



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

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

Michael A. Neussl, Deputy Commissioner
January 31, 2017

Keep Alaska Moving through service and infrastructure

Our DOT&PF People: Alaskans Serving Alaskans

Stuart Swiger

Maintenance Specialist/Journeyman II – Lead AMHS Ketchikan Facility

- Stuart has 14 years of service with DOT&PF.
- Worked in the construction industry for many years. He owned his own dewatering company in Michigan prior to moving to Alaska.
- Designed and fabricated a new secondary containment hydraulic cabinet for Ketchikan Main Berth and was recognized for his work with a DOT&PF Everyday Lean Innovation Award.
- Uses his skills and talents to keep the AMHS terminal transfer bridge equipment in good working order to keep the flow of traffic from AMHS vessels on schedule.
- Mr. Swiger's strong work ethic and attention to detail reflect the important core values of DOT&PF providing quality service to keep AMHS functioning and serving the public.





AMHS Overview Agenda

- **AMHS Mission, Source Information, and General Overview**
 - Fleet
 - Ports
 - Conformance and Relevance Measures
 - Operating Statistics
- **AMHS Budget**
 - Funding Levels
 - Indirect Expenditures
- **AMHS Tariffs**
- **Southeast Conference AMHS Reform Initiative**
- **Questions & 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.

Primary Core Service: Provide Transportation Services

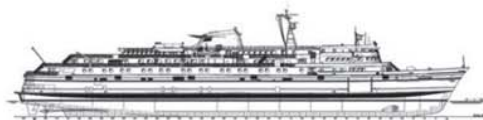


Source Information Links

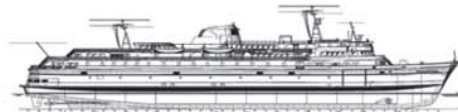
Links to Source Documents and Information

