April 2, 2025

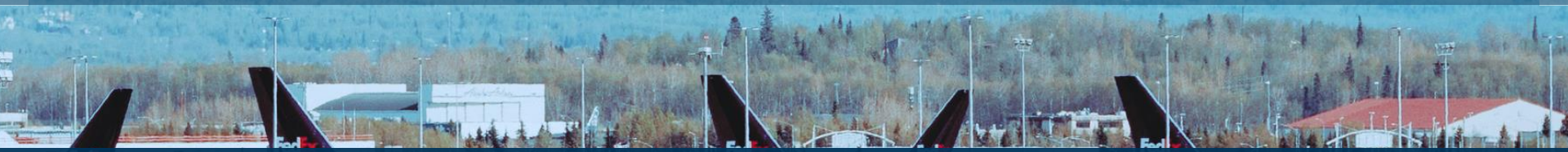
NORTH
TO THE FUTURE

Senate Finance Subcommittee

Alaska Department of Transportation & Public Facilities

Craig Tornga, Marine Director, Alaska Marine Highway System (AMHS)

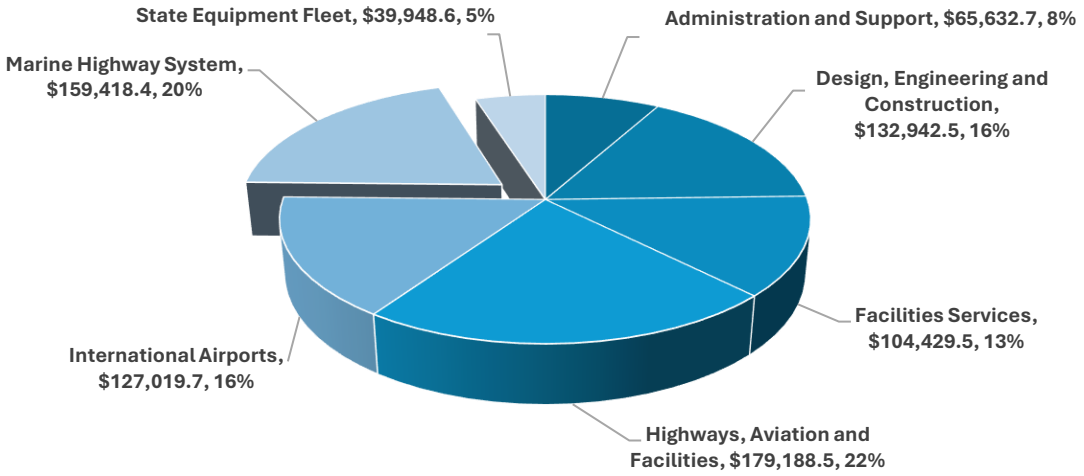
Dom Pannone, Director of Program Management & Administration



FY2026 OPERATING BUDGET

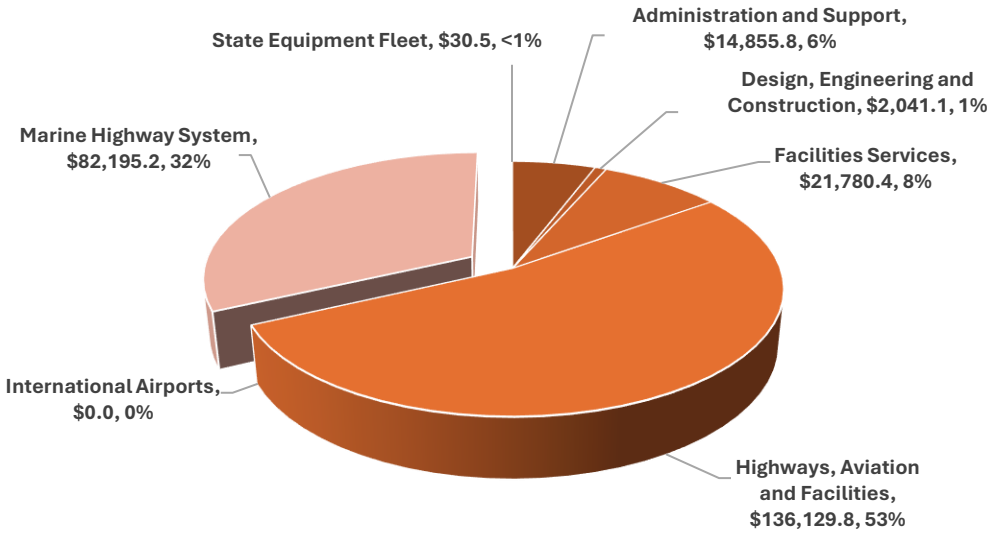
FY2026 Operating: All Funds

Results Delivery Unit	FY2026
Administration and Support	$65,632.7
Design, Engineering and Construction	$132,942.5
Facilities Services	$104,429.5
Highways, Aviation and Facilities	$179,188.5
International Airports	$127,019.7
Marine Highway System	**$159,418.4**
State Equipment Fleet	$39,948.6
Total	**$808,579.9**



