

# Senate Finance Subcommittee

## Department of Transportation & Public Facilities Alaska Marine Highway System Updates

Craig Tornga, Marine Director

Dom Pannone, Director,  
Program Management & Administration

April 8, 2026



KEEP ALASKA MOVING

# AMHS Operating Budget

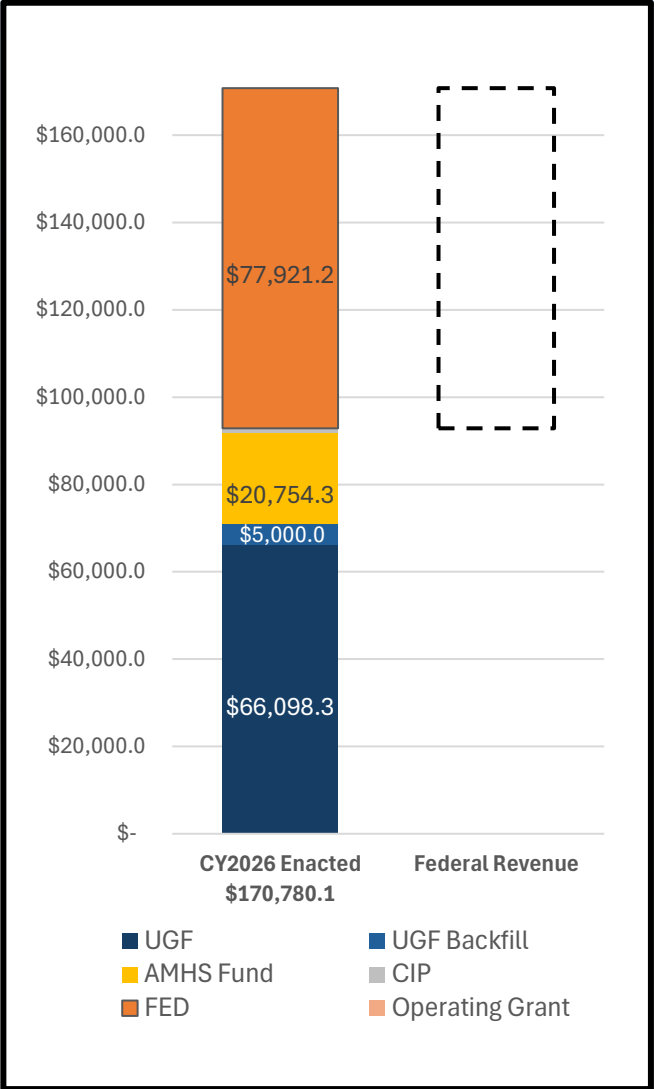
Current Year CY2026 (\$ in thousands)

**CY2026 Operating Budget:  
\$170,780.1**

**CY2026 Federal Revenue Required:  
\$77,921.0**

**Federal Revenue is 45.6% of  
Total Operating Budget**

**UGF from the Operating Budget  
is used to match federal funds**



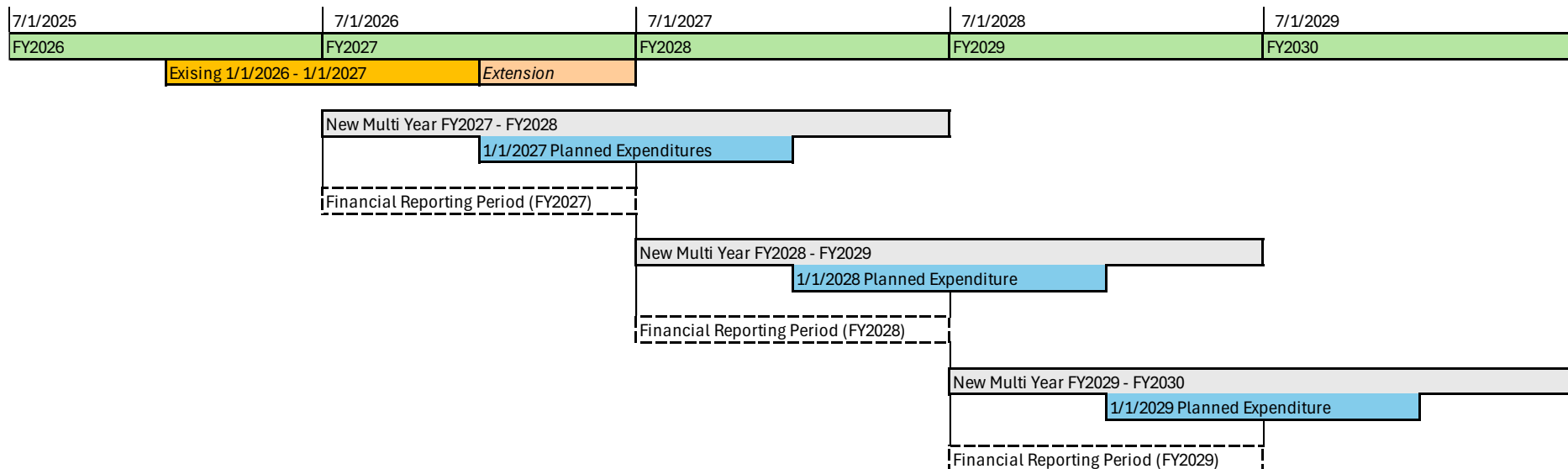
# FY2027: New Budget Structure

## Multi-year Waterfall Model

Leg. Finance Subcomm. Book Item #9

- Single closeout period and reporting on Fiscal Year, currently closing out twice per year
- Flexible carry-forward (surplus) or roll-forward (shortfall), with immediate accountability to legislature
- Continues calendar year model and requests for annual funding
- Helps bridge current year (CY2026) funding challenges
- Aligns collective bargaining agreement salary adjustments with budget process
- Supported by Alaska Marine Highway Operations Board

