



Alaska Department of Transportation & Public Facilities House Transportation Committee Meeting

Captain Michael Neussl, Deputy Commissioner

January 21, 2016

Keep Alaska Moving through service and infrastructure



Agenda

- **AMHS Mission & Profile**
- **Where are we?**
 - Traffic Report
 - Revenue Report & Historical Comparisons
 - Budgetary Constraints
 - Fiscal Year 2016 Operating Plan
- **What have we done?**
 - Non-Service Cost Reduction
 - Revenue Enhancements
- **Where are we going?**
 - Fiscal Year 2017 & Beyond
- **Questions and Discussion**



Mission Statements

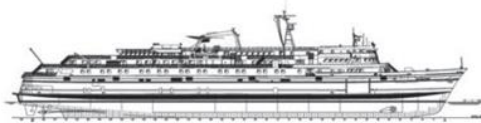
DOT&PF:

“Keep Alaska Moving through service and infrastructure.”

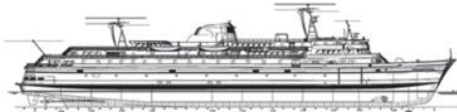
AMHS

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.

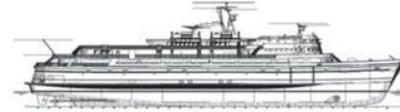
AMHS Fleet Profile



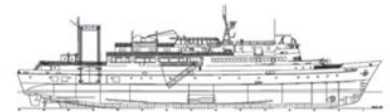
M/V Matanuska
408 feet
Built 1963



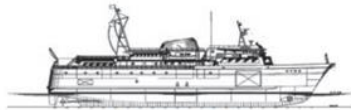
M/V Malaspina
408 feet
Built 1963



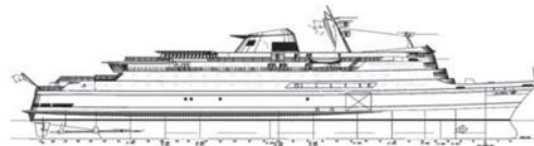
M/V Taku
352 feet
Built 1963



M/V Tustumena
296 feet
Built 1964



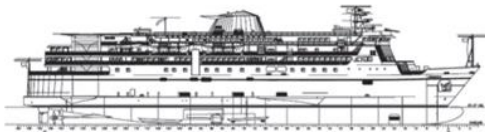
M/V LeConte
235 feet
Built 1974



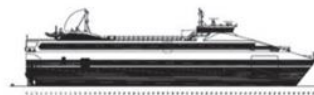
M/V Columbia
418 feet
Built 1974



M/V Aurora
235 feet
Built 1977



M/V Kennicott
382 feet
Built 1998



FV Fairweather
240 feet
Built 2004



M/V Lituya
193 feet
Built 2004



FV Chenega
240 feet
Built 2005

AMHS Ports Of Call



33 Alaskan Communities, Prince Rupert & Bellingham



Fiscal Year 2015 Statistics

Earned a record \$53.9M in Revenue (+6% from FY14)

Reduced total operating costs \$5.2M compared to FY14 (down to \$160.8M, -3% from FY14)