FY2026 Operating: Unrestricted General Funds + Designated General Funds

Results Delivery Unit	FY2026
Administration and Support	$14,855.8
Design, Engineering and Construction	$2,041.1
Facilities Services	$21,780.4
Highways, Aviation and Facilities	$136,029.8
International Airports	$0.0
Marine Highway System	**$82,195.2**
State Equipment Fleet	$30.5
Total	**$256,932.8**



$ in thousands, Governor's Amended (2-19-2025)

HISTORY OF CALENDAR YEAR

18 Months Funded at Once

	FY2022 "BRIDGE" (6 months)	CY2022 (12 months)
Federal Transit Administration	$ 26,196.0	$ 21,804.2
Federal Highway Administration	$ 33,393.7	$ 31,374.1
Capital Improvement Project & Other	$ 1,099.3	$ 872.1
Motor Fuel Tax	$ 1,808.6	$ 3,617.1
Unrestricted General Fund	$ 1,738.5	$ 61,000.0
Totals	**$ 64,236.1**	**$ 118,667.5**

Started in CY2022 with an additional 6 months of funding using COVID funds.

Longer implementation times for funding level increases or decreases, 6+ months to implement new budget and funding levels

Strategic: Earlier schedule release correlates with increases in ridership, increases in revenue

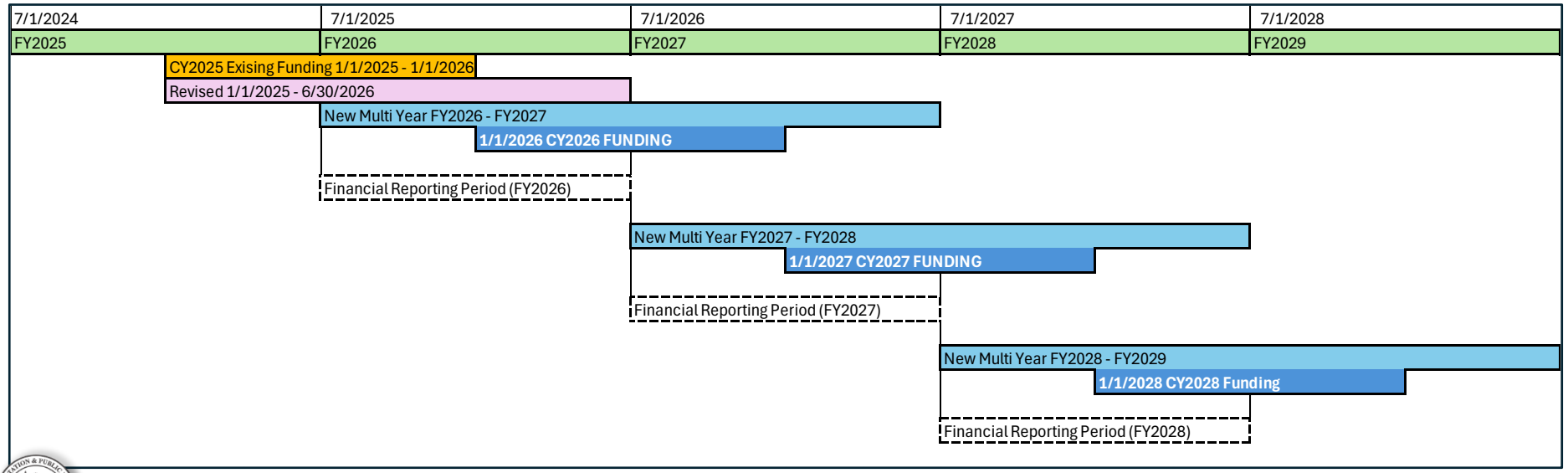
One element of a stable and reliable system

FY2026 BUDGET STRUCTURE

Marine Highway System	UGF	DGF	FED	OTHER	TOTAL
Multi Year Appropriation	**$ 61,440.9**	**$ 20,754.3**	**$ 76,242.1**	**$ 981.1**	**$ 159,418.4**
Multi-Year (FY2026-FY2027) Alaska Marine Highway Appropriation	$ 61,440.9	$ 20,754.3	$ 76,242.1	$ 981.1	$ 159,418.4
Miscellaneous Adjustment					
Amend Section 5, ch. 7, SLA 2024, page 77, lines 1-4					
Decrement	**$(61,440.9)**	**$(20,754.3)**	**$(76,242.1)**	**$(981.1)**	**$(159,418.4)**
Remove Alaska Marine Highway System from Numbers Section	$(61,440.9)	$(20,754.3)	$(76,242.1)	$(981.1)	$(159,418.4)