- 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



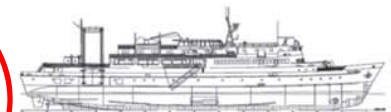
M/V Matanuska
408 feet
Built 1963



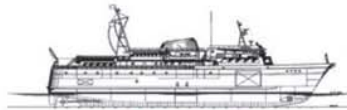
M/V Malaspina
408 feet
Built 1963



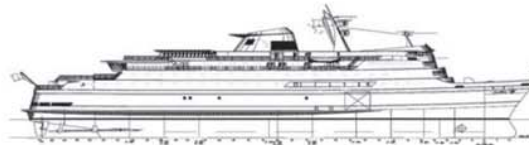
M/V Taku
352 feet
Built 1963



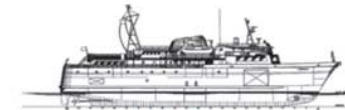
M/V Tustumena
296 feet
Built 1964



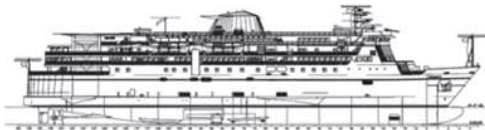
M/V LeConte
235 feet
Built 1974



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

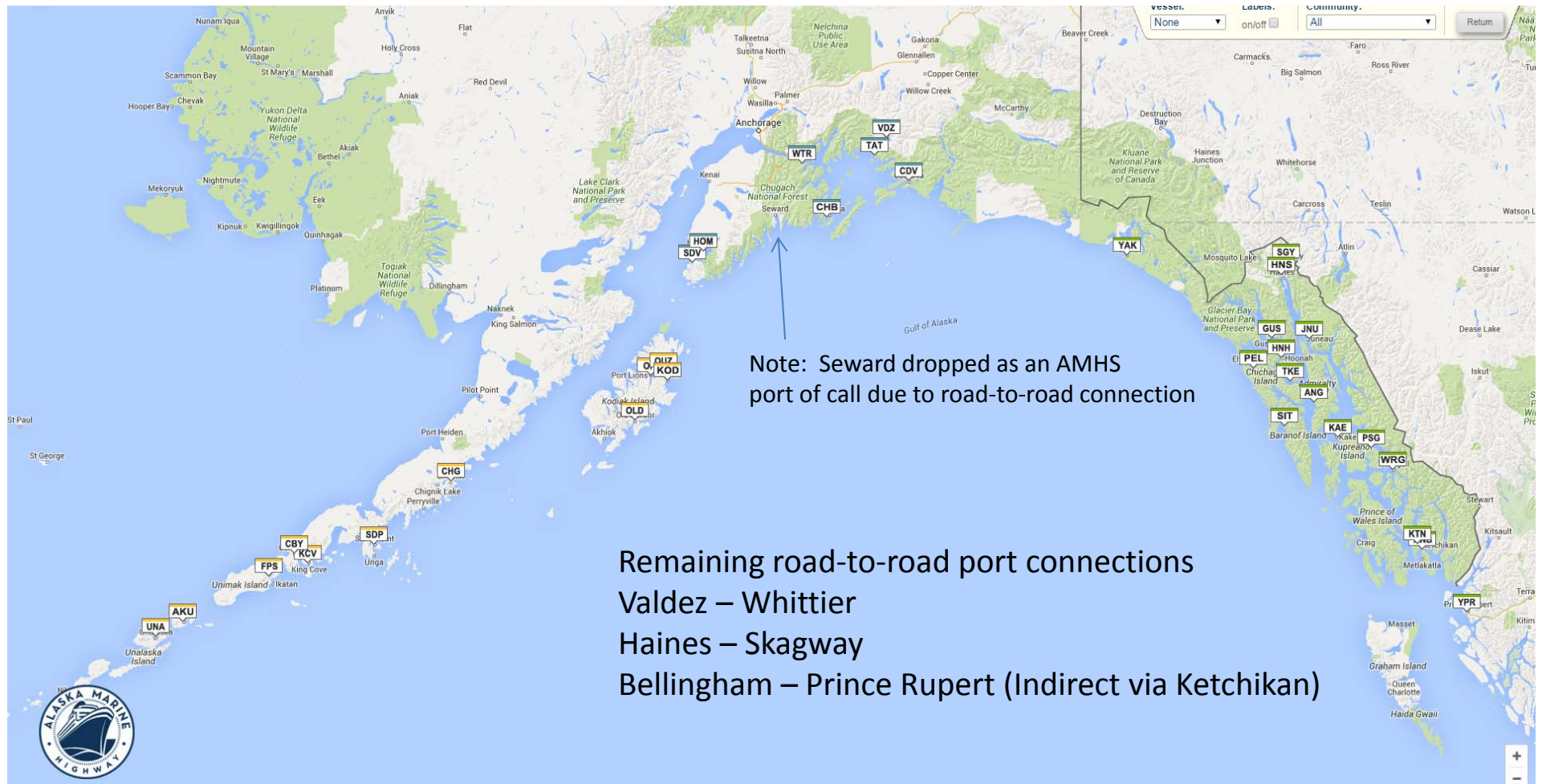


FVF Chenega
240 feet
Built 2005

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

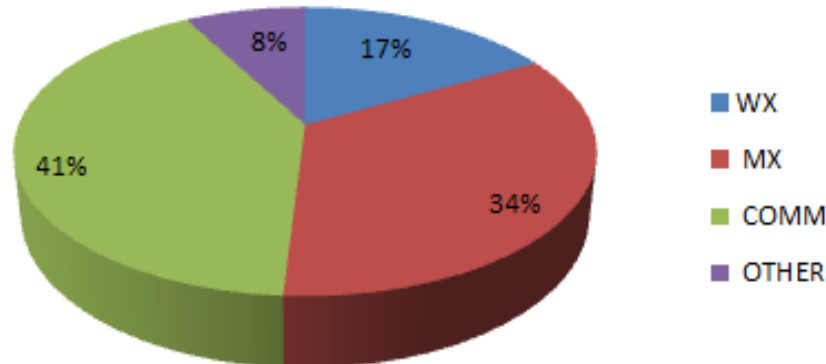
Ships

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

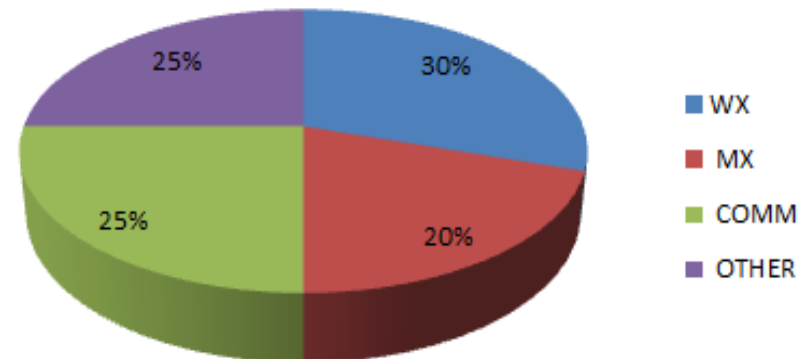
Results Based Alignment Adherence to Schedule