Budget Scenario Compare	FY2026 Management Plan	FY2027 Governor
Unrestricted General Fund	\$ 71,098.3	\$ 66,366.9
Designated General Fund	\$ 20,754.3	\$ 20,754.3
Federal Funds	\$ 77,921.2	\$ 83,299.6
Other Funds	\$ 1,006.3	\$ 1,042.2
<b>Grand Total</b>	<b>\$ 170,780.1</b>	<b>\$ 171,463.0</b>



# FY2026 Federal Rural Ferry Program

**NOFO was posted April 6, 2026. Award estimated in/around September 2026.**

**For the \$410,531,504 available through IJJA advance appropriations only:**

- Ferry service in the State or territory operated at least one segment between two rural areas located more than 50 sailing (nautical) miles apart
- The recipient or subrecipient service applied for must not be allocated funding available under the Urbanized Area Formula Program or Passenger Ferry Program (49 U.S.C. 5307) or the State of Good Repair Formula Program (49 U.S.C. 5337) that is made available by FTA from October 1, 2025 through September 30, 2026

## **Rural Ferry Program Eligible Projects**

- Capital projects for the purchase, construction, replacement, or rehabilitation of ferries, terminals, related infrastructure and equipment (including electric or low-emitting ferry vessels and related infrastructure) for eligible rural ferry service.
- Planning projects for eligible rural ferry service.
- Operating assistance for eligible rural ferry service. Workforce development activities may be eligible as an operating expense

## **Requirements and Federal Share**

- In general, the maximum Federal share for capital projects is 80 percent of the net project cost
- For planning projects, the maximum Federal share is 80 percent
- For operating assistance, there is no maximum Federal share. However, applicants must meet a maintenance of effort requirement
- To meet this requirement, an applicant must provide at least 75 percent of the average annual amount it provided in operating funds during 2017–2019

FTA = Federal Transit Administration  
NOFO = Notice of Funding Opportunity  
FY = State Fiscal Year, FFY = Federal Fiscal Year  
IJJA/BIL = Infrastructure, Investment, and Jobs Act / Bipartisan Infrastructure Law



# AMHS FY2026 Operational Bridge Plan

## Current FY2026 Position

- Total FY2026 Budget: **\$170.8M**
- State & Other Funds Available: **\$92.9M**
- Federal Shortfall: **\$77.9M**
- Projected Exhaustion: **July 2026**
- Operating Burn Rate:
  - Winter: **\$13.8M/month**
  - Summer: **\$14.9M/month**

## Timing Sensitivity

### September Award:

- Two months exposure (~\$29.8M)
- Exceeds \$19M limit
- Federal Highway Administration Ferry Boat funds likely required

## Immediate Cost Reductions

- Dispose of M/V Malaspina (~\$800k/month)
- Move M/V Tazlina to capital (~\$350k/month)
- Combined savings: ~\$1.15M/month

## FY2027 Bridge Authority

- Governor's FY2027 State & Other Funds: **\$88.2M**
- Maintenance of Effort (UGF) Floor: **\$69.7M**
- Maximum FY2027 Displacement: **\$19M**
  - \$19M FED (1002), FY2026 to FY2027
  - \$19M AMHS (1076), FY2026 from FY2027

## Federal Request (Operating Grant)

- Expected operating assistance application:  
**\$161.2M (CY2026 + CY2027)**

Execution of the FY2026 bridge plan requires enactment of HB 289 § 12 (appropriation extension) and HB 263 § 20 (FY2027 multi-year appropriation)

# AMHS Fund Balances

## Alaska Marine Highway System Fund (1076)

AS 19.65.060, AS 37.05.550

Fund Balances after Reserve for Encumbrance

**\$33,859.4**

### Activities and Related Requests:

- FY2025 revenues: \$37.2 million
- FY2025 operating uses: \$16.2 million, overhaul uses: \$22.2 million
- FY2025 net change: *-\$1.3M*
- FY2025 Toll Credits Earned\* fund use: \$23.4M
- FY2027 Governor's operating request: \$20.8 million, overhaul request: \$27.5 million
- Tarriff Adjustment starting May 1, 2026, based on 2025 Consumer Price Index for All Urban Consumers (CPI-U) Anchorage

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## AMHS Vessel Replacement Fund (1082)