Provided 378 ship weeks of service

Carried 309,521 passengers and 106,215 vehicles

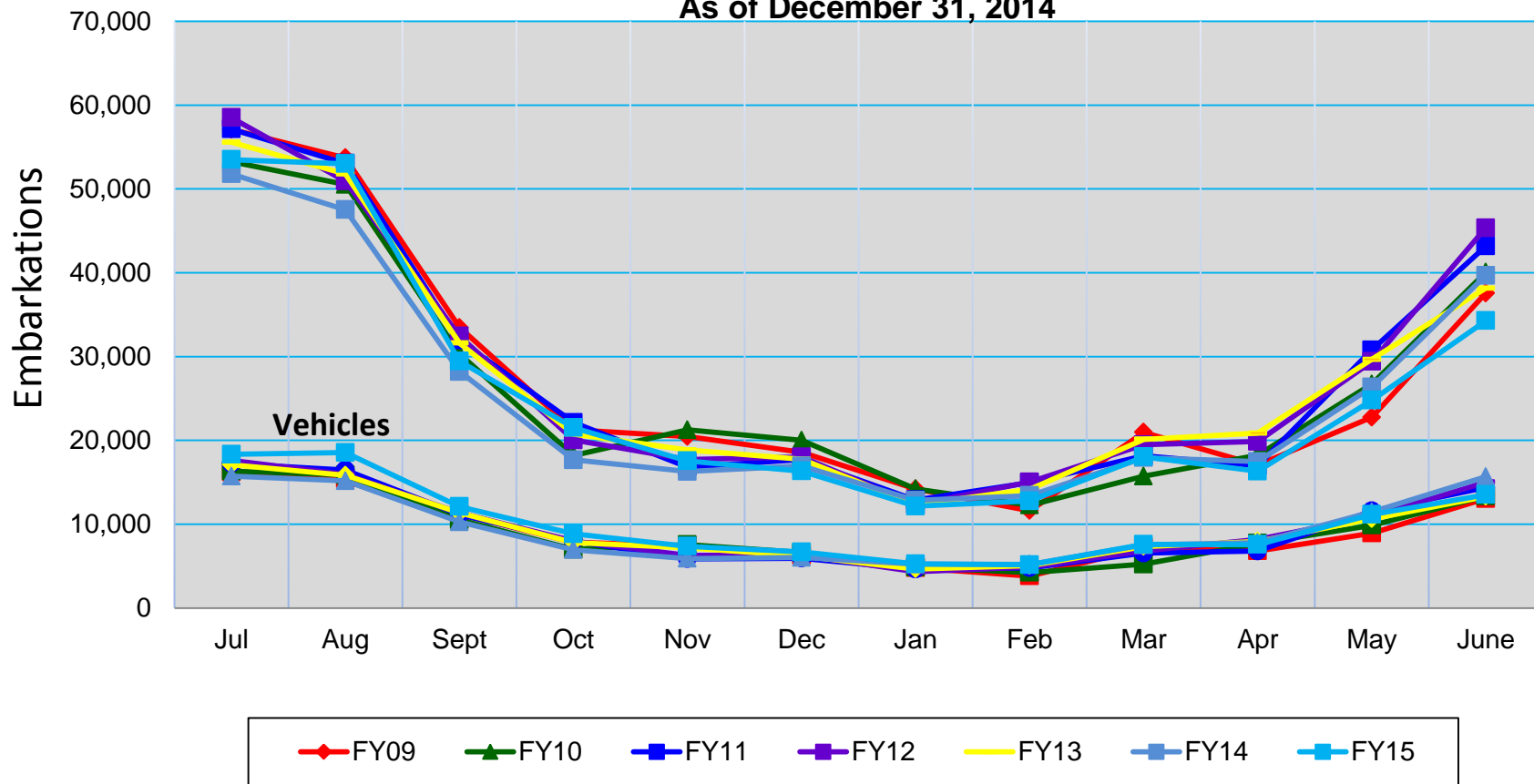
Made 6,478 port calls

Redesigned & implemented a more user-friendly website

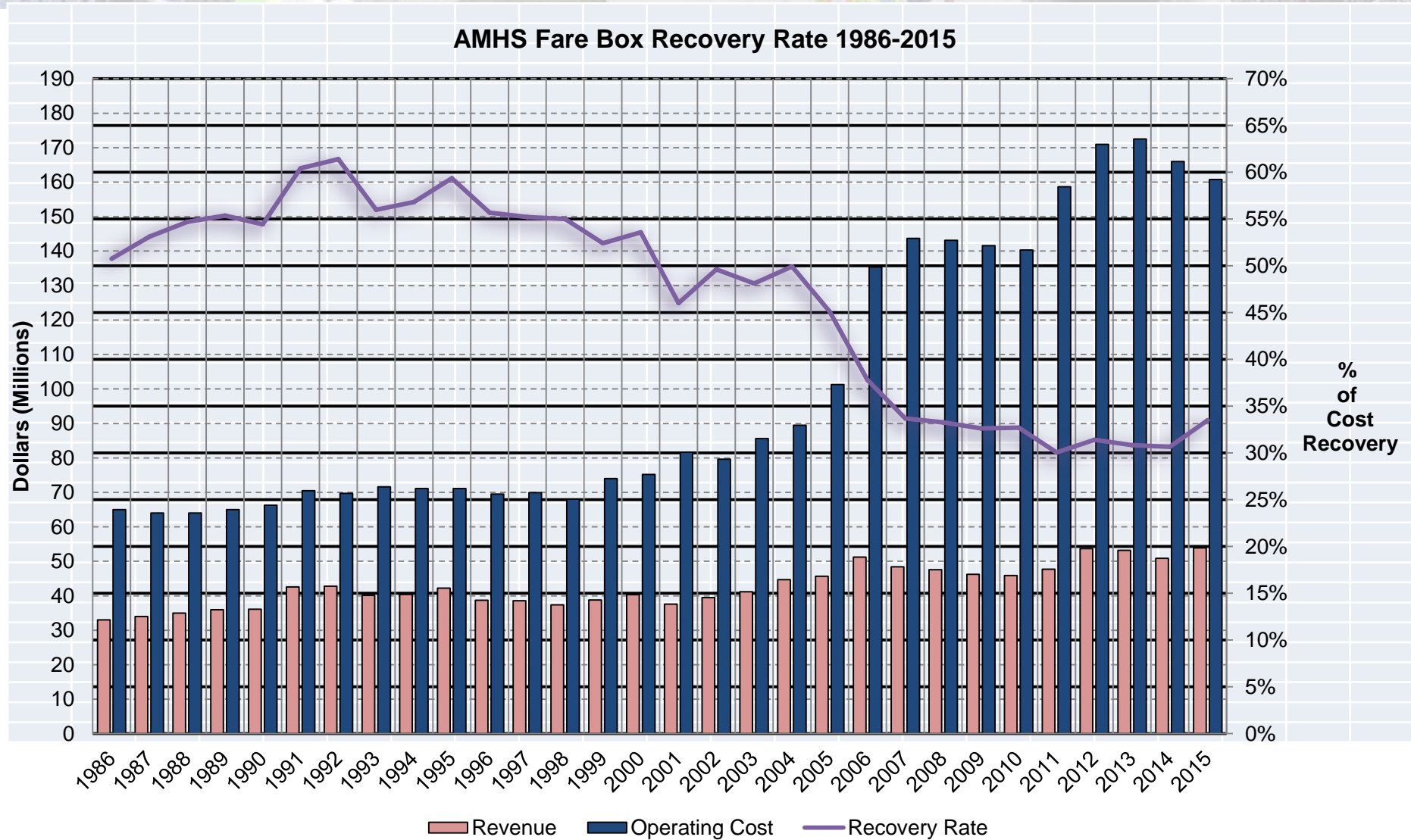
140,000+ followers on social media

Traffic Report

AMHS
FY09 – FY15
Monthly Embarkations
As of December 31, 2014

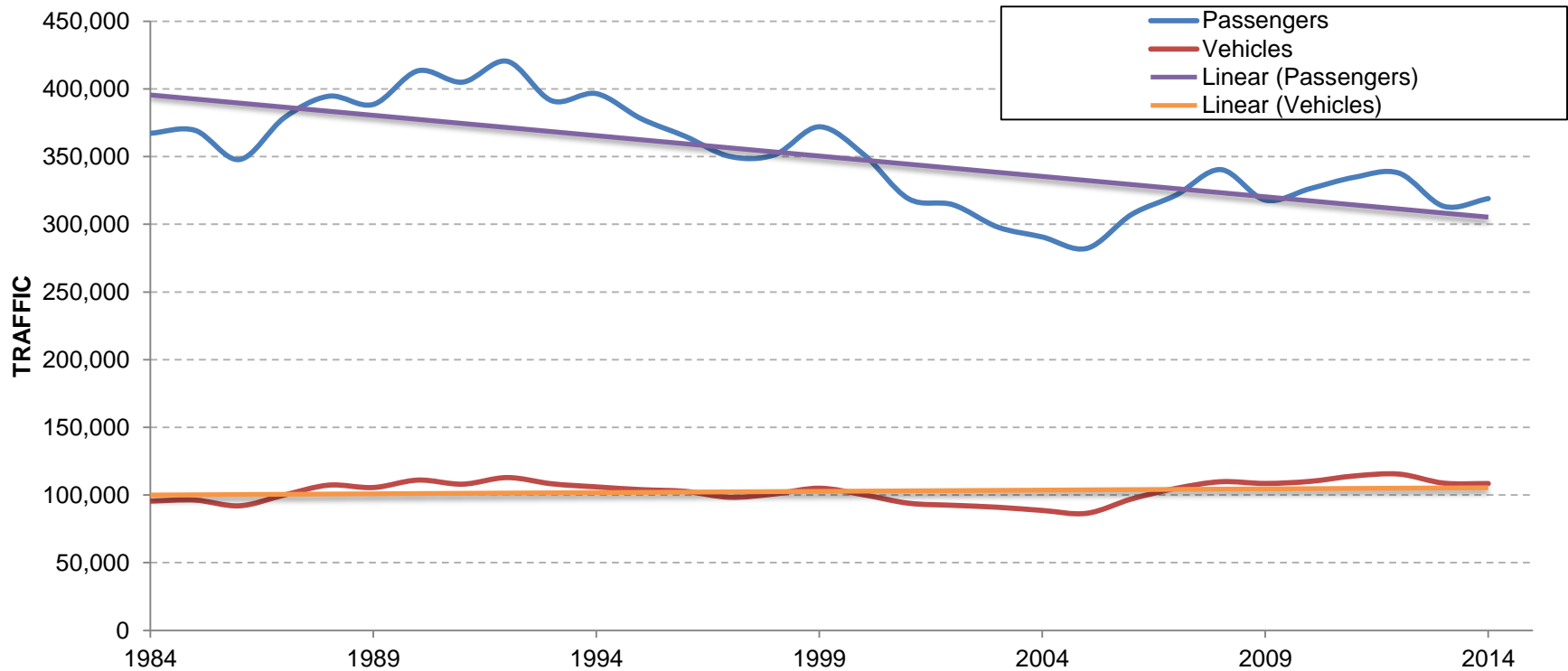