FY15 Data

Southeast Schedule Changes



Southwest Schedule Changes

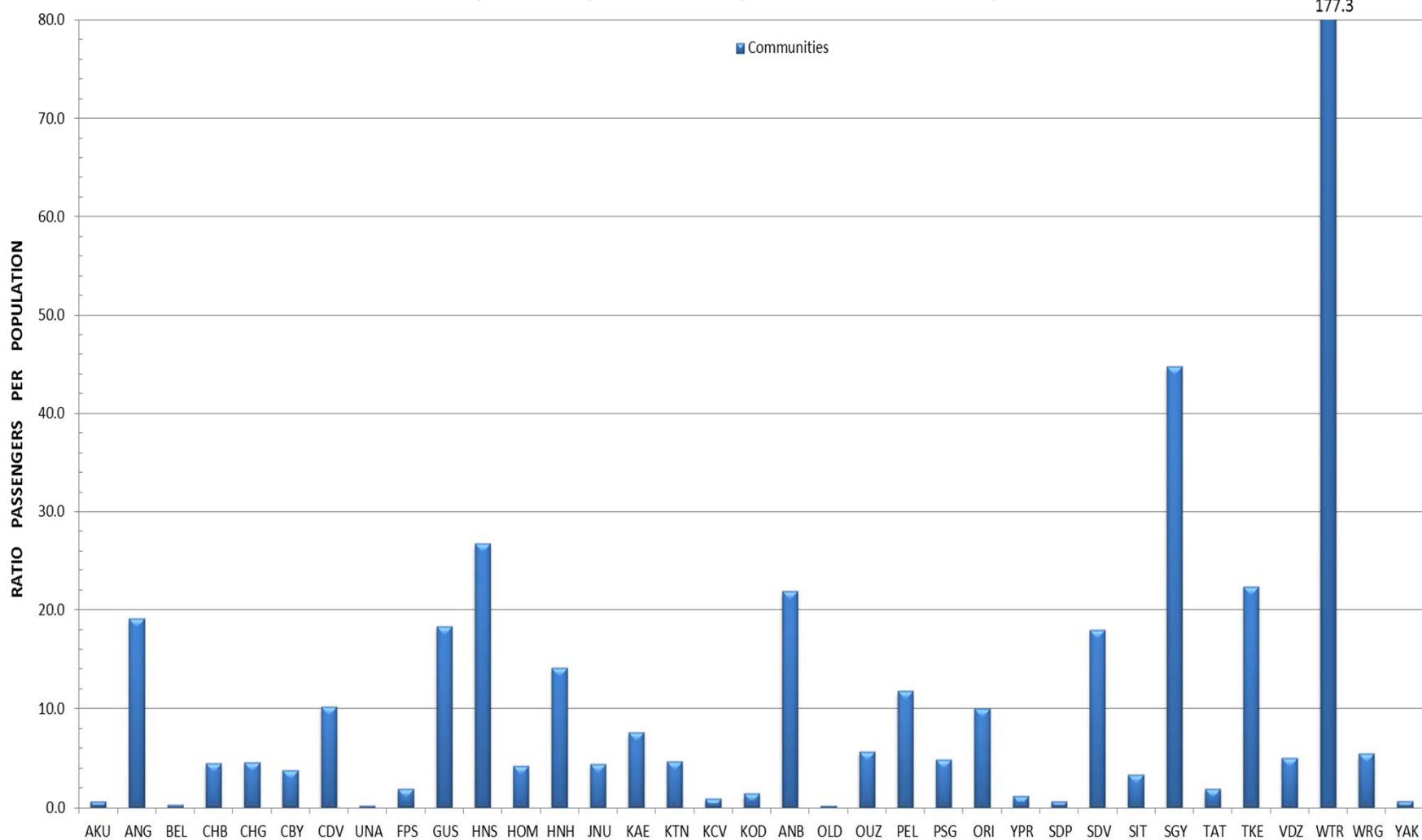


Med = Medical Emergency