AS 37.05.550

Fund Balances Available for Appropriation

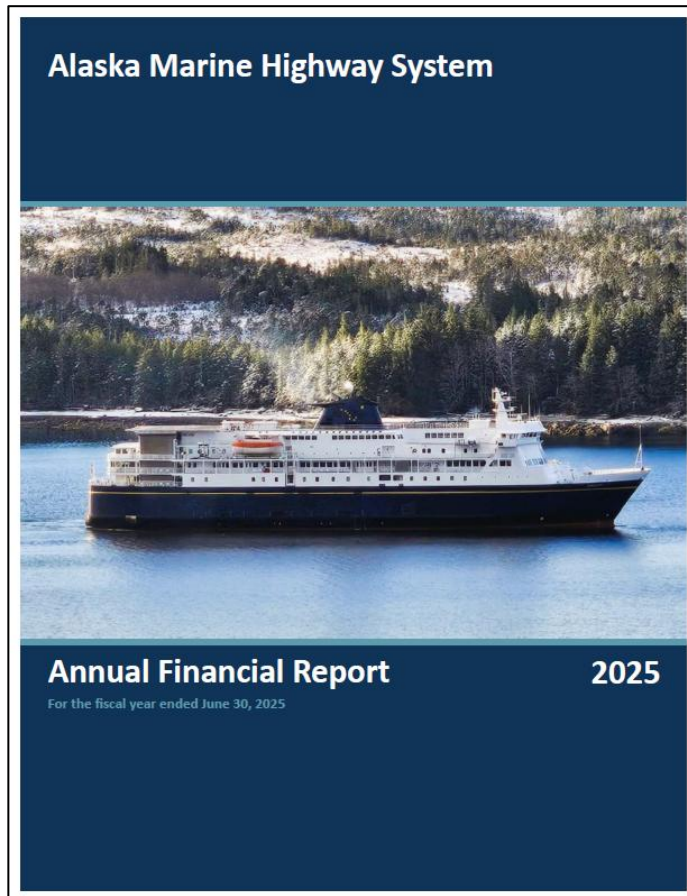
**\$19,676.4**

Fund balances as of March 30, 2026. \$ in thousands unless otherwise noted.

\*Passed internal audit, request to FHWA being finalized for submission.



# AMHS Annual Financial Report



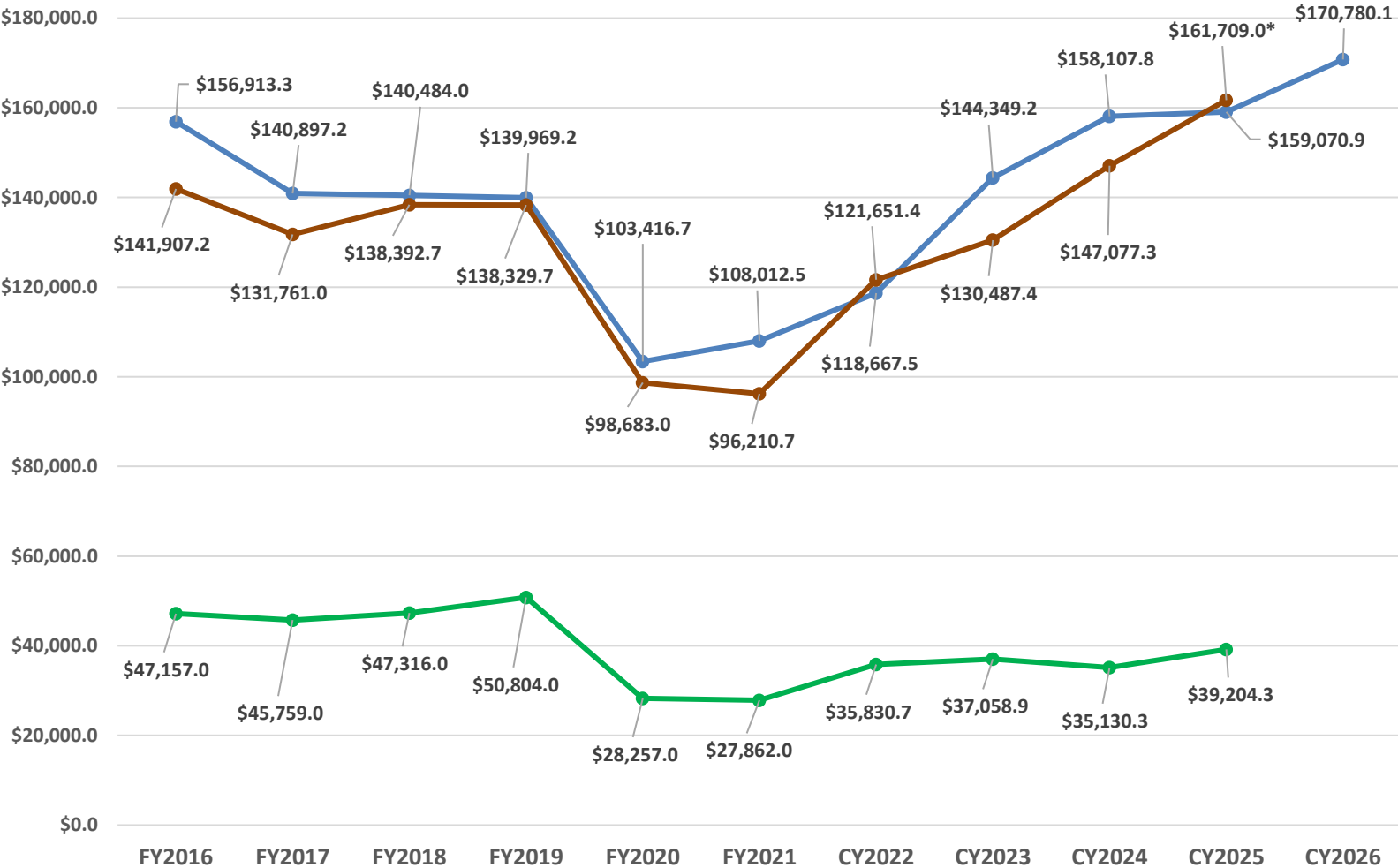
<https://dot.alaska.gov/amhs/reports.shtml>