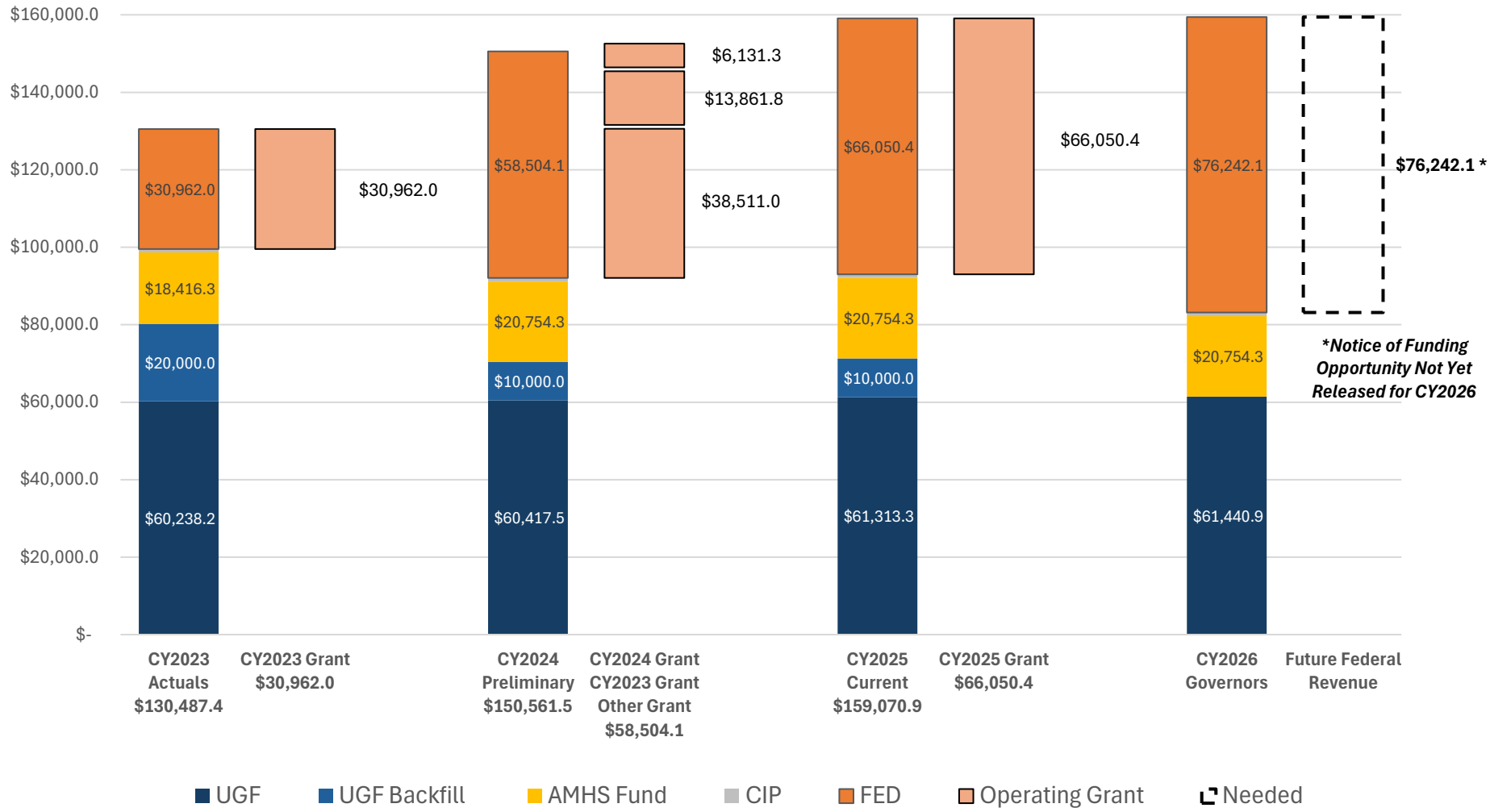
Multi-year Waterfall Model

- **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**



$ in thousands

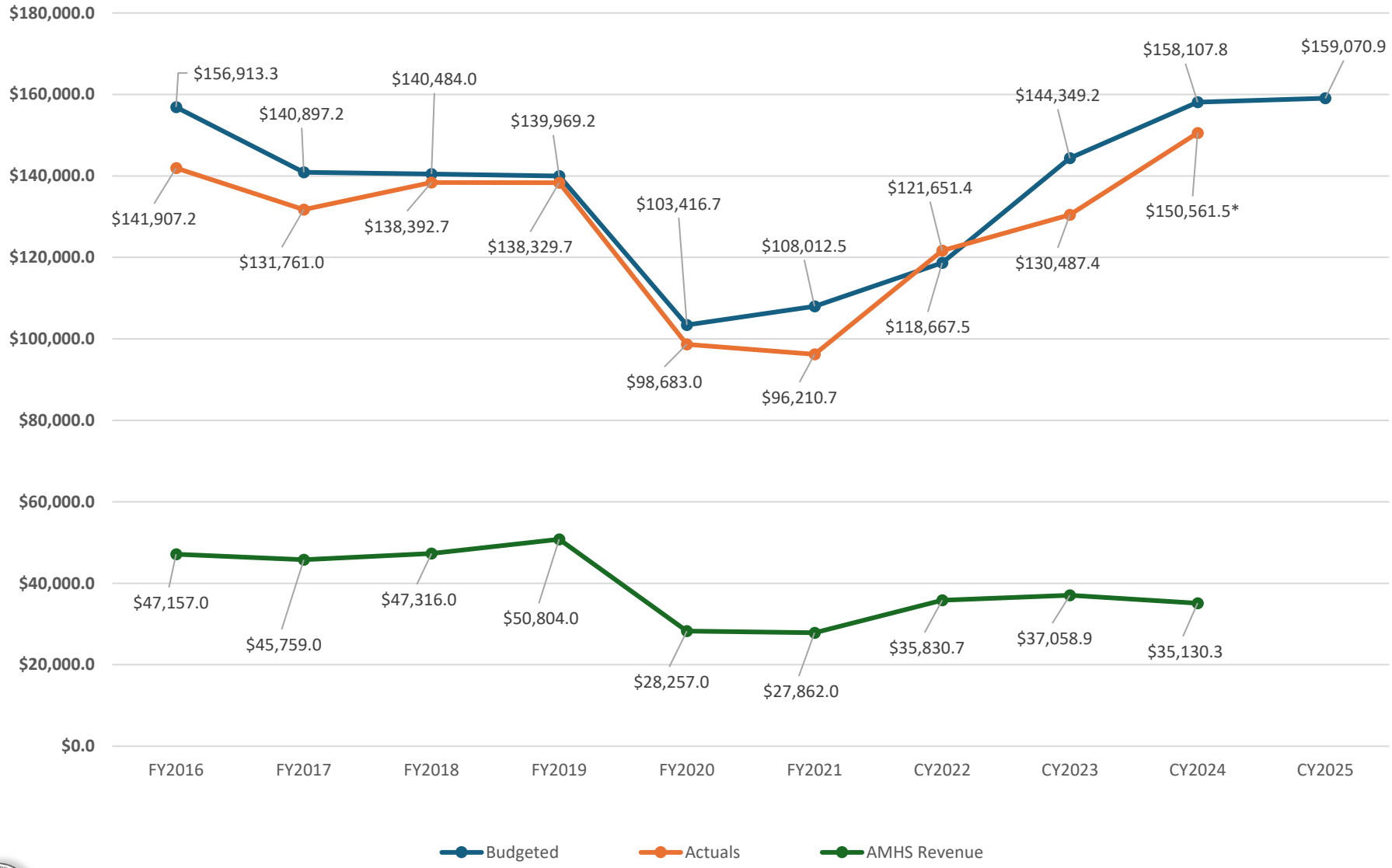
OPERATIONAL FUNDING



