



Alaska Department of Transportation & Public Facilities

House Transportation Committee

Alaska Marine Highway System (AMHS) Overview

Rob Carpenter, Deputy Commissioner

John Falvey, AMHS General Manager

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March 2, 2021

Our mission is to ***Keep Alaska Moving*** through service and infrastructure.

Vessel Routes - Southeast

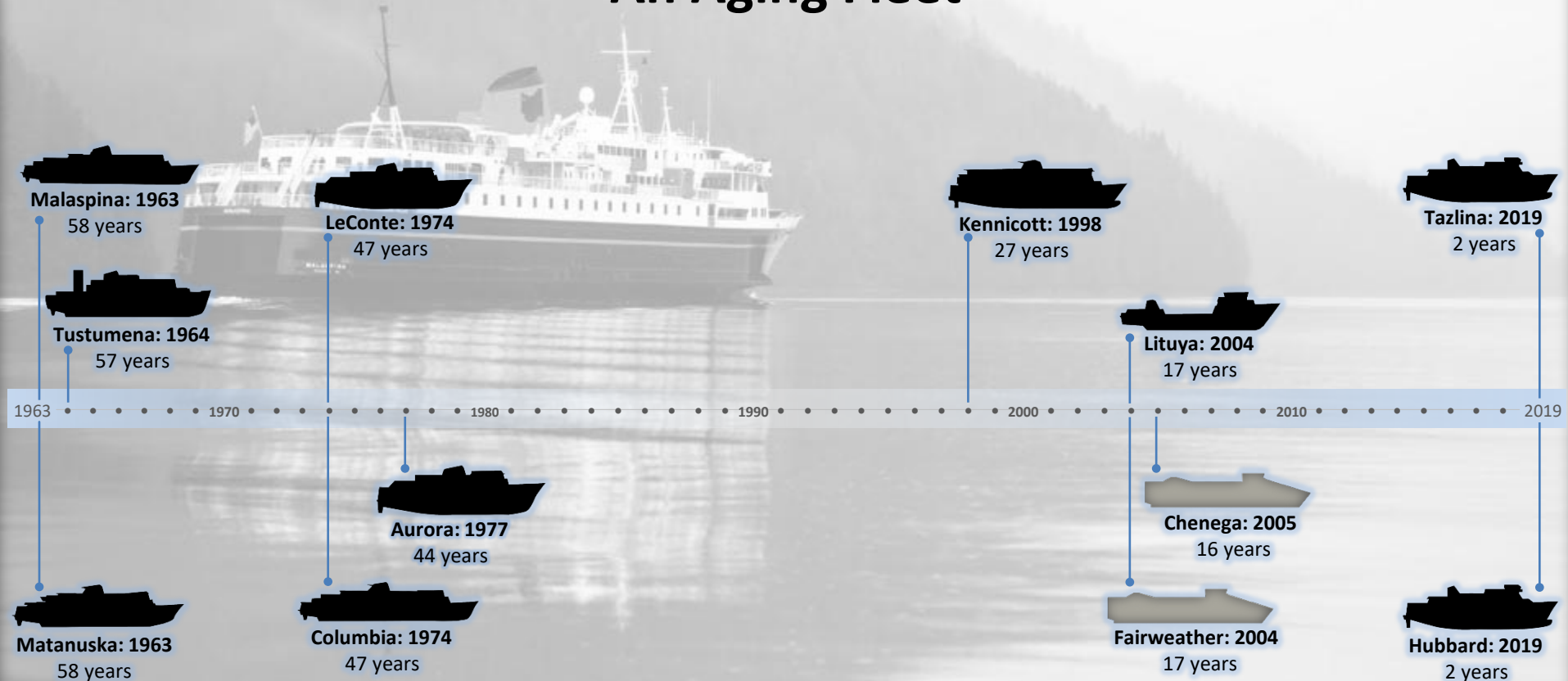


Vessel Routes - Southwest



Alaska Marine Highway System

An Aging Fleet



Most fleets retire their ships at 30-35 years.