## Alaska Marine Highway System Annual Financial Report 2025

### Statement of Revenues, Expenditures and Changes in Fund Balance (In Thousands)

	<u>Alaska Marine Highway System Fund</u>	<u>Other Sources</u>
<b>Revenues:</b>		
Current Operating:		
Ticket Sales	\$ 31,155	\$ -
Stateroom Sales	3,498	-
Passenger Services Sales	2,541	-
Other Unrestricted Revenue	4	-
Current Operating Total	<u>37,198</u>	<u>-</u>
Federal Receipts	-	3,447
Accrued Federal Receipts		66,234
<b>Total Revenues</b>	<b><u>37,198</u></b>	<b><u>69,681</u></b>
<b>Expenditures:</b>		
Current Operating:		
Support Services	2,019	-
Reservations & Marketing	-	1,391
Marine Engineering	236	1,920
Operations Management	905	5,428
Shore Operations	-	10,079
Marine Fuel	-	14,529
Overhaul	-	1,756
Marine Vessel Operations	13,088	105,736
Current Operating Total	<u>16,248</u>	<u>140,839</u>
Capital Overhaul	22,216	-
<b>Total Expenditures</b>	<b><u>38,464</u></b>	<b><u>140,839</u></b>
Excess/(Deficiency) of Revenues	(1,266)	(71,158)
Financing Uses from the State		
Unrestricted General Fund		70,688
Other		470
Fund Balance, Beginning of Year	19,519	
<b>Fund Balance, End of Year; Undesignated</b>	<b><u>\$ 18,253</u></b>	<b><u>\$ -</u></b>

# AMHS Financial Trends



\$ in thousands    ● Budgeted    ● Actuals    ● AMHS Revenue

\*CY2025 is Still in Final Closeout



# AMHS Four Focus Areas



Provide **safe** and **reliable** service for our communities



Build and support a reliable workforce



**Modernize** fleet, terminals assets and management system to promote **resiliency** and standardization



Promote financial efficiency and sustainability

# Safety No Harm Goal

## NO HARM TO PEOPLE, ENVIRONMENT or EQUIPMENT 2025 Results

- **People** – Nine lost-time incidents for 2025
- **Environment**
  - No vessel or terminal spills to the water for 2026
  - Four customer vehicle spills to terminal parking area. All contained and cleaned up immediately by terminal staff
  - One spill from the Ketchikan Maintenance Warehouse. A drum loaded with diesel leaked from a bottom seam. Estimated one-gallon went down a storm drain. Storm drain was boomed off and absorbent pads used to clean up the sheen. Drums are now stored within secondary containment
- **Equipment** – One allision with the Motor Vessel (MV) Lituya hitting the rock bluff in Annette Bay



# Reliability Report

## 2025 Operational Uptime of 98.55%

- 34,733 operating hours / 504 out-of-service hours
- 100% uptime for the months of March, May, June, July, and November
- Includes 111 hours out of service for the MV LeConte water in fuel event



# "AMOS" Vessel Management System — Preventative Maintenance Module



AMOS - AMHS OFFICE/OFFICE - [Dashboard]

File Edit Options Maintenance Stock Purchase Financial Assessment Tools Window Help

Compon... Stock It... Job Descr Functions Rounds Comp H... Func Hie... Generate... WO Details Planning Req Work Forms Addresses Attachm... Reports Launcher Switch D... Help

Refresh

Main Dashboard Welcome Blasingame, Kris, 1/30/2026 No Search

Dashboard

### Alerts Overview

16 - MV HUBBARD - MAINTENANCE

Current Stock less than Minimum Qty	0
HUBBARD DECK- SMR Designated WO's	8
HUBBARD - ENGINE Maint Due this Week	33
HUBBARD - DECK Maint Due this Week	19
HUBBARD - ENGINE Maint Due Next Month	85
HUBBARD - DECK Maint Due Next Month	34
HUBBARD - ALL CRITICAL EQUIPMENT	30
HUBBARD - ALL CRITICAL SPARES	116
HUBBARD ENG- SMR Designated WO's	0
HUBBARD - Active Unexpected WO's	0