Federal Funds: IIJA Rural Ferry Grant Program (49 USC § 5334) & Formula Programs (23 USC §§ 218, 147, 139)

$ in thousands

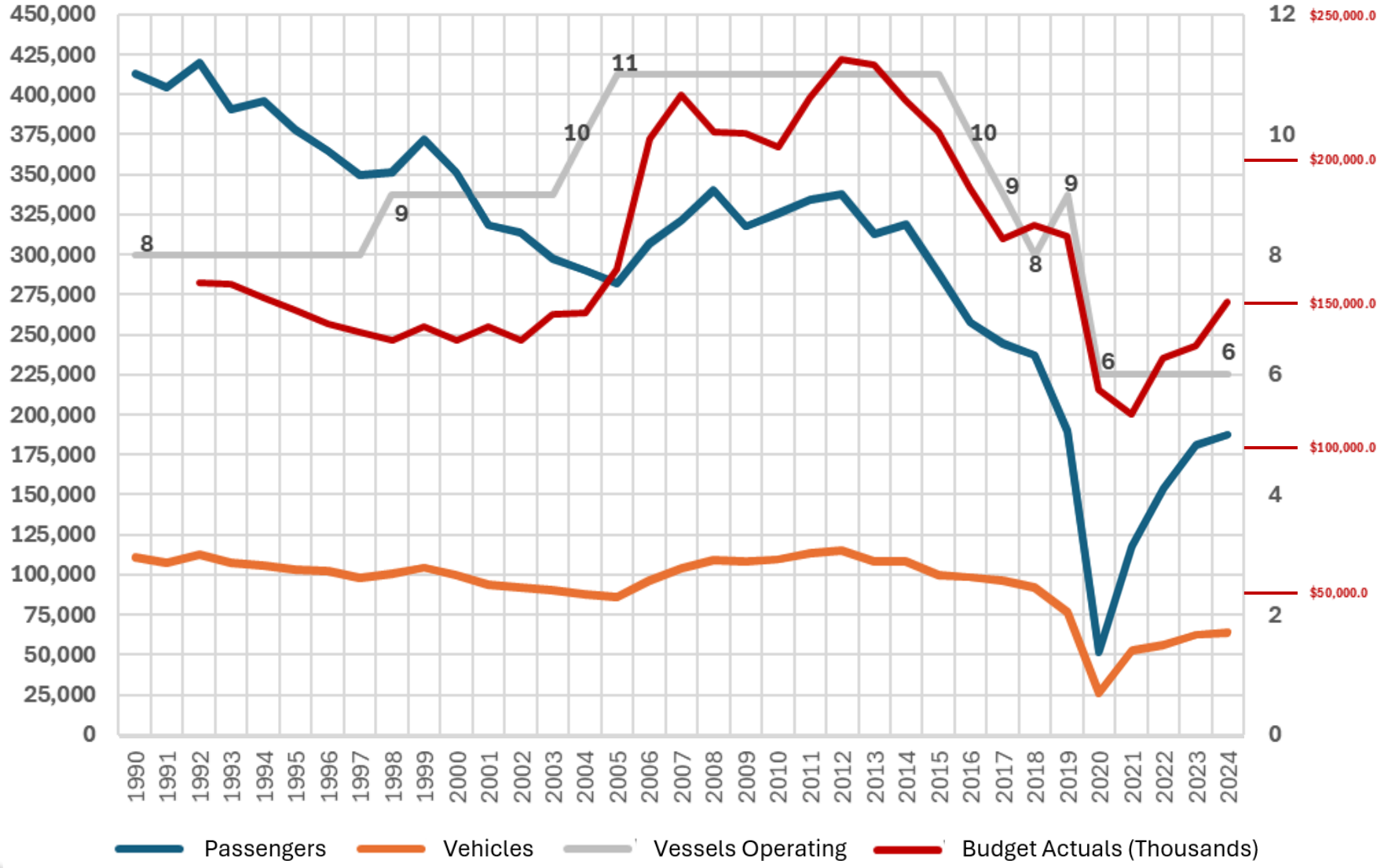
TRENDS: OP. BUDGET, EXPENDITURES, REVENUE



