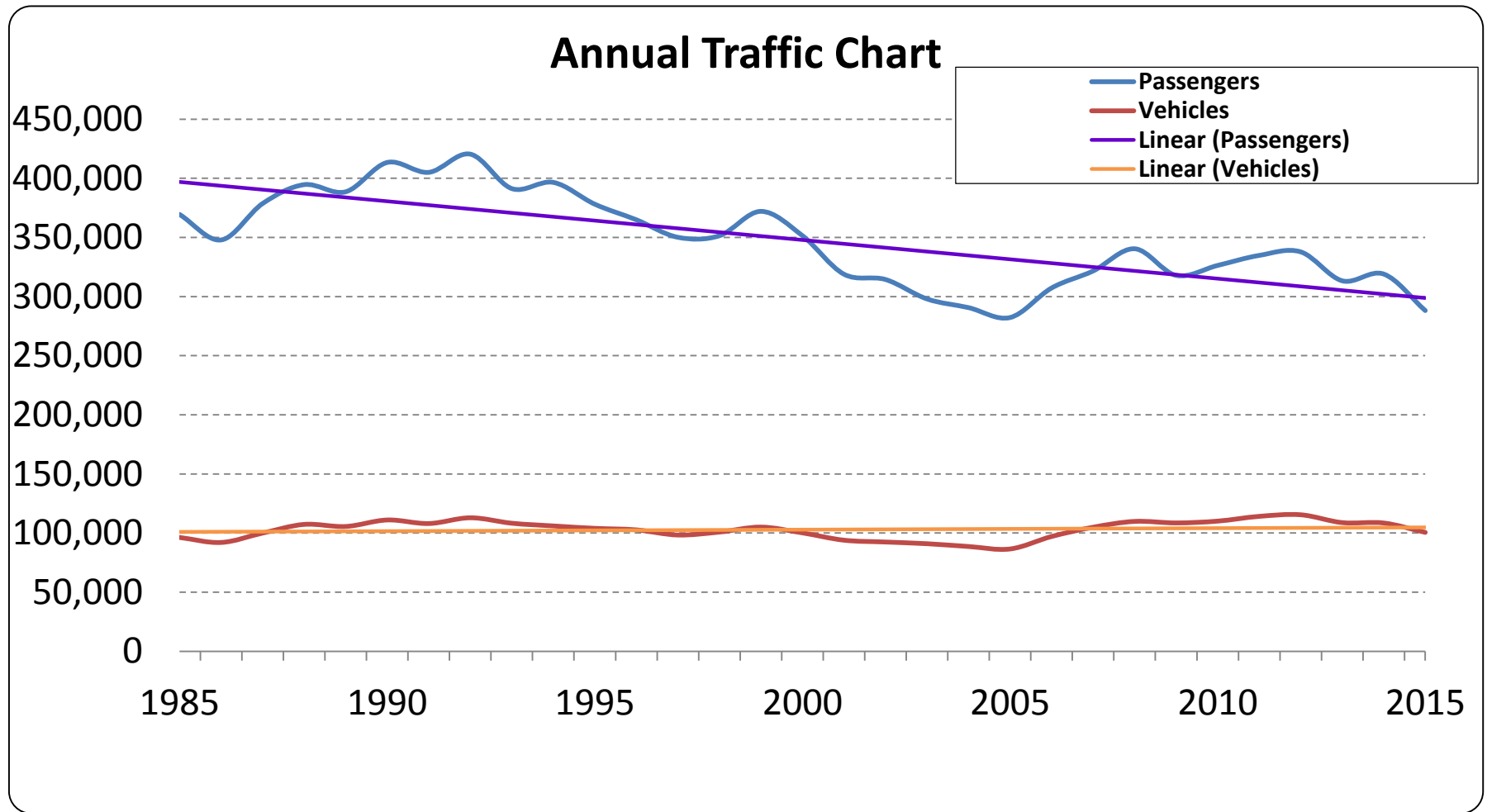


# Traffic Report

## AMHS FY09 – FY16 Monthly Embarkations



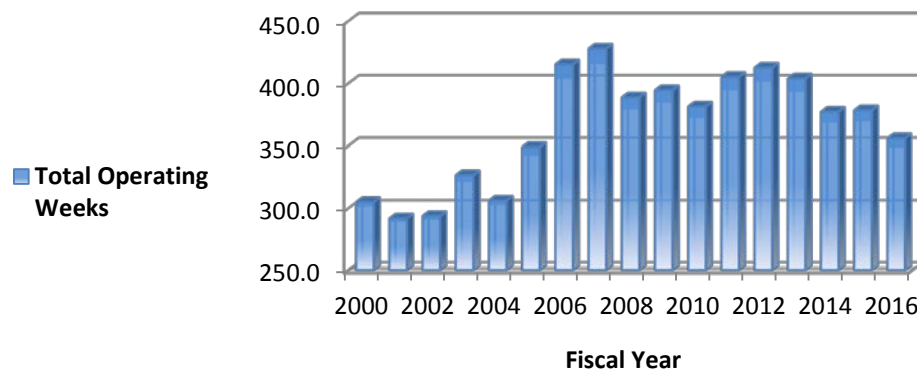
# Historical Ridership



# Historical Operating Weeks & Fleet Size

**AMHS Operating Weeks from Annual Financial Reports**

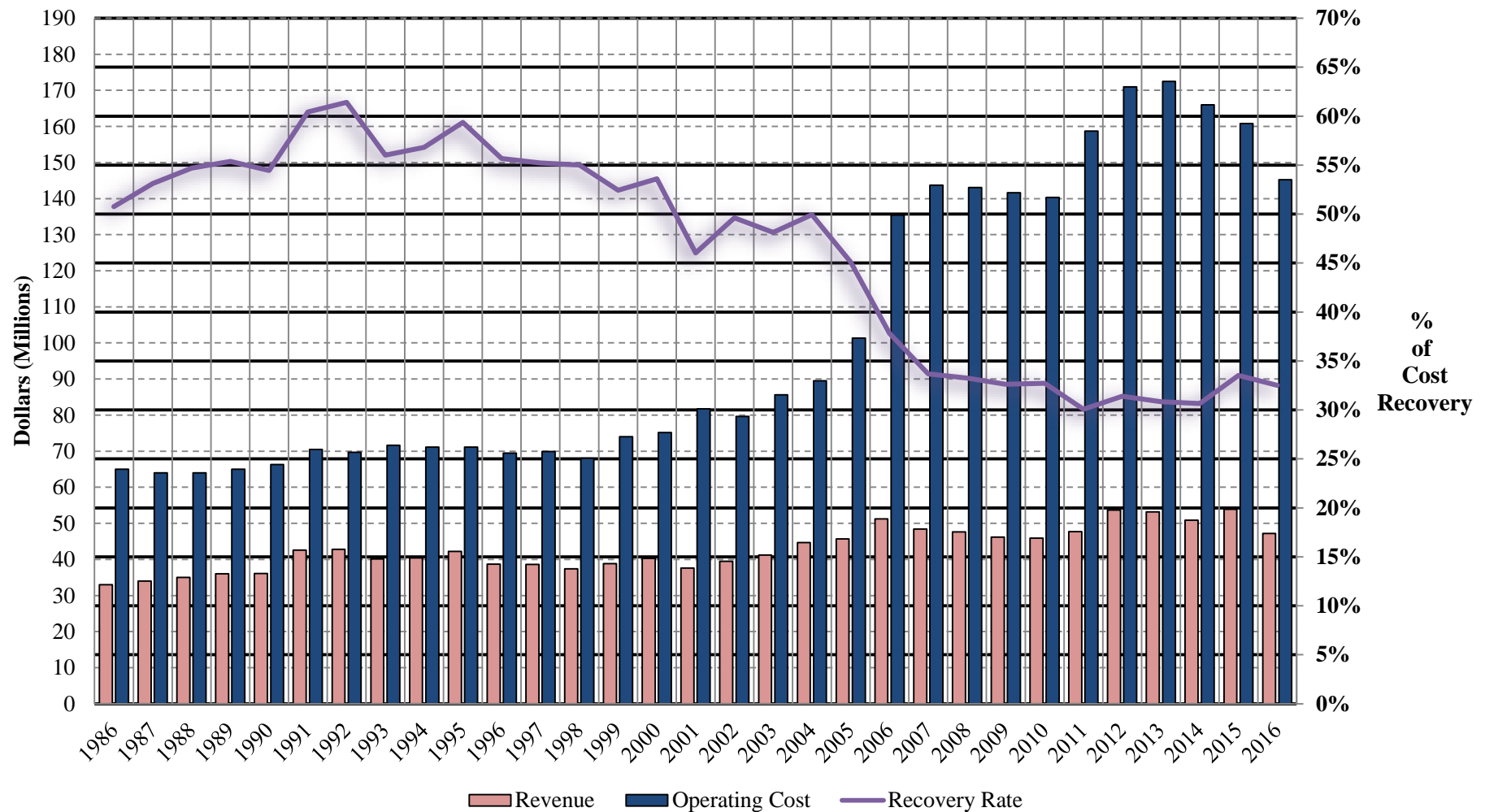
Fiscal Year	Operating weeks (actual as sailed)	Remarks
2000	305.0	9 ships (Bartlett, No FVF)
2001	291.7	9 ships (Bartlett, No FVF)
2002	293.7	9 ships (Bartlett, No FVF)
2003	326.6	9 ships (Bartlett, No FVF)
2004	306.2	11 ships (Lituya, Fairweather, Bartlett / No Chenega)
2005	349.0	Current 11 ships
2006	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
2016	355.9	9 Ships In Operation (No Taku, No Chenega)