Historical Revenue & Operating Cost



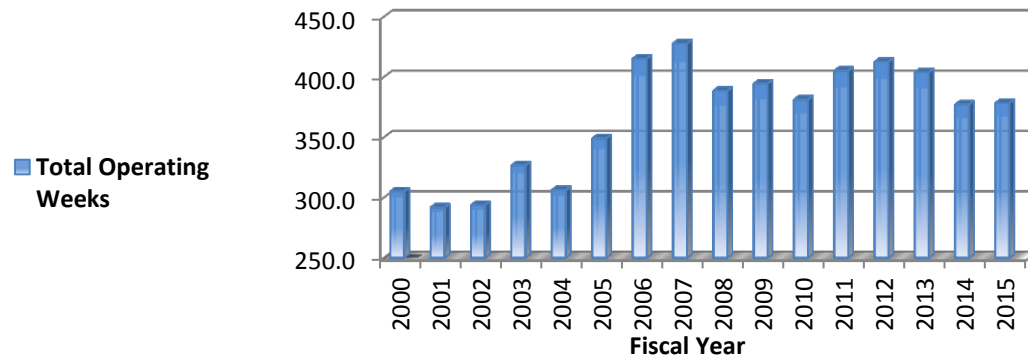
Historical Ridership

Annual Traffic Chart



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 or Lituya)
2001	291.7	9 ships (Bartlett, No FVF or Lituya)
2002	293.7	9 ships (Bartlett, No FVF or Lituya)
2003	326.6	9 ships (Bartlett, No FVF or Lituya)
2004	306.2	11 ships (Lituya, FWX, 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