AMHS Fleet Status

Lituya – Currently in service

LeConte – Currently in overhaul. Returns to service April 12, 2021

Kennicott – Currently in overhaul. Returns to service March 18, 2021

Tustumena – Currently in overhaul. Returns to service April 15, 2021

Matanuska – Currently in service

Aurora – Currently in overhaul. Extensive steel work has been completed.
Returns to service April 15, 2021

Columbia – Currently in cost savings layup in preparation for overhaul.

Malaspina – Currently in long-term layup in preparation for disposal/sell.

Hubbard – Currently in layup

Tazlina – Currently in layup

Fairweather – In the process of being sold

Chenega – In the process of being sold

Alaska Marine Highway System

CHALLENGES

Aging vessels

Turnover and recruitment

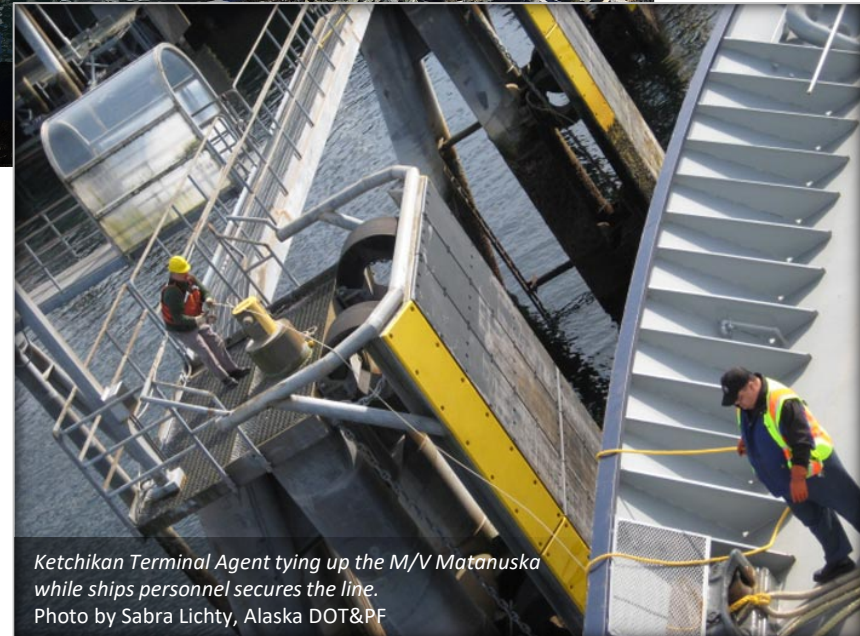
System reliability

Vessel flexibility

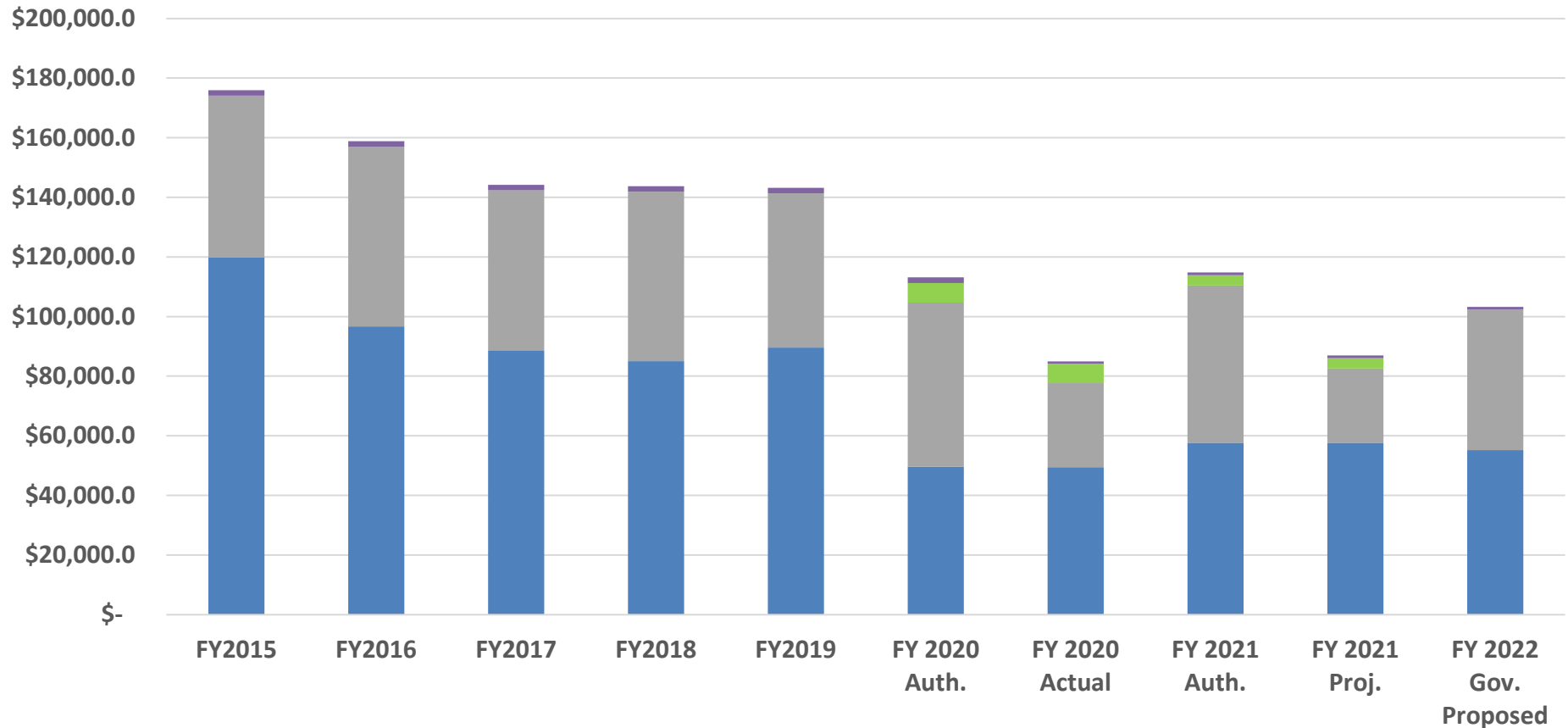
Collective bargaining agreements

COVID-19

Prince Rupert



FY 2015 – FY 2022 Gov. Proposed AMHS Operating Budget Fund Source Comparison



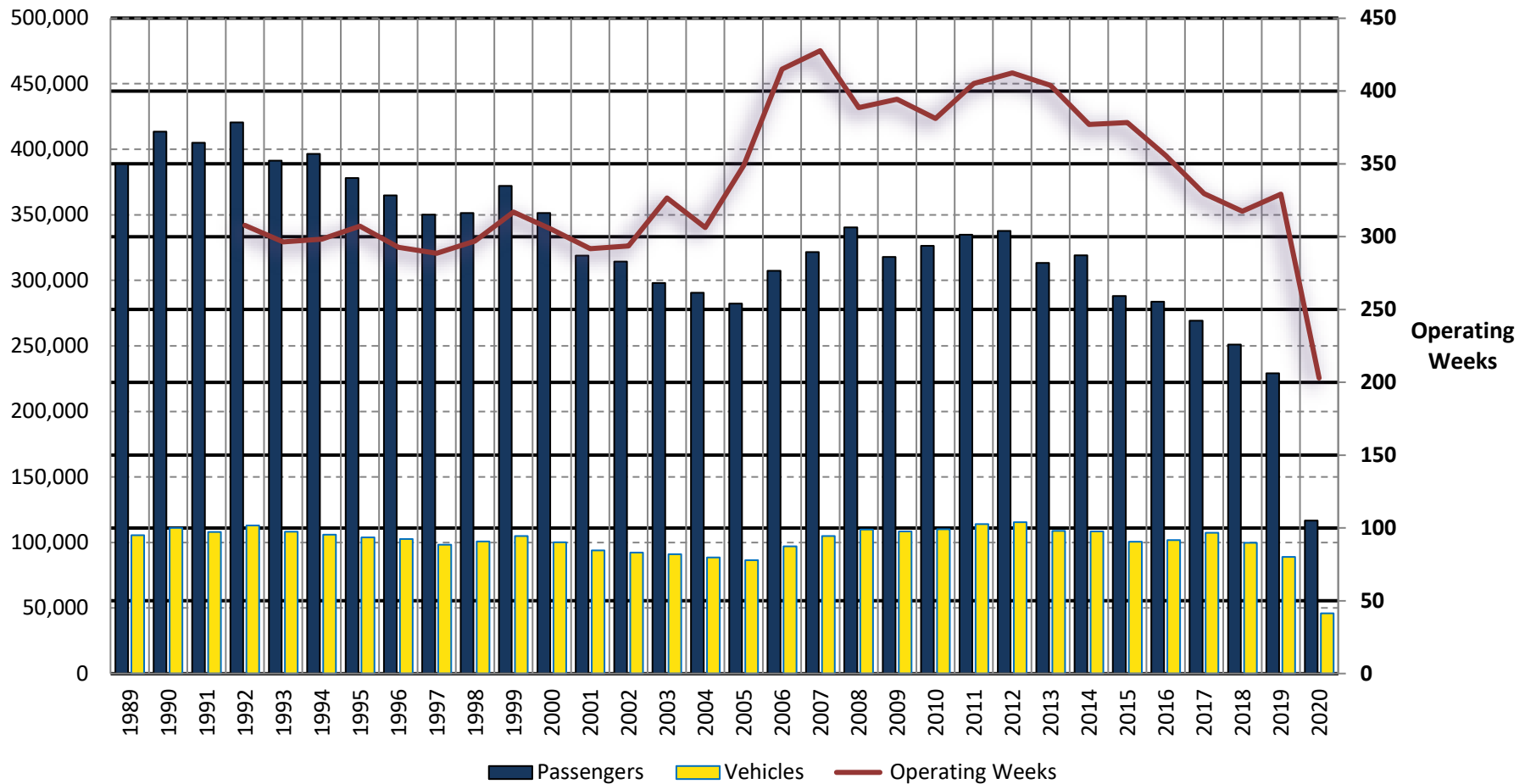
State Funds	\$ 119,768.1	\$ 96,660.3	\$ 88,716.7	\$ 85,022.7	\$ 89,622.6	\$ 49,619.3	\$ 49,438.0	\$ 57,628.1	\$ 57,628.1	\$ 55,235.4
Revenues	54,366.0	60,378.0	53,626.3	56,898.7	51,697.6	55,113.1	28,257.0	52,772.0	24,950.0	47,135.8
CARES Act	-	-	-	-	-	6,500.0	6,500.0	3,500.0	3,500.0	-
Other	1,796.5	1,833.4	1,835.1	1,850.0	1,893.7	1,921.9	734.0	850.0	850.0	852.7
TOTAL	\$ 175,930.6	\$ 158,871.7	\$ 144,178.1	\$ 143,771.4	\$ 143,213.9	\$ 113,154.3	\$ 84,929.0	\$ 114,750.1	\$ 86,928.1	\$ 103,223.9

\$ in Thousands (,000)