FVF = Fast Vehicle Ferry

# Historical Revenue & Operating Cost

AMHS Fare Box Recovery Rate 1986-2016





# FY2017 AMHS Operating Plan

## Operating Plan 2016-2017

Revision Number 17.14  
01/19/2017

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Operating Weeks
	Implementation of an Operating Plan is dependent upon funding from the legislature and earned revenue.												
KEN	Jul 1, Fri BEL -X-GULF			Oct 5, BEL-Fri			Jan 11 O.H.		Mar 16, BEL-X-GULF				42.7
COL	Jul 1, Fri BEL-Fri			Sep 26, Repairs	Nov 13, Sun Layup			Feb 4, COI	Mar 01, Overhaul	Apr 19, Wed BEL-Fri			22.9
MAT	Jul 1, Fri YPR/SGY						Jan 3, O.H.	Feb 9, YPR					46.9
MAL	Jul 01, Fri Federal CIP			Oct 3, O.H.			Jan 11 BEL			Apr 19, Layup			14.0
TAK	Jul 01, Fri Layup												0.0
LIT	Jul 1, Fri MET Service						Jan 10, O.H.	Jan 26, MET Service					49.9
LEC	Jul 1, Fri NP					Nov 29, OH	Jan 20, Fri NP						44.7
TUS	Jul 1, Fri SW								Mar 13, Overhaul	May 08, COI	May 14, SW		43.3
AUR	Jul 1, Fri PWS		Sep 19, O.H.		Nov 23, COI	Nov 29, NP	Jan 20, in transit	Jan 22, PWS					41.7
FWX	Jul 1, Fri LYNN		Sep 15, PWS 4X wk	Sep 12, In transit			Jan 21, In transit	Jan 28 O.H.	Mar 04, Sat Layup		May 25 Lynn 3X Sit		34.0
CHE	Jul 01, Fri Federal CIP			Oct 06, Thu Layup									0.0

### LEGEND

FED CIP	BEL - Bellingham to Skagway Route	PWS-Prince William Sound	SW- Southwest
On Line	YPR - Prince Rupert to Skagway Route	MET - Metlakatla Service	YPR-X-Gulf-SW Pr. Rupert Cross Gulf Southwest
Overhaul	BEL-X-Gulf Bellingham Cross Gulf SW	NP - Northern Panhandle	NLC + SIT - Northern Lynn Canal + Sitka
Layup			
COI & Drills			

Note: Dates represent the first day of the period. Overhaul and refurbishment periods include vessel travel time.