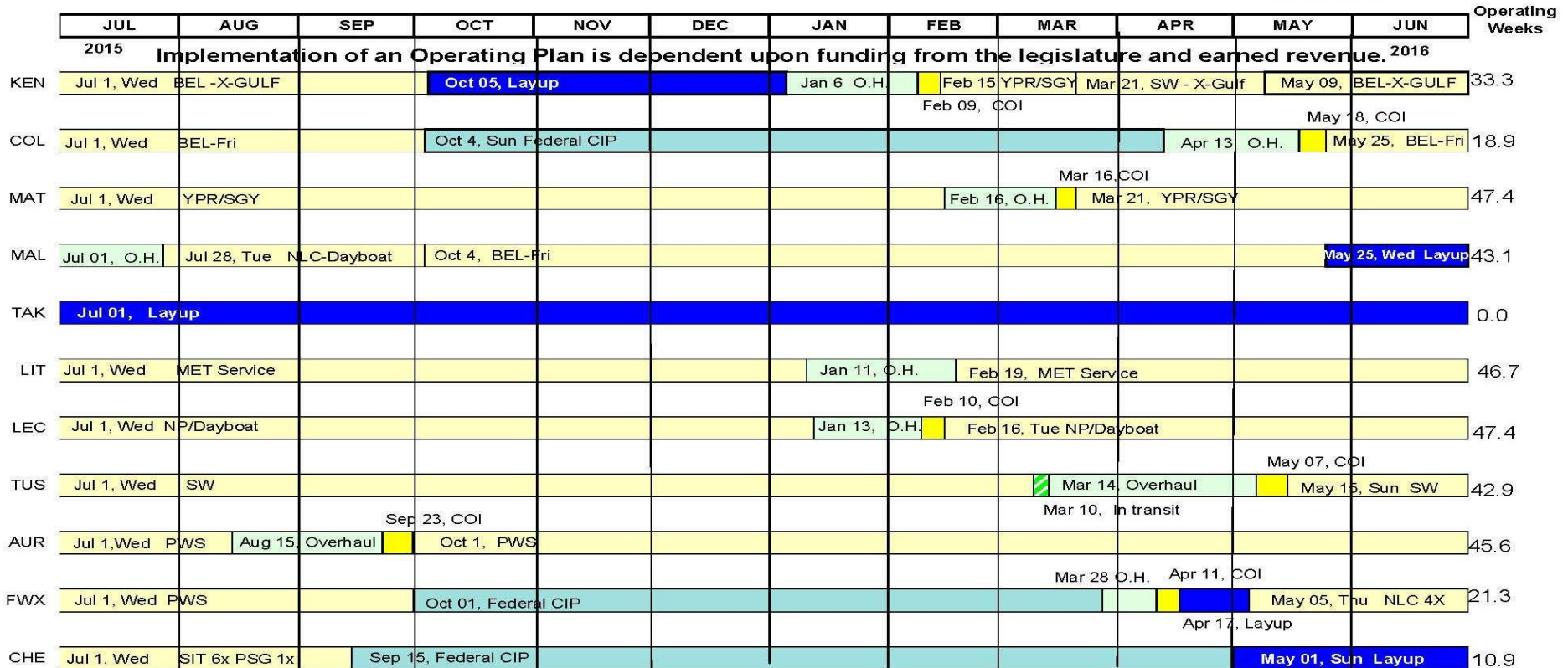


Fiscal Year 2016 Operating Plan

DRAFT

Operating Plan 2015-2016

Revision Number 16.14
12/09/2015



LEGEND

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

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

Mainline Vessels	142.7
Feeder Vessels	115.4
Southwest Vessels	99.4
Total Operating Weeks	357.5

BUDGET PROGRESSION: AMHS Expenditure and Fund Source Analysis FY10 – FY16 (\$000s)

Description	HISTORICAL						FY 16 Authorized	FY 16 % of Total Direct Cost
	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Actual		
Fleet Status-Weeks								
Revenue Service	381.2	405.1	412.5	403.8	376.6	378.3	353.9	
Fuel Gallons (000)	10,408.4	10,850.0	10,850.0	10,779.1	9,527.8	9,334.5	9,315.7	
Fuel Price Total	\$ 2.17	\$ 3.03	\$ 3.51	\$ 3.38	\$ 3.36	\$ 2.83	\$ 2.56	
Marine Vessel Operations								
Personel Services	\$ 78,984.4	\$ 85,200.0	\$ 90,054.0	\$ 91,493.0	\$ 89,889.5	\$ 91,901.9	\$ 89,248.1	57.4%
Travel	1,647.3	1,900.0	1,850.0	1,693.5	1,698.0	1,885.3	1,588.4	1.0%
Services	11,348.8	11,000.0	12,375.0	11,787.4	12,115.3	11,257.2	11,364.8	7.3%
Fuel	22,571.5	32,852.0	38,084.0	36,452.0	31,966.0	26,401.0	27,513.6	17.7%
Commodities	6,150.0	7,250.0	7,550.0	8,538.1	7,887.3	7,075.7	7,009.2	4.5%
Subtotal Marine Operations	\$ 120,702.0	\$ 138,202.0	\$ 149,913.0	\$ 149,964.0	\$ 143,556.1	\$ 138,521.1	\$ 136,724.1	87.9%
Shoreside Costs								
Marine Shore Operations	\$ 7,119.0	\$ 7,810.0	\$ 8,155.0	\$ 8,176.0	\$ 8,305.0	\$ 8,307.0	\$ 7,817.7	5.0%
Vessel Ops Management	3,953.0	4,140.0	4,450.0	5,306.0	5,057.0	4,950.0	4,024.0	2.6%
Reservations & Marketing	2,404.0	2,577.0	2,475.0	2,558.0	2,432.0	2,394.0	2,015.5	1.3%
Marine Engineering	2,180.0	2,108.0	2,059.0	2,442.0	2,632.0	2,609.0	3,361.7	2.2%
Overhaul	1,702.0	1,631.0	1,627.0	1,627.0	1,606.0	1,585.0	1,647.8	1.1%
Subtotal	\$ 17,358.0	\$ 18,266.0	\$ 18,766.0	\$ 20,109.0	\$ 20,032.0	\$ 19,845.0	\$ 18,866.7	12.1%
Subtotal AMHS	\$ 138,060.0	\$ 156,468.0	\$ 168,679.0	\$ 170,073.0	\$ 163,588.1	\$ 158,366.1	\$ 155,590.8	100.0%
Allocated Costs (Support Services)	\$ 2,201.0	\$ 2,264.0	\$ 2,363.0	\$ 2,454.0	\$ 2,434.0	\$ 2,431.9	\$ 3,280.9	
Total Approved Operating Expenditures	\$ 140,261.0	\$ 158,732.0	\$ 171,042.0	\$ 172,527.0	\$ 166,022.1	\$ 160,798.0	\$ 158,871.7	
Funding Sources								
Marine Highway Fund								
Revenues from Operations (DGF)	\$ 45,914.0	\$ 47,697.0	\$ 53,684.0	\$ 53,234.0	\$ 50,877.0	\$ 53,896.0	\$ 57,778.0	
Veh Rent Tax	700.0	300.0	-					
Gen Fund Allocation-AMHS (UGF)	97,583.0	103,670.0	116,773.0	123,760.0	116,830.0	112,590.0	96,660.3	
Transfer to Capitalization	(1,123.0)	-	(4,057.0)	(2,490.0)	-	-	-	
Transfer from Capitalization	-	-	-	-	-	-	2,600.0	
Add'l Fuel Trigger App'n	-	-	-	-	-	7,179.0		
Restricted Funds (CIP Receipts)	1,088.0	905.0	969.0	1,047.0	892.0	896.0	1,833.4	
Total Funding	\$ 144,162.0	\$ 152,572.0	\$ 167,369.0	\$ 175,551.0	\$ 168,599.0	\$ 174,561.0	\$ 158,871.7	
GF Capital Expenditures								
Overhaul/Maintenance ¹	\$ 12,734.0	\$ 14,809.0	\$ 13,517.0	\$ 15,036.0	\$ 14,863.0	\$ 14,584.0	\$ 10,600.0	