USCG = U.S. Coast Guard Inspection or Drill

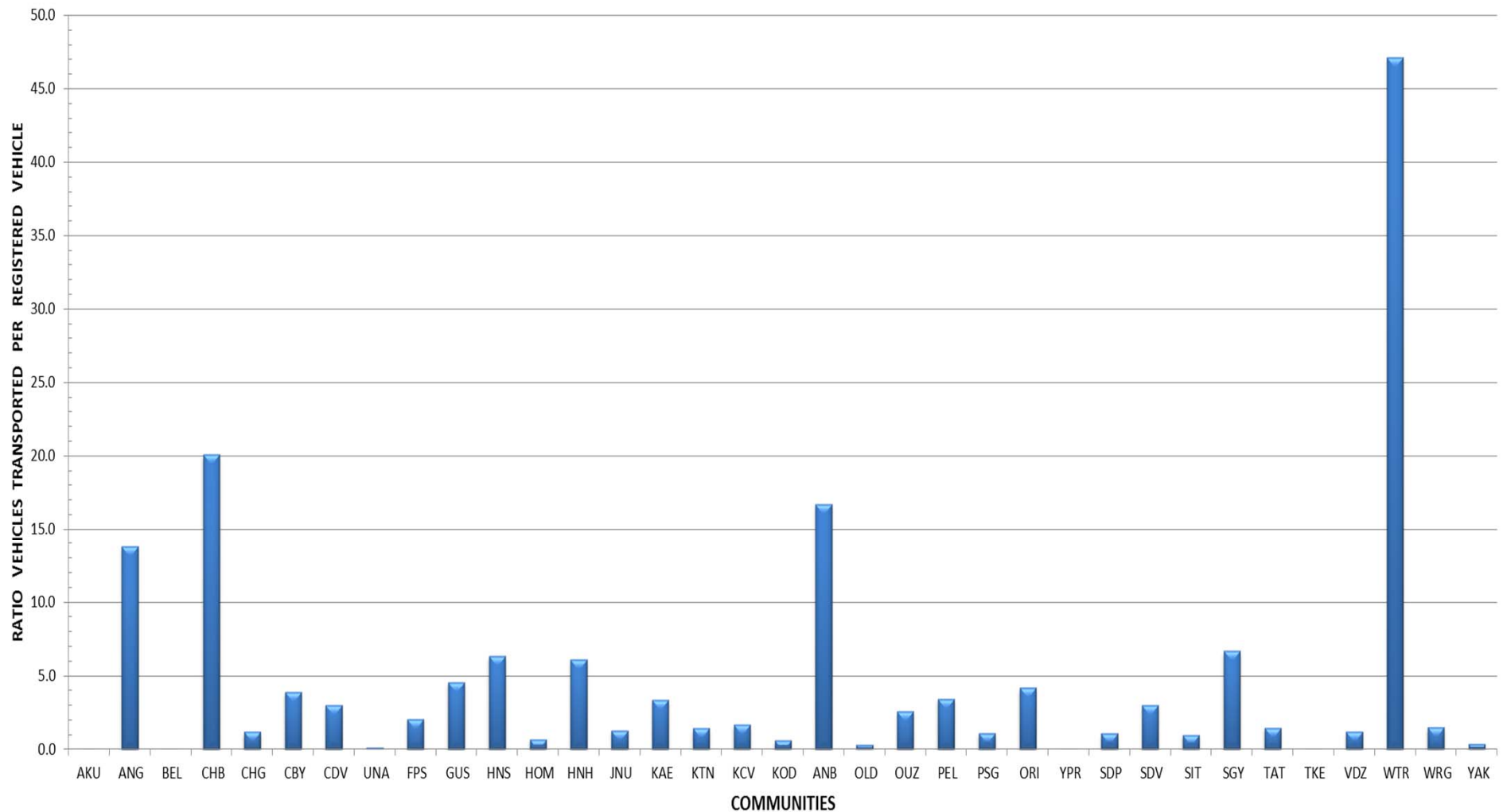
Results Based Alignment Passengers per Population