Mainline Vessels	126.5
Feeder Vessels	128.6
Southwest Vessels	85.0
<b>Total Operating Weeks</b>	<b>340.1</b>



# FY2016 AMHS Statistics

- Earned \$47.2M in Revenue  
(Down \$6.7M from FY15 \$53.9M record, -12.4%)
- Reduced total operating costs \$15.6M to \$145.2M  
(Down from \$160.8M in FY15, -9.7%)
- Provided 355 ship weeks of service  
(Down 23 weeks from 378 in FY15, -6.1%)
- Carried 278,706 passengers and 99,566 vehicles
- Made 6,504 port calls (Up from 6,495 in FY15, +0.1%)
- Implemented new reservation and manifest system



# Tariff Increase History

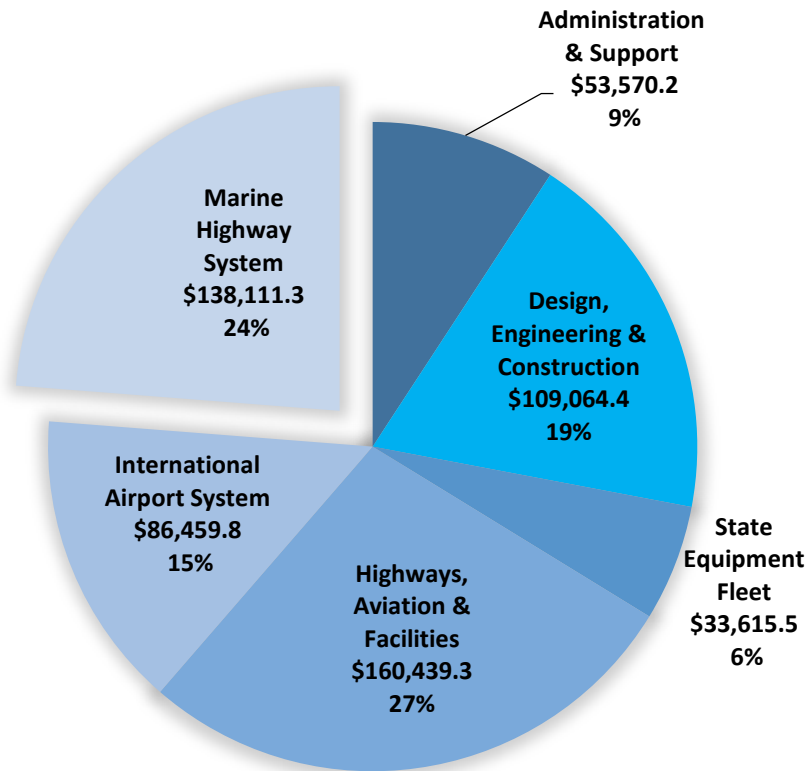
- AMHS made multiple tariff changes in the past two years for two main purposes
  - Formulize, level, and make tariffs equitable and logical
  - Generate additional revenue to offset UGF funding reduction
- Authorized by 17 AAC 70.040 under DOT&PF Commissioner's Authority
- May 1, 2015: 4.5% across the board tariff increase
- Nov 1, 2015: 20.0% increase in commercial traffic tariffs
- Jan 1, 2016: 5.0% leveling tariff to fund FVF operation to fill service gaps
- May 1, 2016: First of five annual variable leveling tariff increase and 10% Bellingham traffic premium tariff (Dynamic Pricing)
- Jan 26, 2017: Lituya Metlakatla tariff policy change (double one way, zero back)
- May 1, 2017: Second of five annual variable leveling tariff increase

## Sample Fare Comparison

- Adult Passenger BEL-JNU: \$326 in June, 2012
- Adult Passenger BEL-JNU: \$424 in June, 2017 (a 30% increase)