*CY2024 is Preliminary, Still in Closeout

$ in thousands

RIDERSHIP HISTORY



Traffic is reported by calendar year. Actuals are FY prior to 2022, and are CPI Adjusted through 2024.

MARINE HIGHWAY FUND

Alaska Marine Highway System Fund (1076)
AS 19.65.060, AS 37.05.550

Fund Balances Available for Appropriation
$4,082.0

Total Fund Balance
$30,235.8

AMHS Vessel Replacement Fund (1082)
AS 37.05.550

Fund Balances Available for Appropriation
$19,676.4

Total Fund Balance
$43,492.6

$ in thousands
Balances as of 3/21/2025

SAFETY

AMHS Safety Goal:

NO HARM to People, Environment, and Equipment

- **2024 Safety Results**
  - 51 injuries: **14** strains, **13** slip, trip, or fall, **5** struck or hit an object, **5** finger, **4** burn, **3** other, **2** absorption, ingestion or inhalation, **2** cut, **1** eye, **1** chest pain, **1** repetitive motion
- **No** spills to the water from terminals and vessels
- **No** collisions or allisions

RELIABILITY

- Shipyard Delays with steel repairs due to wastage
  - LECONTE, TUSTUMENA, AURORA, COLUMBIA
- Implemented Computer Maintenance Management System (CMMS) in 2024; all vessels are in the system and using all functions
- 2024 Operational Uptime Percentage – 98.51%
  - 35,420.25 operating hours / 527.75 out of service hours

2024 CREWING OPERATIONS AND SEPARATIONS

Masters, Mates & Pilots (MMP)
Hired 7 with 11 Separated

Marine Engineer's Beneficial Assoc. (MEBA)
Hired 1 with 8 Separated

Inlandboatmen's Union (IBU) Engine
Hired 8 with 6 Separated

Inlandboatmen's Union (IBU) Deck
Hired 15 with 20 Separated

Inlandboatmen's Union (IBU) Steward
Hired 79 with 41 Separated

MV Matanuska serving as a hotel ship

- Meeting Collective Bargaining Agreement Requirements
- Ketchikan and Southeast facing a Housing Shortage
- Temporary housing for training events and new hires, offsets hotel (if available) and other quartering costs

Looking for creative solutions to housing and quartering staff

Position	AMHS Base Pay ($/hr)	AMHS Total Compensation ($/hr)	WSF Base Pay ($/hr)	WSF Total Compensation ($/hr)**
Captains (Masters)	$65.36*	$112.42	$88.38	TBD
Chief Engineers	$58.95*	$93.73	$75.28	TBD
2nd Assistant Engineers	$46.24*	$73.52	$48.19	TBD
Port Captains	$59.80 (schedule 200)	$97.47	$76.31	TBD
Port Engineers	$52.34 (schedule 200)	$85.31	$78.23	TBD

*Base pay factors in Cost of Living Differential (COLD) Values
**Washington State Ferries(WSF) total compensation has not yet been verified

CREWING OPERATIONS

March 28, 2025

Crew Status: Full Crew for 7 Vessels and Reduced Crew for Vessels 8 and 9 in Layup

	CURRENTLY EMPLOYED	TOTAL NEEDED	CURRENT STATUS
Master	18	26	**-8**
Chief Mate	10	24	**-14**
2nd Mate	8	24	**-16**
3rd Mate	35	25	**10**
Chief Engineer	18	21	**-3**
1st Engineer	16	18	**-2**
2nd Engineer	15	18	**-3**
3rd Engineer	13	21	**-8**
Bosun	14	13	**1**
Able Bodied Seaman	58	60	**-2**
Ordinary Seaman	18	28	**-10**
OSP	7	14	**7**
WM	12	18	**-6**
Jr. Engineer	8	15	**-7**
Oiler	25	29	**-4**
Wiper	4	5	**-1**
Stewards	214		-