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



Results Based Alignment Vehicles per Population

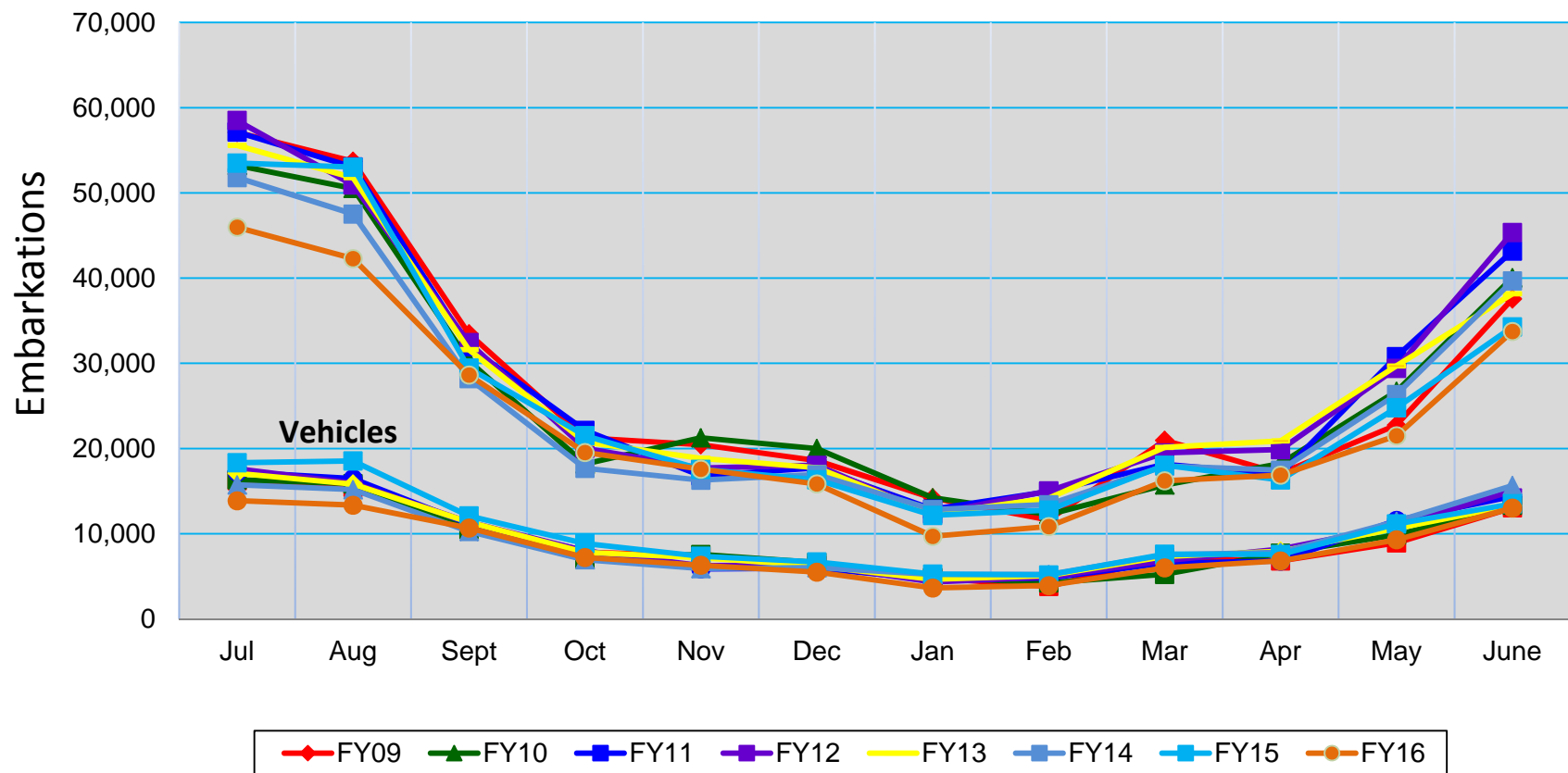
VEHICLES TRANSPORTED PER REGISTERED VEHICLE (4 Year Average, 2012-2015)