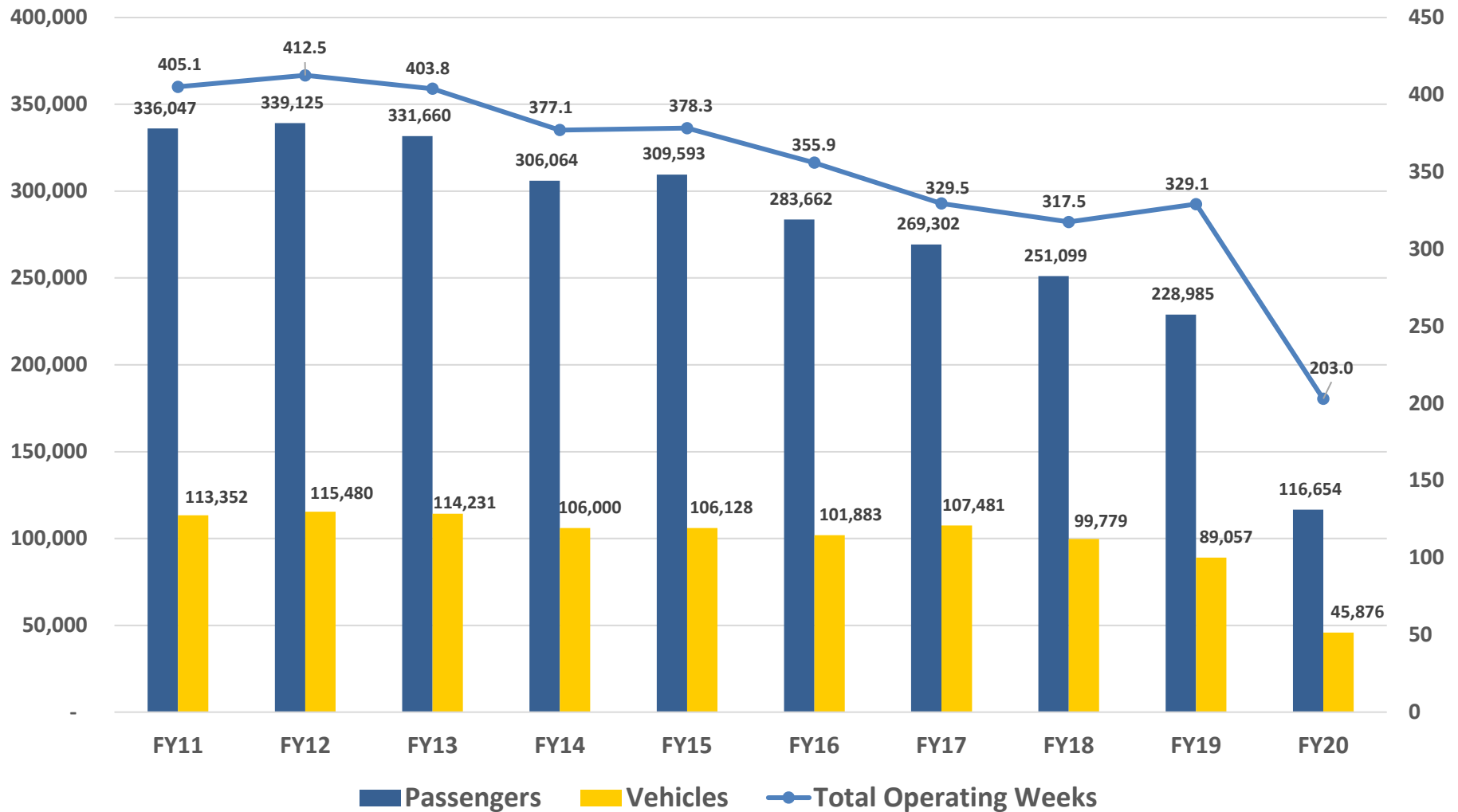
Historical Traffic and Operating Weeks

AMHS Ridership 1989-2020

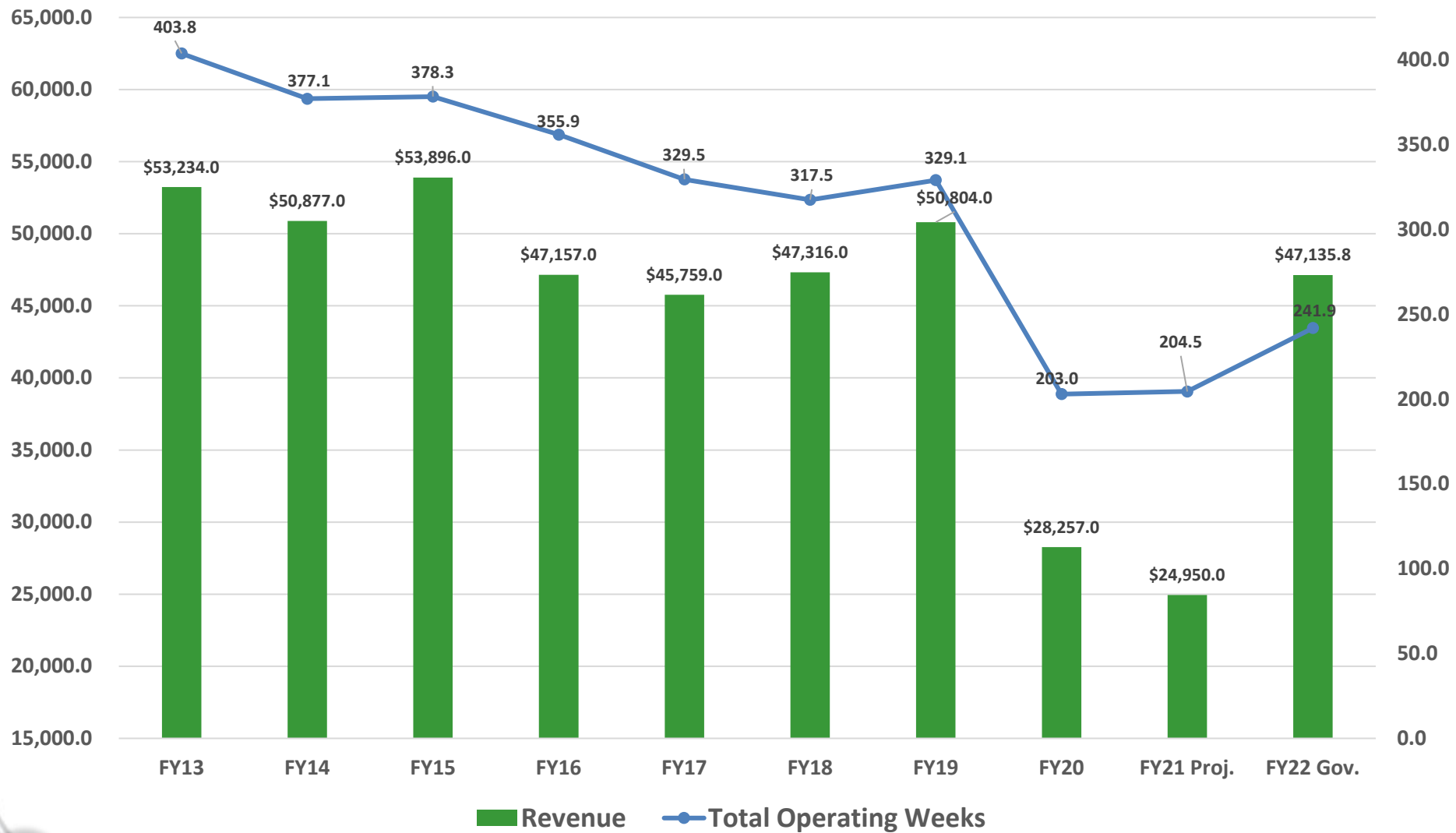


Note: FY2020 traffic was dramatically impacted by the Inlandboatmen's Union strike and the COVID-19 pandemic.

AMHS Traffic & Operating Weeks FY2011 – FY2020



AMHS Revenue (\$000s) & Operating Weeks FY2013 – FY2022




Revenue Per Operating Week FY2011 – FY2020

(\$ Thousands)



Total annual revenue / total operating weeks = revenue per operating week



Tariff Increase History

AMHS made multiple tariff changes in the past few 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