¹ Includes Deferred Maintenance

AMHS Workforce Statistics

Vessel Employee Union	Number of Employees ³	Average Cost/Employee ¹	Total Annual CBA Cost (FY14)	% Non-Alaska Residents
IBU (Inlandboatmen's Union)	634	\$ 114,576.15	\$ 54,869,372.95	2.8%
MEBA ² (Marine Engineers Union)	104	181,123.57	17,197,012.72	24.7%
MMP (Masters, Mates & Pilots Union)	108	190,774.48	17,823,076.14	16.7%
Subtotal	846		\$ 89,889,461.81	
Shoreside Employee Union	Number of Employees ³	Average Cost/Employee ¹	Total Annual CBA Cost (FY14)	
GG (General Government Union)	102	\$ 63,388.51	\$ 4,754,138.25	
SU (Supervisory Union)	29	103,439.81	2,999,754.49	
LT (Labor, Trades, and Crafts Union)	7	76,124.81	532,873.67	
KK (Confidential Union)	7	97,396.78	681,777.46	
XE (Exempt Employees)	5	166,582.92	832,914.60	
Subtotal	150		\$ 9,801,458.47	
1 Includes Salary & Benefits (FT Employees)				
2 Includes Three Shoreside Members				
3 Includes all Employees (FT, PT, Seasonal, & On-Call)				

Budgetary Constraints

- \$15.9M less State Operating GF in FY 2016 compared to FY 2015
- \$4.0M less State Capital GF in FY 2016 compared to FY 2015
 - *MV Taku* removed from service in June 2015 - insufficient Fiscal Year 2015 capital overhaul funding
- Fuel base budget calculation of \$2.56 per gallon





Non-Service Cost Reductions

- Eliminated non-essential services (Bars, Gift Shops), 25 vessel positions
- Eliminated AMHS commercial marketing contract
- Eliminated funding for contract commercial backfill service
- Eliminated 30 shore side positions
- Installed new, more fuel efficient engines in Columbia, and fuel management systems fleet wide
- Eliminated printed schedule
- Reduced Risk Management costs
- Reduced leased warehouse space and cost in Bellingham by using Marine Engineering Building in Ketchikan



Revenue Enhancements

- Altered cancellation and change fee policies
- Eliminated all Travel Agent commissions
- Tariff Equalization Implementation
 - 4.5% Leveling Increase (1 May 2015)
 - 20% Commercial Increase (1 November 2015)
 - 5.0% Leveling Increase (1 January 2016)
- Eliminated or altered discount programs



Fiscal Year 2017 & Beyond

- Promote AMHS as an important part of Alaska's transportation system – serves much more than SE and SW Alaska
- Maintain core services to all 33 Alaskan ports, Prince Rupert, and Bellingham
- Budget Constraints – minimize impact to Alaskans
- New reservations system to improve customer service
- Continue finding efficiencies and reducing costs to maintain service
- Retire excess vessels ... Reduce fleet and/or reduce routes
- New vessels: Two Alaska Class, Tustumena replacement
- Dock modifications
- Revisit Southeast Alaska Transportation Plan
- Economic Impact Study update



What We Heard

- AMHS is critically important to residents, business, tourists and Alaska's economy.
- Schedule consistency, dependability and reliability are essential; transportation uncertainty is a bad thing.
- Many would pay more if that translated to better ferry service.
- Communities developed economies and infrastructure with a promise of AMHS service.
- AMHS is important to cultural connections, school travel/youth development, and military personnel assignments to Alaska.
- Schedule consistency requires a predictable budget and funding level one-two years in the future.
- We have already made the cuts for FY17 as shown in the Governor's budget and published a schedule based on that. Further reductions cut into core service.
- We need a long range AMHS transportation plan that is realistic and that defines the future of the system.

Questions & Discussion

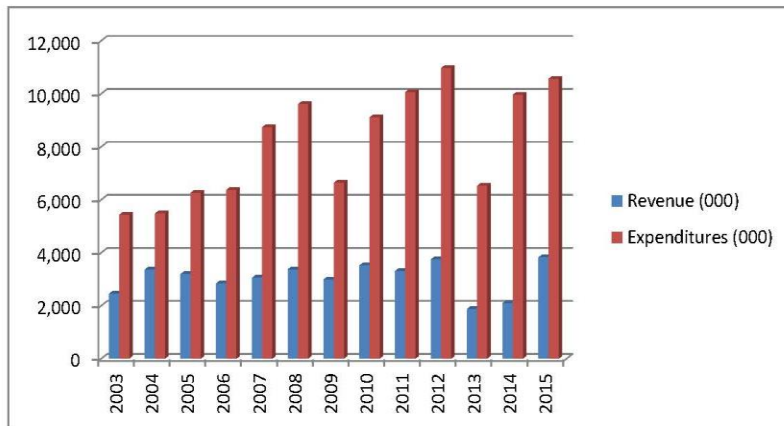
A large ferry boat with a white upper hull and a dark blue lower hull is moving across a calm body of water, leaving a white wake. In the background, a small, forested island sits in the water, and a range of rugged, snow-capped mountains stretches across the horizon under a blue sky with scattered white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