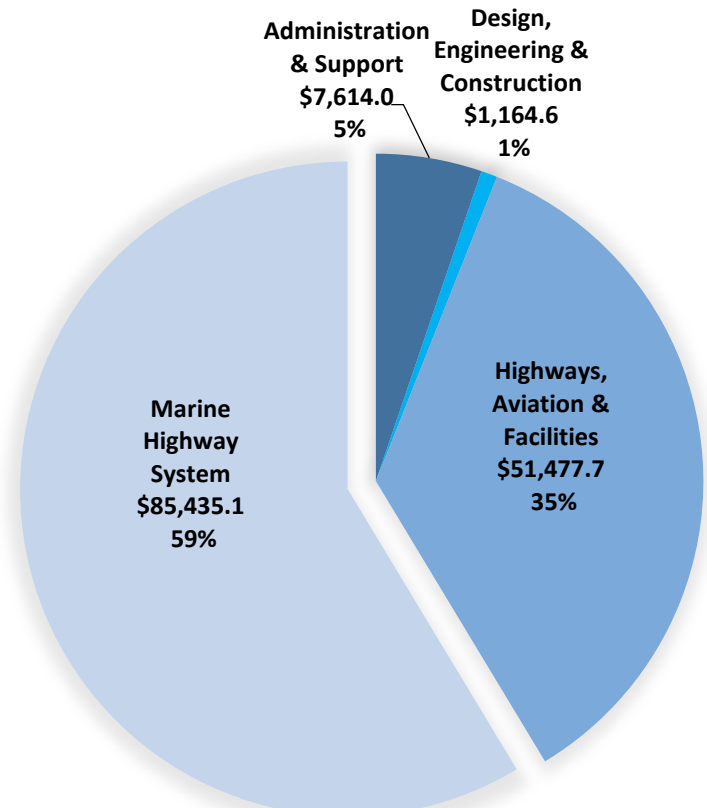
# FY2018 DOT&PF Results Delivery Units (RDU)