May 1, 2018: Third of five annual variable leveling tariff increase

May 1, 2019: Implemented fourth and fifth variable leveling tariff increases

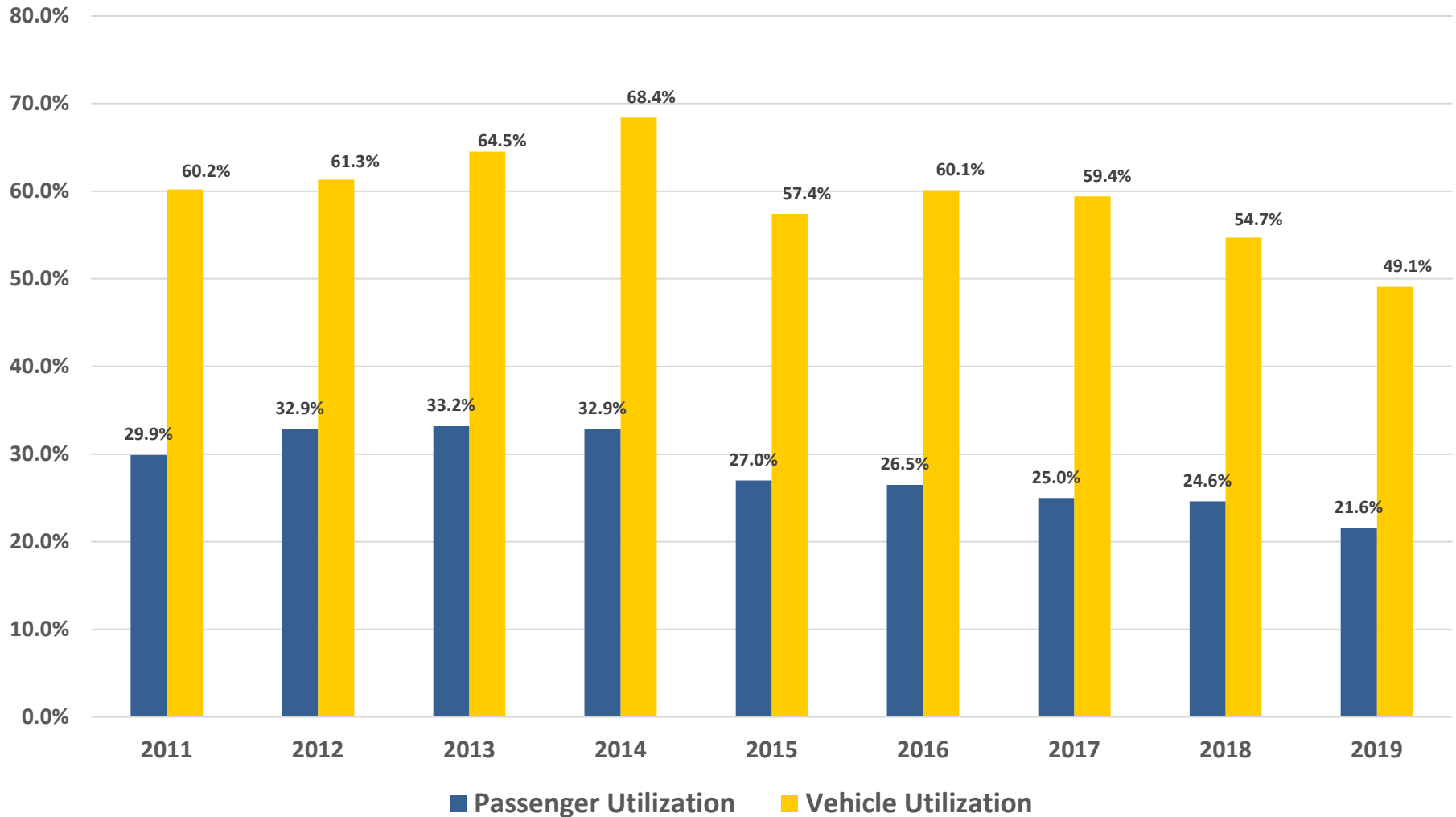
Dynamic Pricing

Oct. 1, 2019: AMHS implemented dynamic pricing

<u>Percentage of Capacity Booked</u>	<u>Tariff Increase Percentage</u>		
	<u>Passengers</u>	<u>Vehicles</u>	<u>Cabins</u>
30%	5%	10%	10%
40%	10%	20%	20%
50%	15%	30%	30%
60%	20%	38%	38%
70%	25%	45%	45%
80%	30%	50%	50%
90%	30%	50%	50%