17 - MV LITUYA - MAINTENANCE

Current Stock less than Minimum Qty	0
LITUYA DECK- SMR Designated WO's	0

### Notifications

Module	Number
Purchase	0
Maintenance	0

Maintenance  
Stock  
Purchase  
Tools

Ready



# Improve Customer Service: From Booking to Completion of Voyage



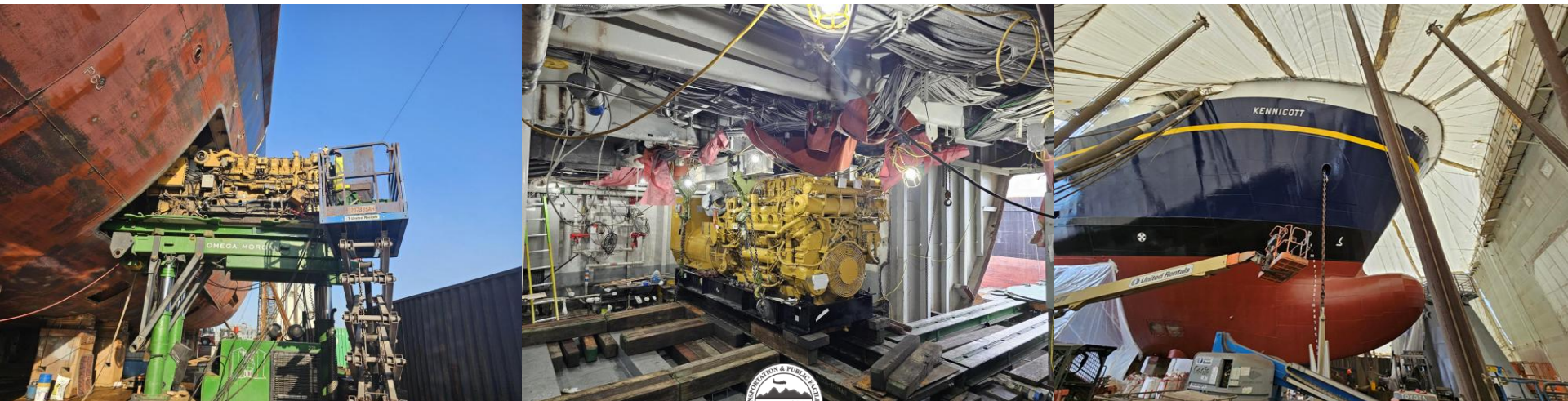
- Improved booking and reservation system to mitigate passenger impacts of new regulatory requirements
- Starting a culinary training program for cooks and servers
- New handheld ticket scanners systems on vessels to meet passenger, vehicle, and cargo manifest requirements
- New vessel scheduling system to improve schedule accuracy and reliability
- Passenger Wi-Fi across the fleet
- Installing comprehensive shoreside networks to support ticket scanning and improve reliability customer facing systems
- Adding redundant networks at all terminals to reduce interruptions and downtime for customers
- In development: mobile phone boarding pass capability



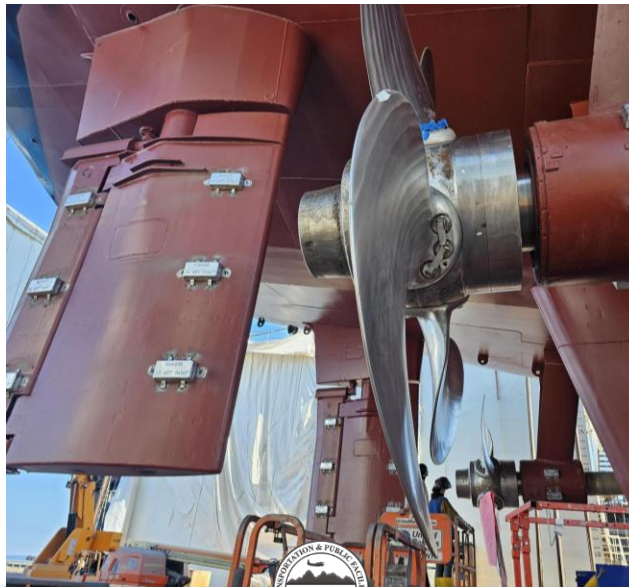
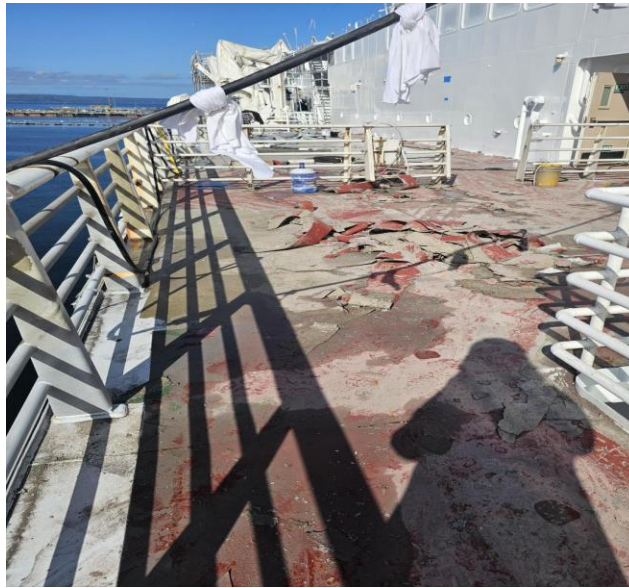
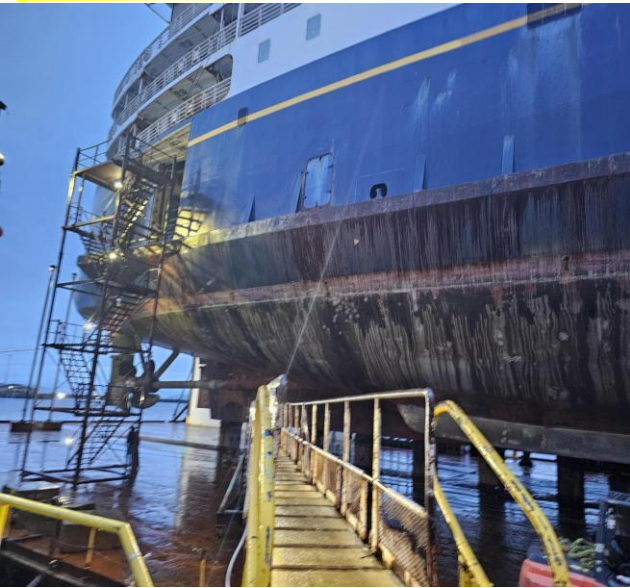
*Haines Terminal*