## All Funds



**Total: \$581,260.5**

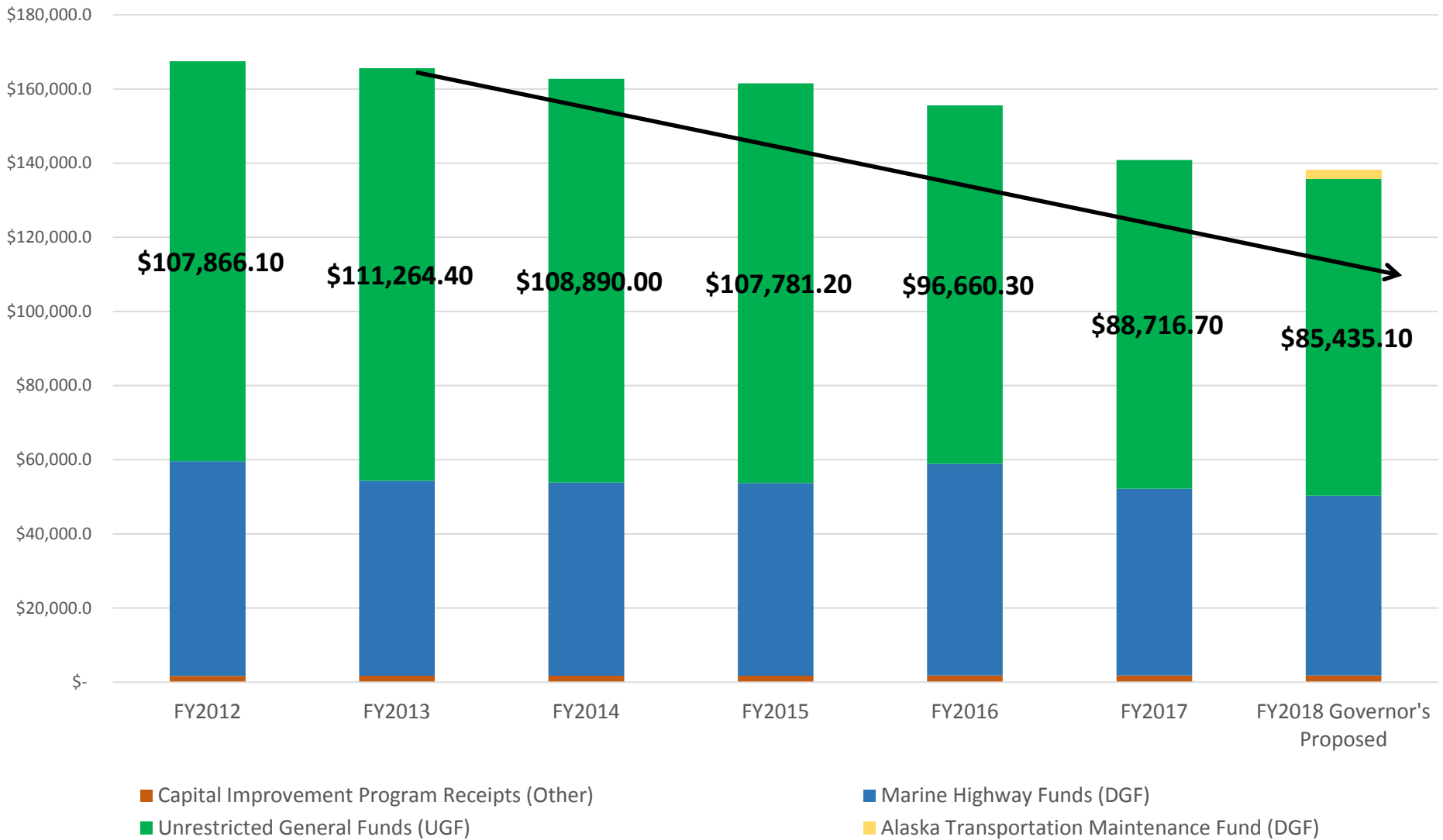
## Unrestricted General Funds



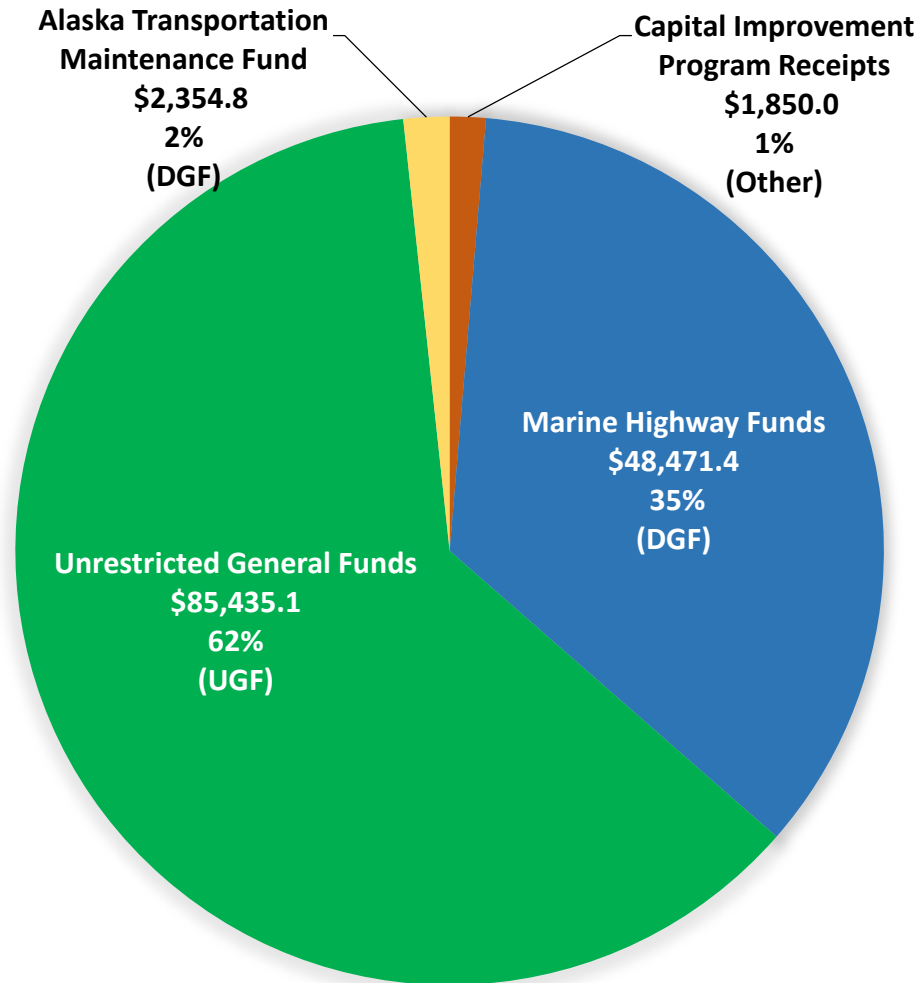
**Total: \$145,691.4**



# Marine Highway System RDU FY2012 - FY2018 Governor's Proposed All Fund Sources



# Marine Highway System RDU FY2018 Governor's Proposed All Fund Sources



**Total Funding: \$138,111.3**

# FY2018 Marine Highway System RDU Proposed Reductions

- (\$2,501.4) UGF
- Position Reduction (119 PFT; 24 PPT; 35 NP)
- Reduce operating weeks by 1.2 weeks
- Reduction in annual vessel operating weeks from 335.1 to 333.9
- The Taku and Chenega are not scheduled to operate at all in FY2018
- Bellingham and Prince Rupert will receive service on alternating weeks for 7.5 weeks from January 2nd through February 21st while the Kennicott is in her annual overhaul project
- No major service gaps compared to FY2017
- Service levels are approximately equal to FY2003 levels
- Reverse One-Time Appropriation of Alaska Marine Highway System Funds (\$2,000.0)

# FY2018 Governor's Proposed Comparison to Senate Finance Inquiry Scenarios

	FY2018 Governor's Proposed	Reduction Scenario - A	Reduction Scenario - B
<b>Funding Source Reduction Amounts</b>	(\$2,501.4) UGF	(\$5,000.0) UGF (5.8% reduction)	(\$10,000.0) UGF (11.7% reduction)
<b>Position Reductions</b>	119 PFT; 24 PPT; 35 NP	5 PFT	8 PFT
<b>Operating Week Reduction</b>	1.2	32.7	52.4
<b>Operating Week Reduction Percentage</b>	Baseline	9.8%	15.7%
<b>Operating Weeks</b>	333.9	301.2	281.5
<b>Number of Vessels</b>	9	8	8
<b>Vessels in decrewed layup</b>	Taku, Chenega	Chenega, Taku Fairweather - September 2017	Chenega, Taku Fairweather - September 2017
<b>Significant Service Gaps</b>	Bellingham & Prince Rupert will receive alternating wks for 7.5 wks from January 2-February 21 while Kennicott is in her annual overhaul project.	Prince Rupert - 5 wks Prince William Sound - 8 wks Northern Southeast Panhandle - 4 wks Homer and Kodiak/Southwest - 3 wks Southeast Alaska service would be significantly decreased. Bellingham & Prince Rupert would alternate weeks from November to April.	Prince Rupert - 19 wks Prince William Sound - 8 wks Northern Southeast Panhandle - 4 wks Homer and Kodiak/Southwest - 6 wks Southeast Alaska & Lynn Canal service would be greatly decreased. Bellingham & Prince Rupert would alternate weeks from November to April.