VESSEL PROJECTS

Vessel Capital Improvement Projects

- TAZLINA Crew Quarters Addition
- COLUMBIA Controllable Pitch Propellor Upgrade
  - Project cancelled following Recent Risk Assessment
- MATANUSKA – Audio Gauge reports at next Alaska Marine Highway Operations Board (AMHOB) Meeting
- KENNICOTT Generator Upgrades Underway

AMHS VESSELS

Aurora
- Replacement of wasted fire main piping required at their next shipyard

48 yrs - Built 1977

Columbia
- WiFi Upgrades in 2024

52 yrs - Built 1973

Hubbard
- No Major Projects Planned

6 yrs - Built 2019

Kennicott
- Regulatory Required Generator Replacement

27 yrs - Built 1998

LeConte
- Extended Overhaul Due to Required Replacement of Wasted Steel

52 yrs - Built 1974

Lituya
- No Major Projects Planned

21 yrs - Built 2004

Matanuska
- Assessment in Progress
- $37.5M in FY2025 Rural Ferry Program

62 yrs - Built 1963

Tazlina
- Crew Quarters Addition

6 yrs - Built 2019

Tustumena
- In Shipyard and on Schedule for Return to Service

61 yrs - Built 1964

Planned/Future Vessels

Tustumena Replacement Vessel
- New Construction
- $310M in FY2025

New Mainliner
- New Construction
- $10M in FY25

High Efficiency Commuter Ferry
- New Construction
- $53.2M in FY2026

TUSTUMENA REPLACEMENT VESSEL SCHEDULE

ID	Task Name	Start	Finish	Pred
1	**DBB/Siemens Contract**			
2				
3	Glosten Design Finalization and Collaboration with Siemens	Feb 7	Jun 6	
4	Siemens CMGC MGP Agreed on. Conduct/Pass BA Audit (2 mo.)	Jun 9	Aug 8	3
5	CMGC Contract Award & NTP Issued (1 mo.)	Aug 11	Sep 9	4
6	Shipyard RFP Release	Sep 10	Sep 10	5
7	Bid Period (3 mo.)	Sep 11	Dec 11	6
8	Bid Open/Review/Contract Award (1 mo.)	Dec 12	Jan 12	7
9	Contract NTP (1 mo.)	Jan 13	Feb 10	8
10	Vessel Construction Period (30 mo.)	Feb 11	Jul 11	9
11	Trials/Delivery/Acceptance (2 mo.)	Jul 12	Sep 11	10
12	Warranty Period (12 mo.)	Sep 12	Sep 11	11
13	Project Closeout (2 mo.)	Sep 12	Nov 13	12

Project: SY DBB - Siemens CMG
Date: Feb 18

Task	Project Summary	Manual Task	Start-only	Deadline
Split	Inactive Task	Duration-only	Finish-only	Progress
Milestone	Inactive Milestone	Manual Summary Rollup	External Tasks	Manual Progress
Summary	Inactive Summary	Manual Summary	External Milestone

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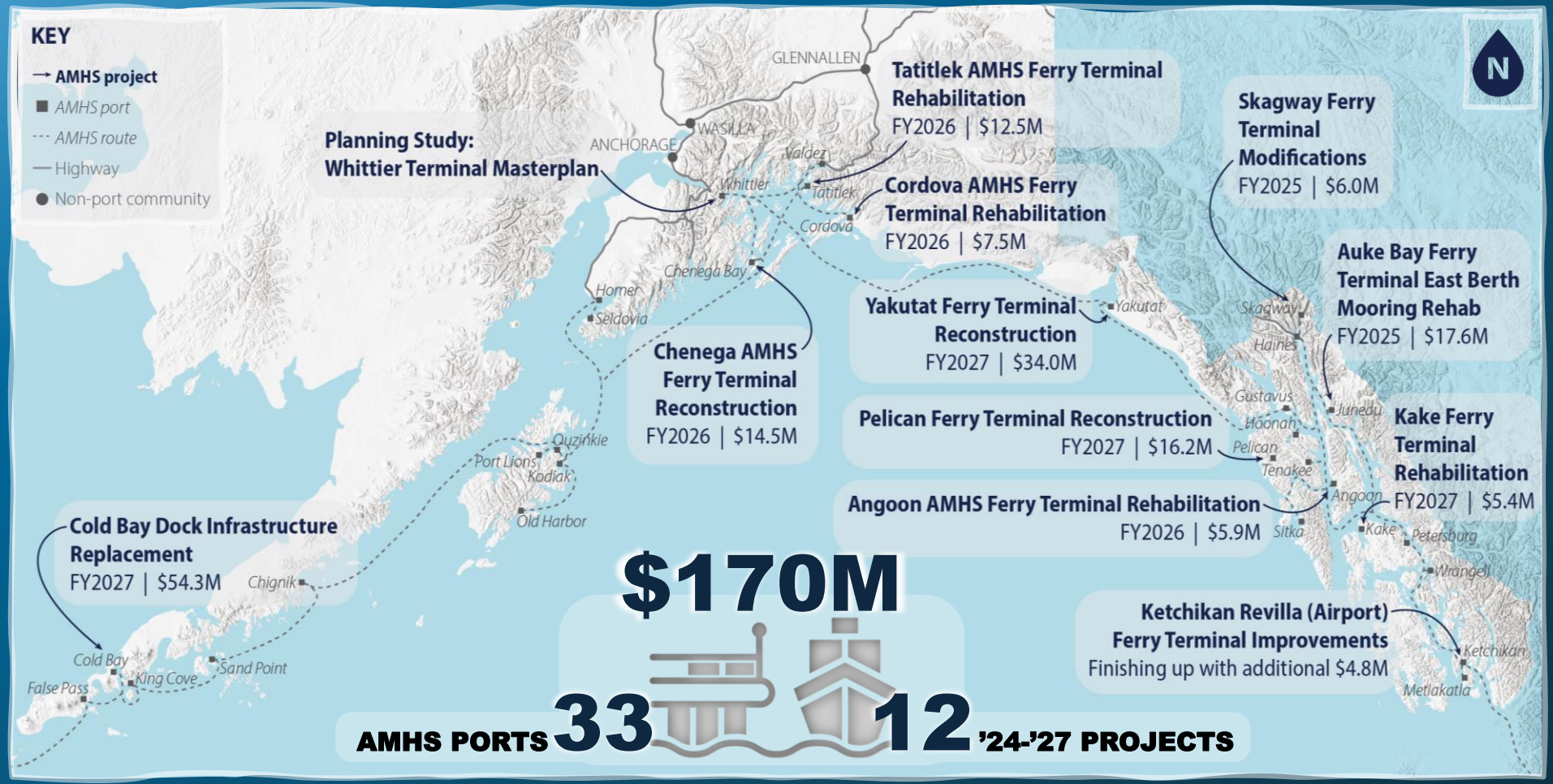
AMHS TERMINAL INFRASTRUCTURE IMPROVEMENTS