# MV Kennicott Generator Repower & Refurbishment

- Replaced CAT 3516 Tier 0 generators with new CAT 3512 Tier 3 generators
- Removed both original Waste Heat Boilers (WHB) and replaced with two new WHBs
- Rebuilt port and starboard Wartsila main engine
- Complete blasting painting of the ship from keel to top
- Replaced vehicle deck in the area of the vehicle elevator, and installed over 1,000 lineal feet of corroded deck railing
- Upgraded automation system – upgrades operating control system primarily for operation of new generators
- Installed WiFi; 80% complete and will complete the installation this next fall

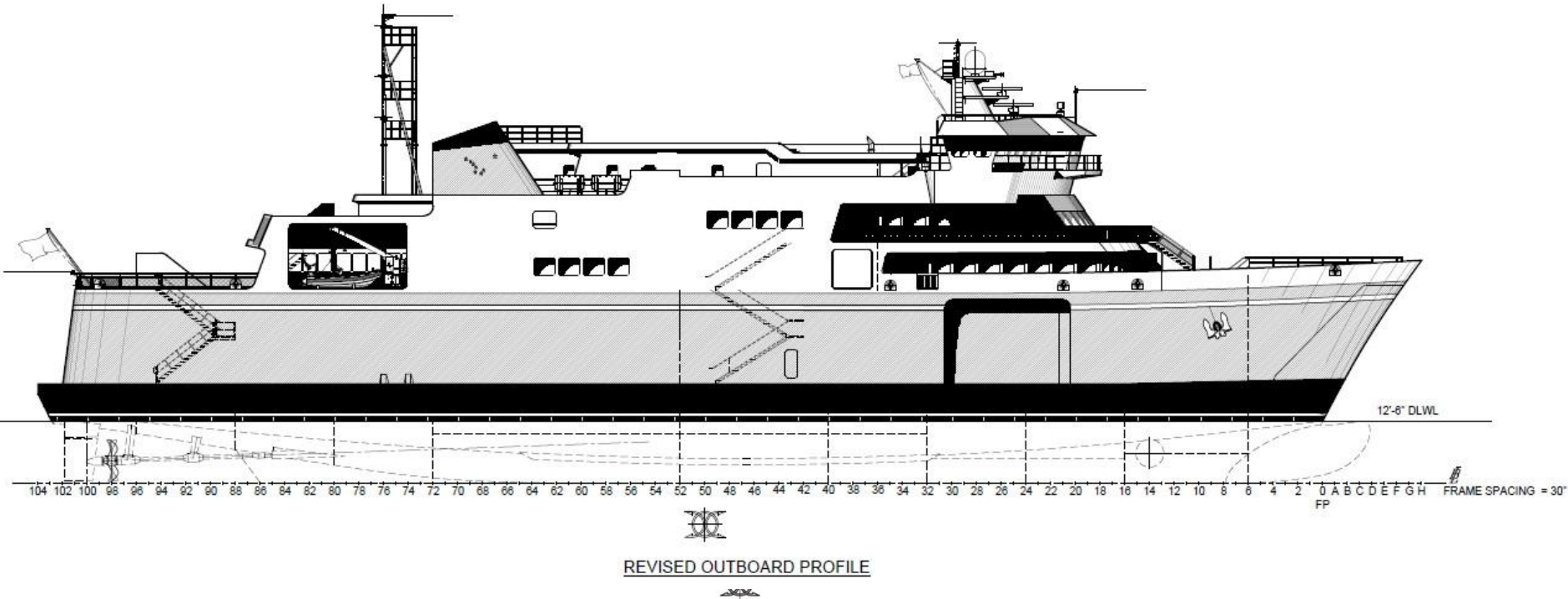


# MV Kennicott Generator Repower & Refurbishment



# MV Tazlina Crew Quarters

- Request For Proposal (RFP) April 2026
- Estimated June 2026 Shipyard Award
- Project Cost - \$43M Federal Transit Authority (FTA) Funded