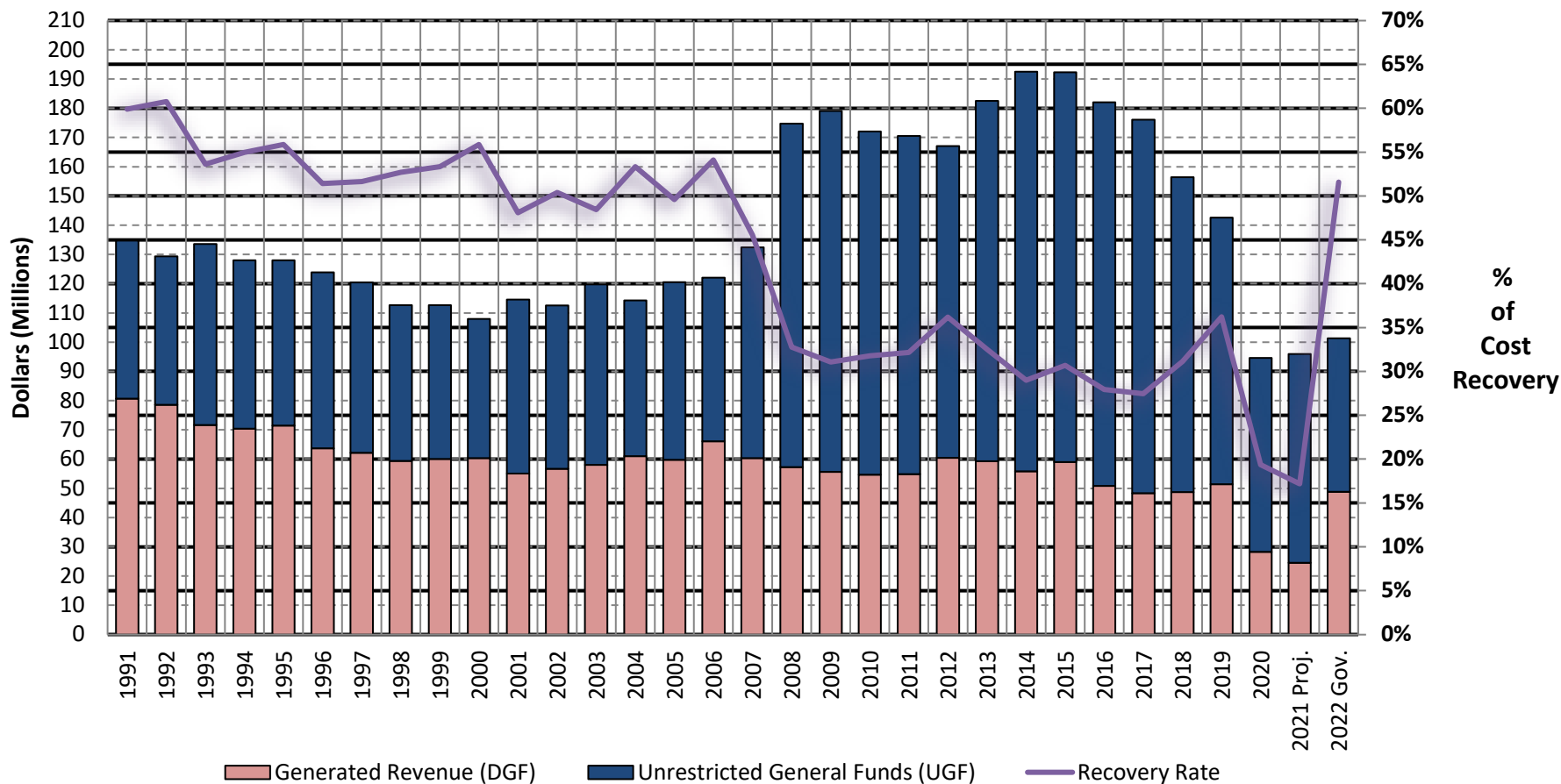
Dynamic pricing has increased AMHS revenues by 9% vs. static pricing since inception. FY 2020 was a low revenue year due to the IBU strike and COVID-19, however, in a “normal” year the 9% increase in revenues would equal \$4.5M in additional revenues.

AMHS System-Wide Capacity Utilization 2011 – 2019



Historical Revenue and Operating Cost

AMHS Fare Box Recovery Rate 1991-2022 Gov.



Significant Cost Increases

- FY2004 – FY2007: Added the FVF Fairweather and FVF Chenega. Vessel wage increases of 6%, 7%, and 8%.
- FY2012 – FY2013: Added ports and increased operating weeks

Note: Data is adjusted for inflation to 2020 values. Source: U.S. Bureau of Labor Statistics Consumer Price Index.



FY 2019 – FY 2022 Gov. Proposed AMHS Statistics

	FY2019	FY2020	FY2021 Proj.	FY2022 Gov.
Earned Revenues	\$ 50,804.1	\$ 28,257.4	\$ 24,950.3	\$ 48,807.8
Total Operating Costs	\$140,871.2	\$ 94,645.3	\$ 95,875.5	\$101,278.8
Weeks of Service	329.1	203.0	204.5	241.9
Port Calls	5,695	3,182	3,402	4,175

\$ in millions



Thank You.

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