LONG RANGE PLAN FOCUS AREAS

SERVICE

Provide a service that is safe, reliable, and connects our communities

FLEET & TERMINAL INFRASTRUCTURE

Modernize and update our fleet and terminal assets to promote resiliency and standardization

WORKFORCE

Continue to build and support a reliable workforce

FINANCIAL EFFICIENCY & SUSTAINABILITY

Promote financial efficiency and sustainability

MODERNIZATION AND STANDARDIZATION

An Aging Fleet
Modernization & Standardization

The AMHS fleet is comprised of older vessels. Modernizing and replacing vessels will provide updated systems and can decrease the likelihood of unplanned service outages.

Standardization increases uniformity and consistency of vessels in the fleet. A standard fleet also improves flexibility and reliability in the event of vessel technical issues, as more vessels can serve more routes.

Recommended Standardization

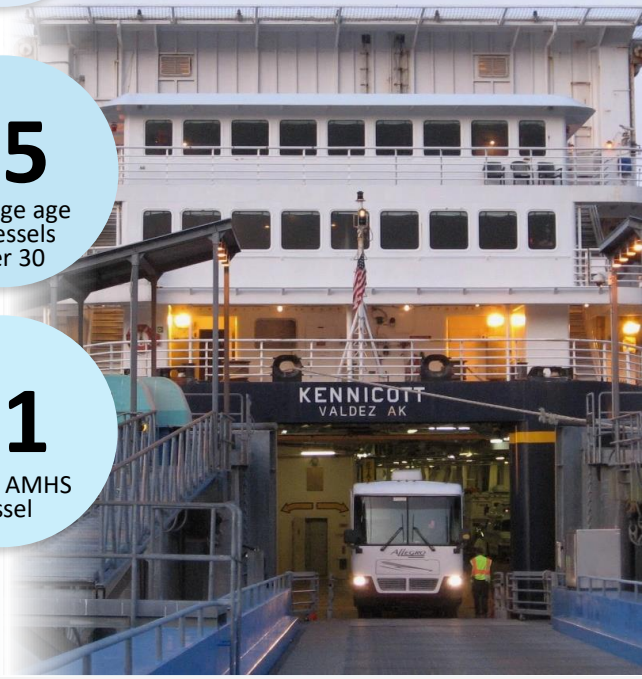
- Loading Door Locations
- Pilothouse Design
- Power & Propulsion Systems
- Berthing and Mooring Structures

Benefits

- Interoperability
- Schedule Flexibility
- Easier Crew Training
- Simpler Procurement
- Reliability