# Tustumena Replacement Vessel (TRV)

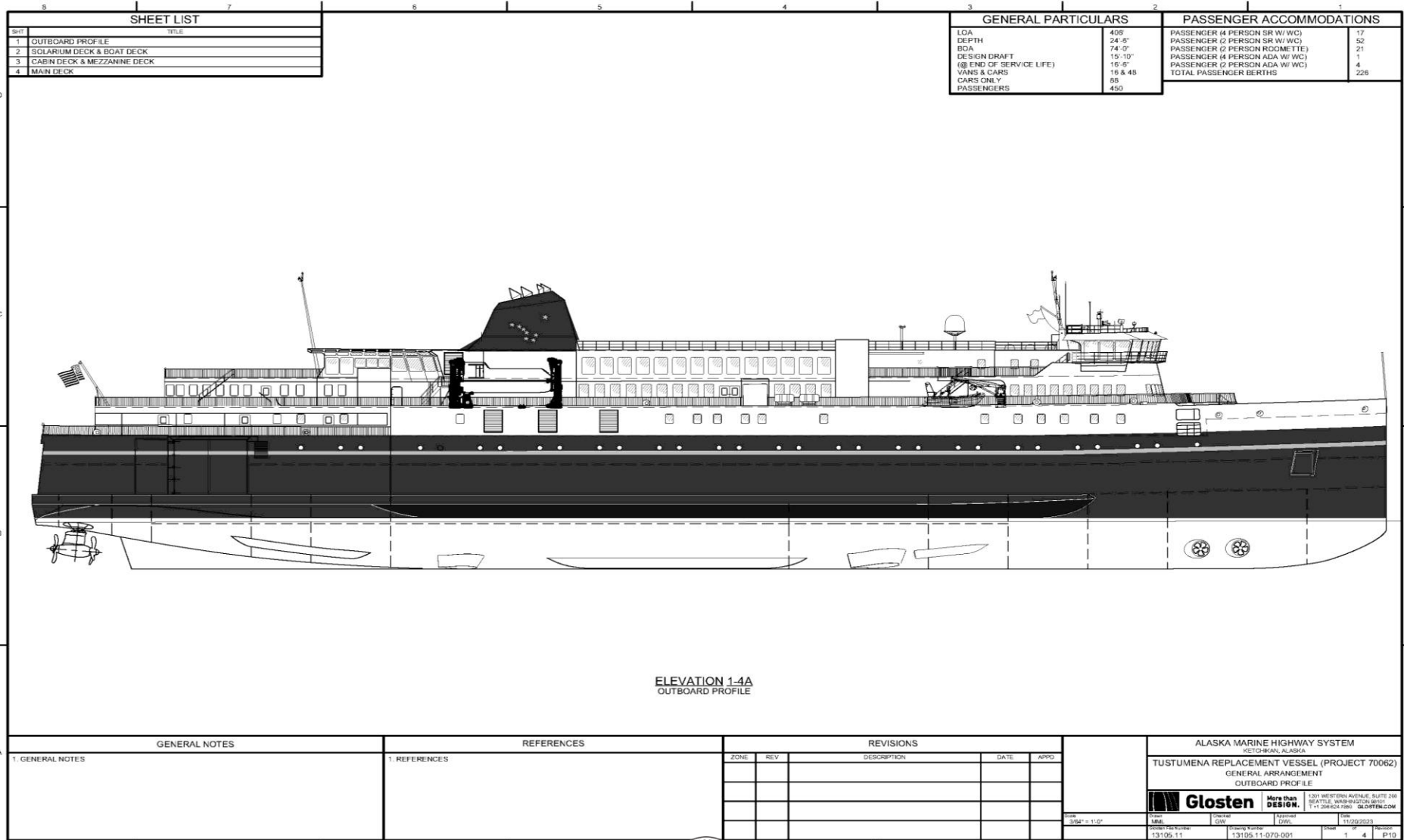
Invitation to Bid Released *(solicitation closes May 28, 2026)*



# Diesel Electric Hybrid Shuttle Ferry

- AMHS was awarded a Grant of \$46M in 2023, for the construction of a small electric ferry
- Design contract awarded to Glosten Marine
- Southeast Conference working the shoreside electric power requirements
- Work between Ketchikan and Annette Bay, and seasonally Haines and Skagway
- Schedule:
  - Anticipated completion of design; fourth quarter 2026

# Mainliner Replacement Vessel (MRV) Design



# 2045 Fleet Configuration

The 2045 fleet is a mix of two existing vessels and six new builds to create a standardized, reliable, and efficient system.