Captain Michael A. Neussl – Deputy Commissioner
Alaska DOT&PF, AMHS
(907) 465-6977
Michael.Neussl@Alaska.Gov

Vessel Revenue / Cost History

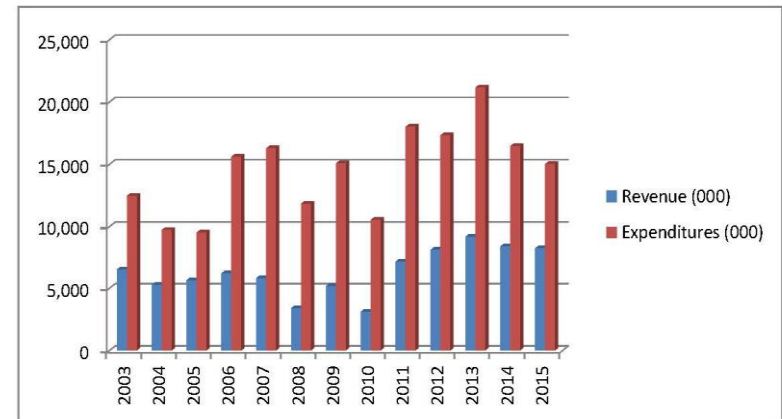
M/V TUSTUMENA REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	2,453	5,433	-2,980
2004	3,366	5,483	-2,117
2005	3,196	6,269	-3,073
2006	2,849	6,378	-3,529
2007	3,060	8,744	-5,684
2008	3,376	9,612	-6,236
2009	2,992	6,642	-3,650
2010	3,525	9,114	-5,589
2011	3,318	10,068	-6,750
2012	3,755	10,978	-7,223
2013	1,875	6,527	-4,652
2014	2,106	9,966	-7,860
2015	3,828	10,569	-6,741
13 YR Totals	39,699	105,783	-66,084
Averages	3,054	8,137	-5,083



M/V KENNICOTT REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	6,519	12,483	-5,964
2004	5,276	9,744	-4,468
2005	5,662	9,535	-3,873
2006	6,209	15,624	-9,415
2007	5,831	16,300	-10,469
2008	3,414	11,853	-8,439
2009	5,182	15,091	-9,909
2010	3,125	10,557	-7,432
2011	7,154	18,022	-10,868
2012	8,151	17,341	-9,190
2013	9,195	21,170	-11,975
2014	8,425	16,468	-8,043
2015	8,265	15,031	-6,766
13 YR Totals	82,408	189,219	-106,811
Averages	6,339	14,555	-8,216



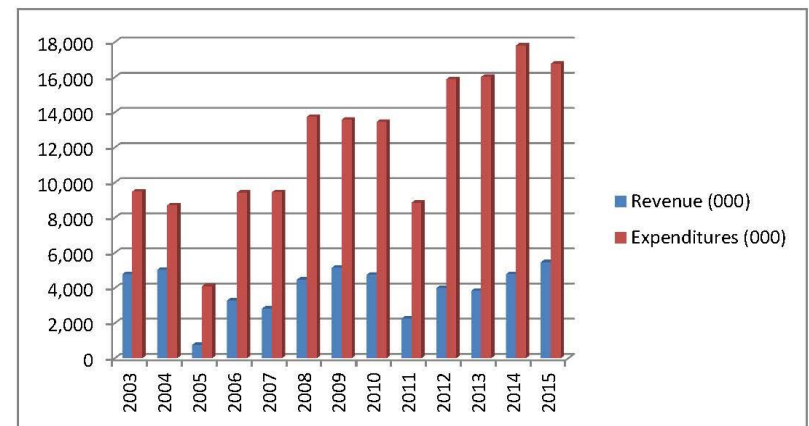
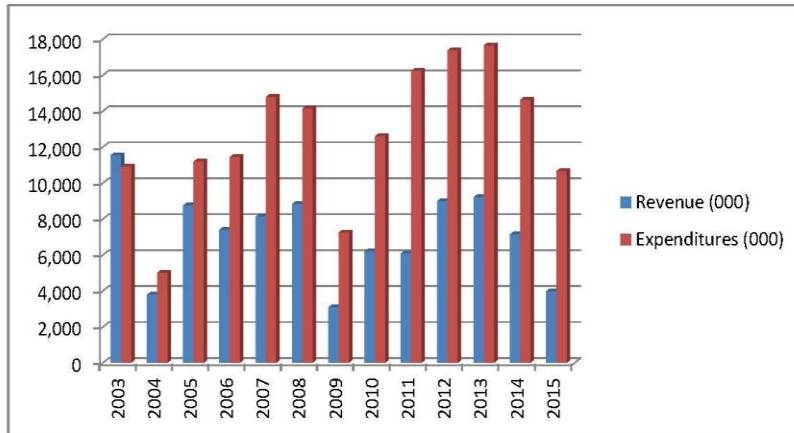
Vessel Revenue & Cost History

M/V MATANUSKA REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	11,555	10,920	635
2004	3,798	5,018	-1,220
2005	8762	11,202	-2,440
2006	7,418	11,456	-4,038
2007	8,146	14,814	-6,668
2008	8,841	14,160	-5,319
2009	3,094	7,260	-4,166
2010	6,211	12,611	-6,400
2011	6,100	16,246	-10,146
2012	9,003	17,390	-8,387
2013	9,217	17,669	-8,452
2014	7,154	14,644	-7,490
2015	3,989	10,683	-6,694
13 YR Totals	93,288	164,073	-70,785
Averages	7,176	12,621	-5,445