30-35
Target age of vessel maintenance life

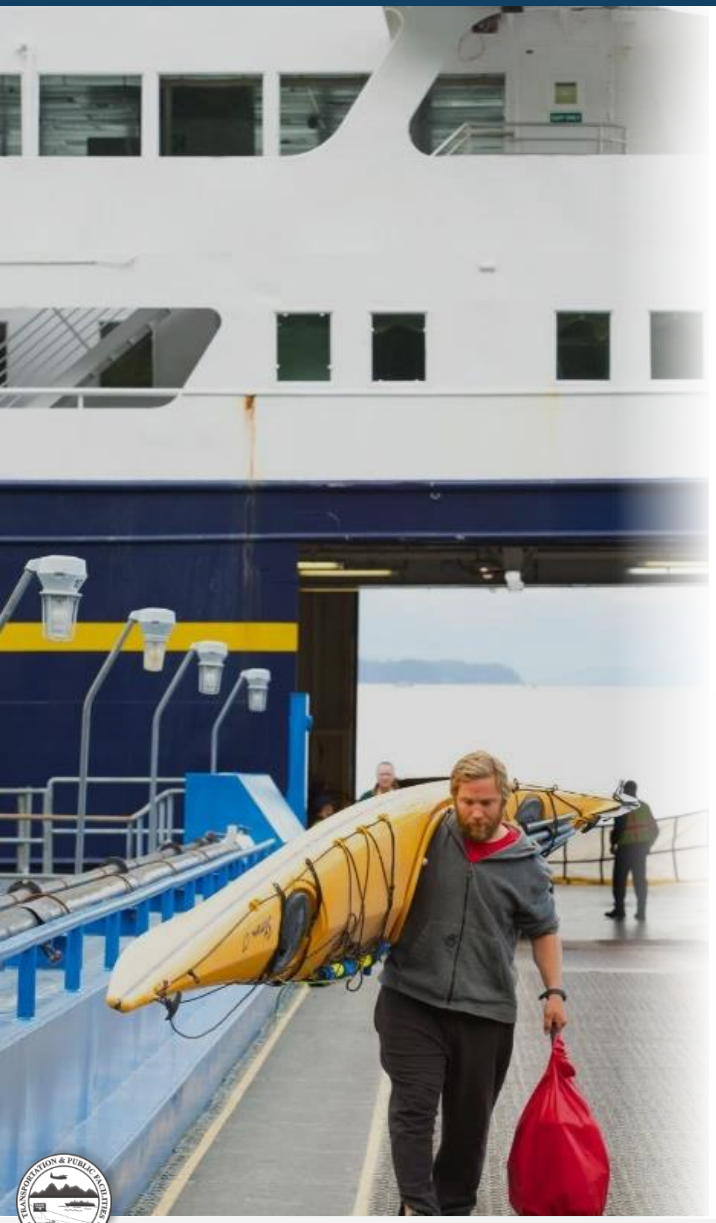
5
Vessels over the age of 30



55
Average age of vessels over 30

61
Oldest AMHS vessel

COMPONENTS OF FLEET ANALYSIS



Model included considerations/inputs such as:

- **Capacity**
  - Vehicle Capacity
  - Passenger Capacity
- **Cost**
  - Fleet Capital Cost
  - Fleet Operational Cost
  - Farebox Recovery Rate
- **Route Profile**
  - Distance/Travel time between ports
  - Total Workforce Size
  - Vessel Crewing Requirements
  - Level of Service
  - Fleet Redundancy
  - Maintenance Weeks

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.

Low-No I NEW
Shuttle

Low-No II NEW
Shuttle

TRV NEW
Tustumena Replacement Vessel

Hubbard
Dayboat

MRV I NEW
Mainliner Replacement Vessel

Tazlina
Dayboat

MRV II NEW
Mainliner Replacement Vessel

DB NEW
Dayboat Replacement Vessel

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

SHORT, MID AND LONG TERM

	Short-Term 2025-2028	Mid-Term 2029-2035	Long-Term 2036-2045
TRV Tustumena Replacement Vessel	 NEW	*Tustumena 66 at time of replacement*	
Low-No I Shuttle	 NEW		
MRV I Mainliner Replacement Vessel		 NEW	*Columbia 58 at time of replacement*
DB Dayboat Replacement Vessel		 NEW	*Aurora 56 at time of replacement*
MRV II Mainliner Replacement Vessel		 NEW	*Kennicott 38 at time of replacement*
Low-No II Shuttle		 NEW	*Lituya 34 at time of replacement*

PATH TO RELIABILITY

PERIOD OF VARIABILITY
2025 - 2028

5,200

Average Annual Port Calls

New Vessel Online:
Low-No I Shuttle

13

Terminal Projects Ongoing

Average Fleet Age: **36**

INITIAL SUCCESS
2029 - 2035

6,300

Average Annual Port Calls

New Vessels Online:
TRV
MRV I
Dayboat

29

Terminal Projects Ongoing

Average Fleet Age: **20**

RELIABLE EXPANSION
2036 - 2045

6,700

Average Annual Port Calls

New Vessels Online:
MRV II
Low-No II

40

Terminal Projects Ongoing

Average Fleet Age: **13**

Notes:

1. *Vessel silhouettes are representations only, new vessels may be different.*
2. *Terminals maintenance projects are not included in terminal project numbers, as they will be ongoing throughout all phases.*

NEXT STEPS

LRP Document Prep and Review

30-Day Public Review Period Completed End of March

Commencing review of comments this week.

Project Completion and Interim Updates

Once the Plan is complete, the work won't be done! The plan is a living document and will be revisited every 5 years for project updates and implementation reports.

LRP Webpage:
https://dot.alaska.gov/amhs/operations/

THANK YOU

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