## High-Efficiency Ferry I

Shuttle



## TRV

Tustumena Replacement Vessel



## Hubbard

Dayboat



## High-Efficiency Ferry II

Shuttle



## MRV I

Mainliner Replacement Vessel



## Tazlina

Dayboat



## MRV II

Mainliner Replacement Vessel

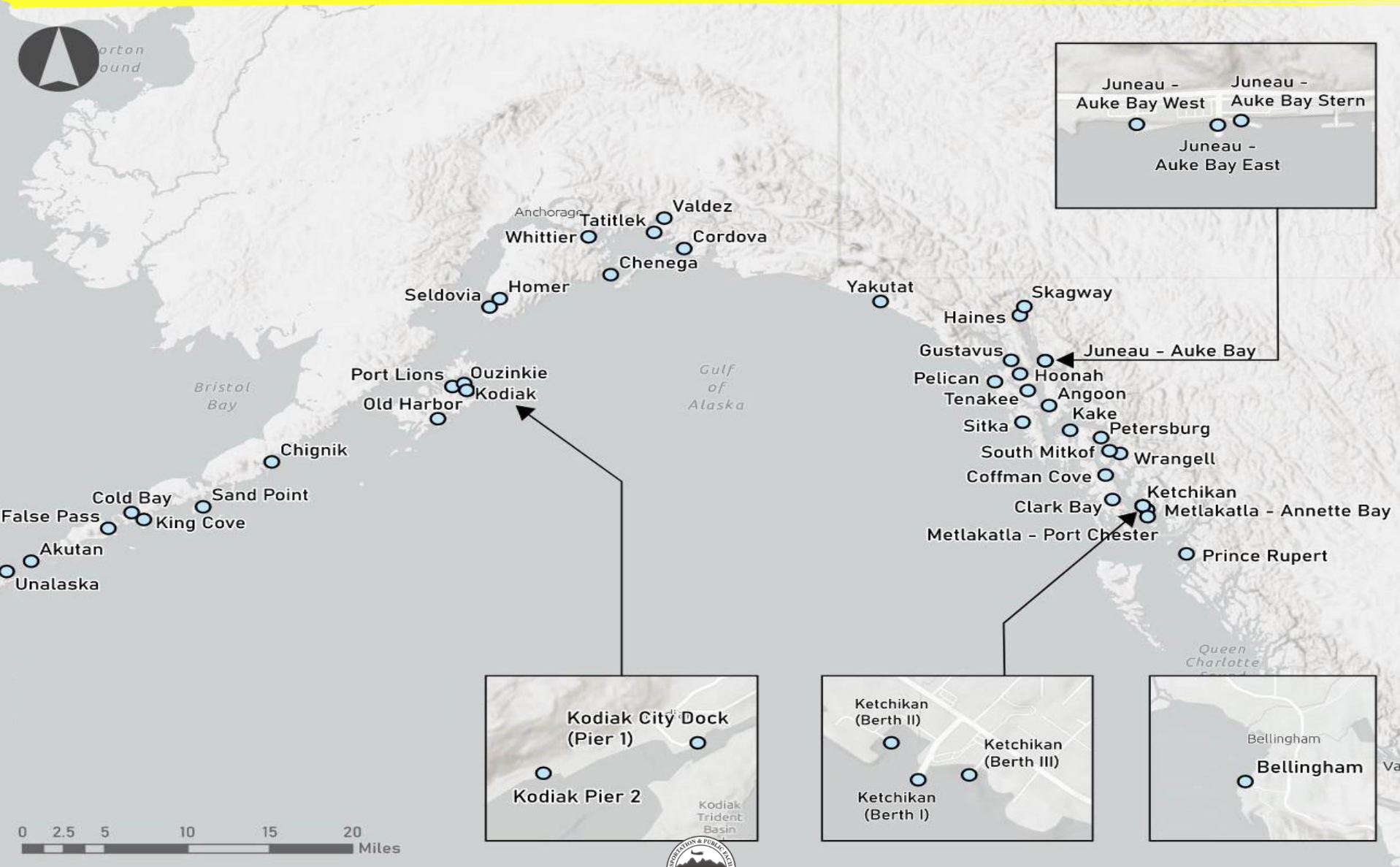


## DB

Dayboat Replacement Vessel

*NOTE: Vessel silhouettes are representations only, new vessels may be different.*

# Marine Highway Ferry Terminals



# Report: Crewing Status

## 2025 New Hires and Separated Employees

Union Departments	New Hire Employees	Separated Employees
MM&P	10	9
MEBA*	3	5
IBU** Engine	2	2
IBU Deck	3	8
IBU Stewards	46	43

- Improved retention in 2025
- AMHS Able Seaman (AB) → 3<sup>rd</sup> Mate AND Oiler to 3<sup>rd</sup> Assistant Engineer
  - 1 IBU Engine moved up to MEBA, 3<sup>rd</sup> Assistant Engineer
  - 2 IBU Deck moved up to MM&P, 3<sup>rd</sup> Mate

MM&P = Masters, Mates, & Pilots

\*MEBA = Marine Engineers' Beneficial Association

\*\*IBU = Inlandboatmen's Union

# February 2026 Crewing Operations

AMHS Crewing			
Crew Status:			
Position	Currently Employed	Total Needed	Current Status
Master	16	21	(5)
Pilot	1	6	(5)
Chief Mate	13	20	(7)
2nd Mate	8	20	(12)
3rd Mate	36	12	24
<b>TOTAL MM&amp;P</b>	<b>74</b>	<b>79</b>	<b>(5)</b>
Chief Engineer	20	20	0
1st Engineer	13	20	(7)
2nd Engineer	17	20	(3)
3rd Engineer	15	20	(5)
<b>TOTAL MEBA</b>	<b>65</b>	<b>80</b>	<b>(15)</b>
Bosun	16	16	0
Able Bodied Seaman	54	52	2
Ordinary Seaman	28	28	0
OSP	14	14	0
WM	12	18	(6)
Jr. Engineer	8	15	(7)
Oiler	30	29	1
Wiper	5	5	0
<b>TOTAL IBU</b>	<b>167</b>	<b>177</b>	<b>(10)</b>
Stewards	212		



# New Investments in Workforce

## **DOT/AMHS – University of Alaska Fairbanks Maritime Workforce Partnership (\$750K)**

- Focus on Alaskans
- Reached **500+ students statewide**
- **40+ students credentialed to date**
- Created direct pathways into **Alaska's maritime workforce**

## **AMHS Able Bodied Seaman (AB) → 3<sup>rd</sup> Mate AND Oiler to 3<sup>rd</sup> Assistant Engineer**

- Estimated investment: ~\$60,000 per participant
  - 504(e) funds cover tuition and travel
- Expected annual participants: about eight
- Strict eligibility: Three+ years service, 1,080 sea days, strong evaluations, requires obtaining license within six months, and a five-year commitment

## **Maritime Institute of Technology and Graduate Studies (MITAGS) 3<sup>rd</sup> Mate Maritime Apprenticeship Program**

- Four scholarships through \$45,000 per participant

## **Pilotage Incentive Program**

- New **International Organization of Masters, Mates & Pilots (MM&P)** Collective Bargaining Agreement Clause supports mates riding for pilotage on their time off

# LRP Benefits to Financial Efficiency

The LRP (Long-Range Plan) balances the needs of the community, increased service, and system reliability with more efficient operating costs through a modernized fleet, providing more service over time with higher farebox recovery through investments in capital infrastructure.



# Thank You.

Craig Tornga, Marine Director

Dom Pannone, Director, Program Management & Administration



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