M/V TAKU REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

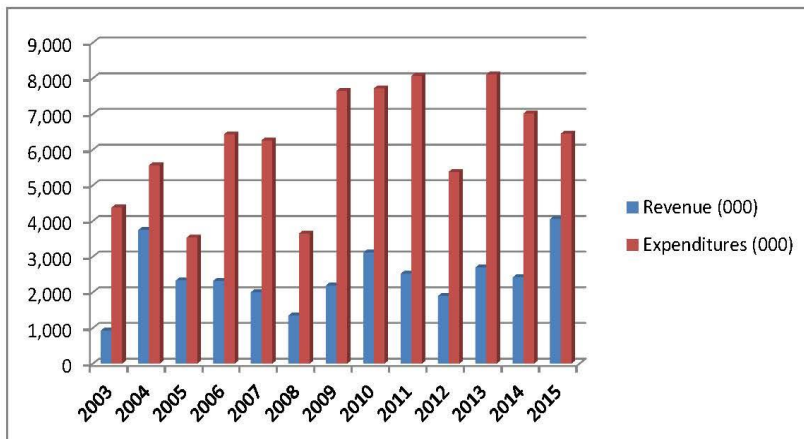
Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	4,787	9,492	-4,705
2004	5,039	8,709	-3,670
2005	761	4,107	-3,346
2006	3,292	9,436	-6,144
2007	2,833	9,452	-6,619
2008	4,480	13,745	-9,265
2009	5,156	13,583	-8,427
2010	4,755	13,458	-8,703
2011	2,265	8,853	-6,588
2012	4,001	15,880	-11,879
2013	3,839	16,020	-12,181
2014	4,789	17,810	-13,021
2015	5,474	16,768	-11,294
Averages	3,959	12,101	-8,142



Vessel Revenue / Cost History

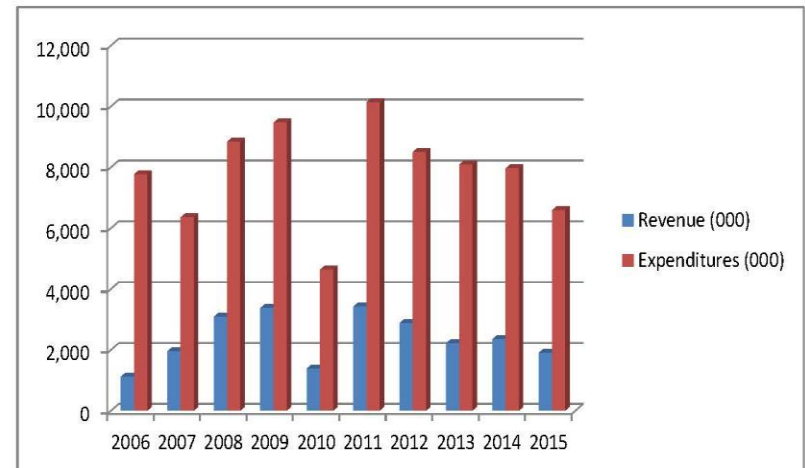
M/V AURORA REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	931	4,379	-3,448
2004	3,749	5,565	-1,816
2005	2,333	3,533	-1,200
2006	2,327	6,434	-4,107
2007	2,003	6,264	-4,261
2008	1,347	3,649	-2,302
2009	2,191	7,649	-5,458
2010	3,115	7,720	-4,605
2011	2,522	8,065	-5,543
2012	1,898	5,380	-3,482
2013	2,697	8,104	-5,407
2014	2,421	7,013	-4,592
2015	4,059	6,449	-2,390
13 YR Totals	31,593	80,204	-48,611
Averages	2,430	6,170	-3,739



M/V CHENEGA REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

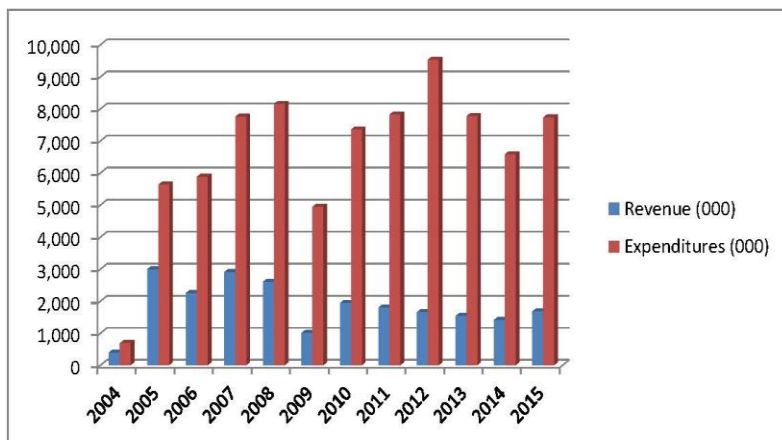
Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2006	1,128	7,778	-6,650
2007	1,963	6,360	-4,397
2008	3,093	8,845	-5,752
2009	3,380	9,474	-6,094
2010	1,392	4,643	-3,251
2011	3,428	10,146	-6,718
2012	2,889	8,513	-5,624
2013	2,221	8,098	-5,877
2014	2,358	7,971	-5,613
2015	1,914	6,595	-4,681
10 YR Totals	23,766	78,423	-54,657
10 Yr Averages	2,377	7,842	-5,466