<b>Shoreside Operations</b>		Reduce terminal staffing & operations - \$150K Reduce marketing advertising - \$150K Close Juneau reservations center walk-in ticket counter. Reduce Prince Rupert terminal staff contract costs.	Reduce terminal staffing & operations - \$400K Eliminate marketing advertising - \$300K Close Juneau reservations center walk-in ticket counter. Reduce Prince Rupert terminal staff contract costs.
<b>Additional Information</b>		Some September 2017 bookings for the Fairweather would need to be cancelled due to layups	Some September 2017 bookings for Fairweather & Matanuska would need to be cancelled due to layups





# Looking Forward

## Southeast (SE) Conference – AMHS Reform Project

- Memorandum of Understanding between State of Alaska and SE Conference
  - Signed May 19, 2016 by Governor and SE Conference Executive Director
- Two Phase Effort: Governance and Strategic Planning
  - Phase 1 Complete, Governance Study Final Report available at <http://www.seconference.org/transportation-issues> recommends:
    - AMHS become a Public Corporation
    - Forward Funding for Stability
    - Labor Management Control internal to AMHS
    - Dynamic Pricing, Tourism Partnerships, and Increased Competition
  - Phase 2 to start in early 2017
- Proposed New Mission Statement: **Deliver safe, reliable, and sustainable marine transportation for Alaska residents, visitors, and our commercial customers.**
- AMHS publishes & takes bookings starting in Oct on May-Sep summer schedule.
  - Jul-Sep of that schedule are unfunded until new FY budget is passed.
  - Cuts or talk of a Government shutdown threaten that published schedule and erode public confidence in AMHS.

# Questions & Discussion

A large ferry boat with a white upper hull and a dark blue lower hull is moving across a calm body of water, leaving a white wake. In the background, a small, forested island sits in the water, and a range of rugged, snow-capped mountains stretches across the horizon under a blue sky with scattered white clouds.

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