Vessel Revenue / Cost History

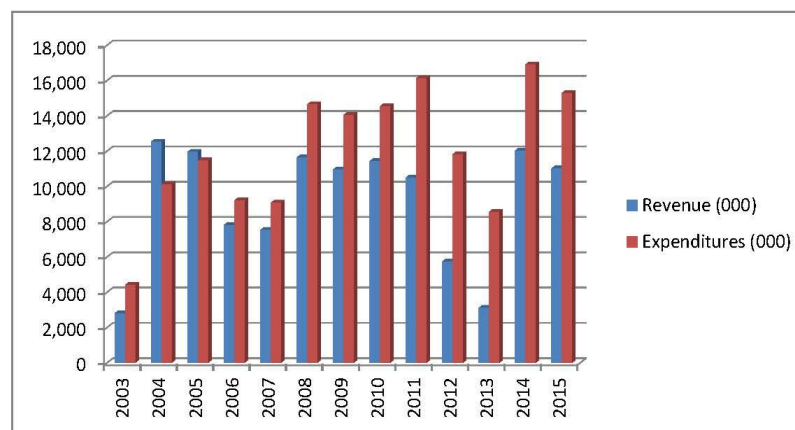
M/V FAIRWEATHER REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2004	401	692	-291
2005	3003	5,635	-2,632
2006	2,257	5,887	-3,630
2007	2,913	7,762	-4,849
2008	2,605	8,154	-5,549
2009	1,015	4,949	-3,934
2010	1,945	7,356	-5,411
2011	1,805	7,824	-6,019
2012	1,659	9,539	-7,880
2013	1,537	7,774	-6,237
2014	1,415	6,586	-5,171
2015	1,684	7,739	-6,055
12 YR Totals	22,239	79,897	-57,658
12 Yr Averages	1,853	6,658	-4,805



M/V MALASPINA REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

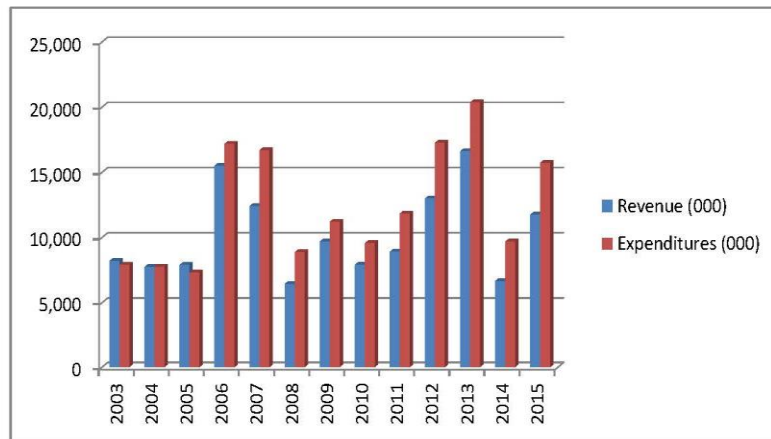
Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	2,829	4,432	-1,603
2004	12,550	10,131	2,419
2005	11,975	11,492	483
2006	7,832	9,219	-1,387
2007	7,552	9,089	-1,537
2008	11,659	14,664	-3,005
2009	10,980	14,065	-3,085
2010	11,446	14,558	-3,112
2011	10,520	16,147	-5,627
2012	5,765	11,843	-6,078
2013	3,133	8,573	-5,440
2014	12,051	16,929	-4,878
2015	11,036	15,313	-4,277
13 YR Totals	119,328	156,455	-37,127
Averages	9,179	12,035	-2,856



Vessel Revenue / Cost History

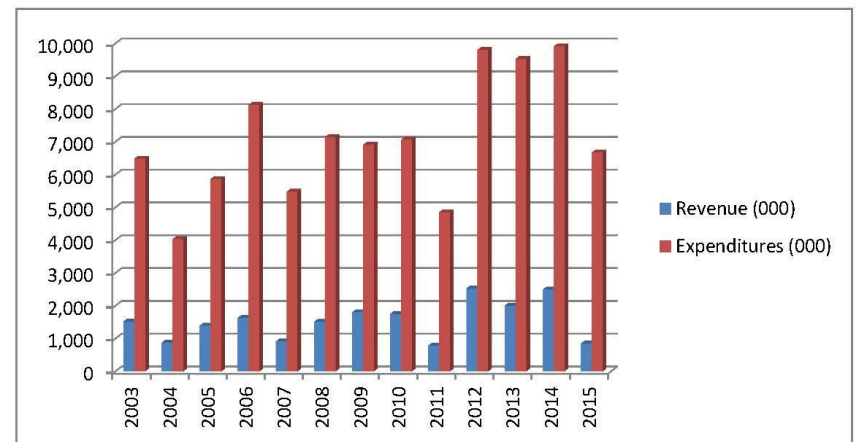
M/V COLUMBIA REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	8,227	7,917	310
2004	7,763	7,787	-24
2005	7,917	7,336	581
2006	15,530	17,205	-1,675
2007	12,439	16,735	-4,296
2008	6,463	8,892	-2,429
2009	9,713	11,231	-1,518
2010	7,924	9,587	-1,663
2011	8,939	11,861	-2,922
2012	13,014	17,292	-4,278
2013	16,635	20,380	-3,745
2014	6,682	9,706	-3,024
2015	11,778	15,757	-3,979
13 YR Totals	133,024	161,686	-28,662
Averages	10,233	12,437	-2,205



M/V LECONTE REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2003	1,527	6,490	-4,963
2004	880	4,037	-3,157
2005	1,396	5,869	-4,473
2006	1,638	8,129	-6,491
2007	916	5,485	-4,569
2008	1,514	7,141	-5,627
2009	1,808	6,912	-5,104
2010	1,757	7,070	-5,313
2011	794	4,858	-4,064
2012	2,537	9,807	-7,270
2013	2,006	9,533	-7,527
2014	2,499	9,915	-7,416
2015	854	6,677	-5,823
13 YR Totals	20,126	91,923	-71,797
Averages	1,548	7,071	-5,523



Vessel Revenue / Cost History

M/V LITUYA REVENUE AND COST HISTORY (Source: AMHS Annual Financial Report)

Fiscal Year	Revenue Generated (Thousands)	Operating Expenditures (Thousands)	Difference (Thousands)
2004	78	177	-99
2005	593	629	-36
2006	593	961	-368
2007	593	1,008	-415
2008	721	1,170	-449
2009	639	1,189	-550
2010	620	1,114	-494
2011	724	1,415	-691
2012	822	1,381	-559
2013	774	1,367	-593
2014	769	1,195	-426
2015	848	1,224	-376
12 YR Totals	7,774	12,830	-5,056
12 Yr Averages	648	1,069	-421