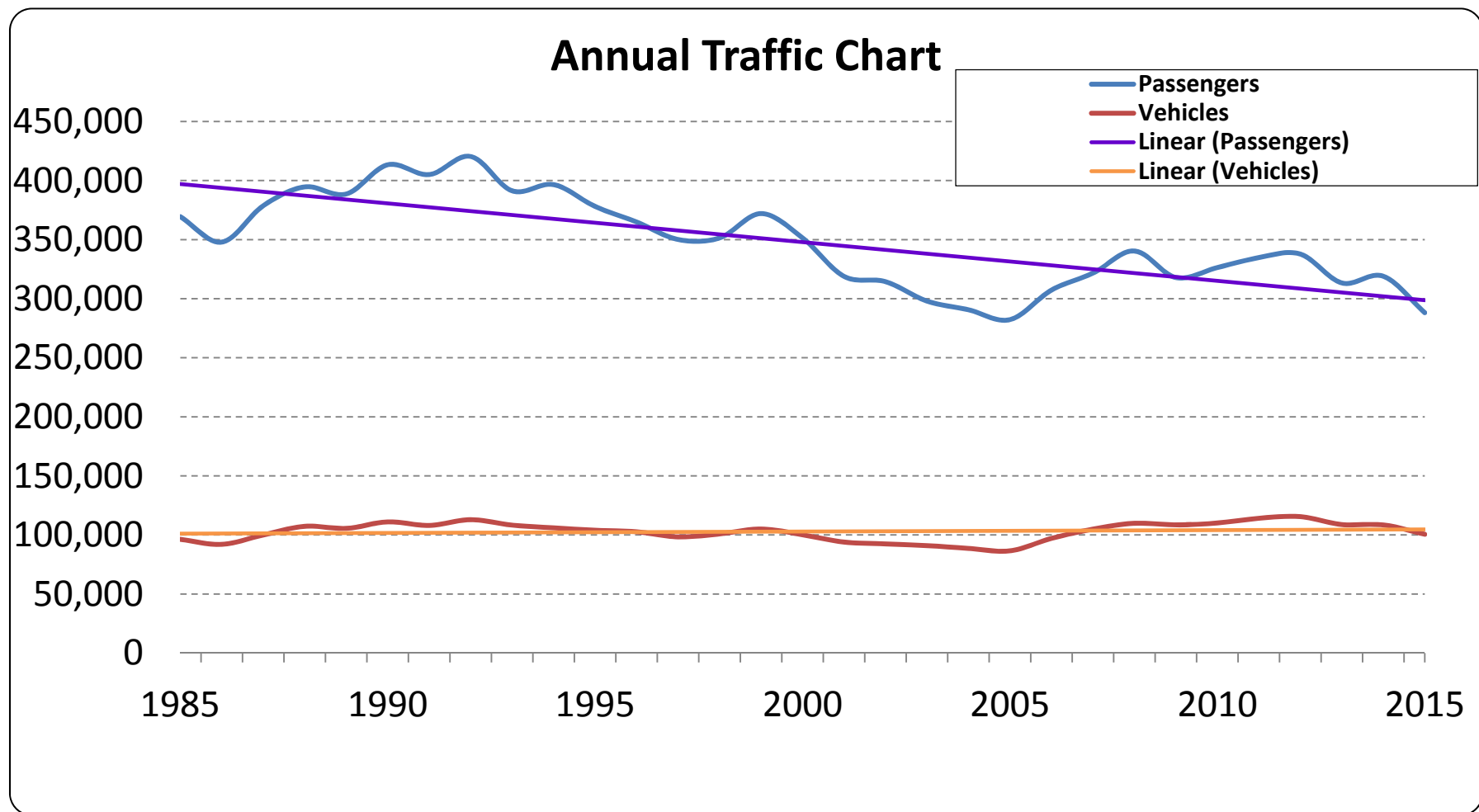


Traffic Report

AMHS FY09 – FY16 Monthly Embarkations



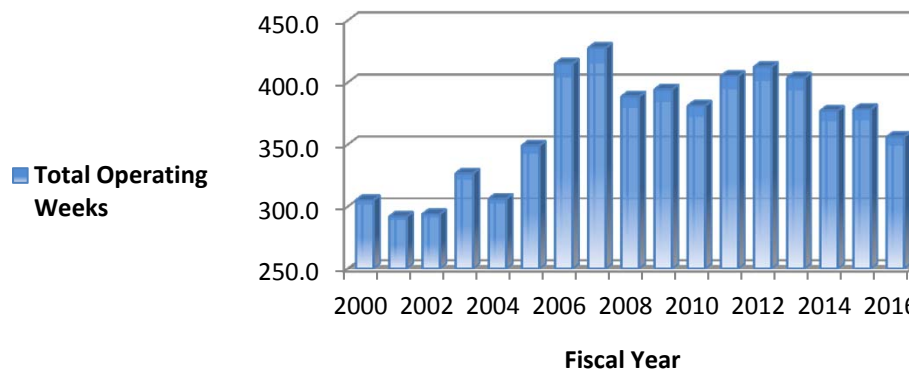
Historical Ridership



Historical Operating Weeks & Fleet Size

AMHS Operating Weeks from Annual Financial Reports

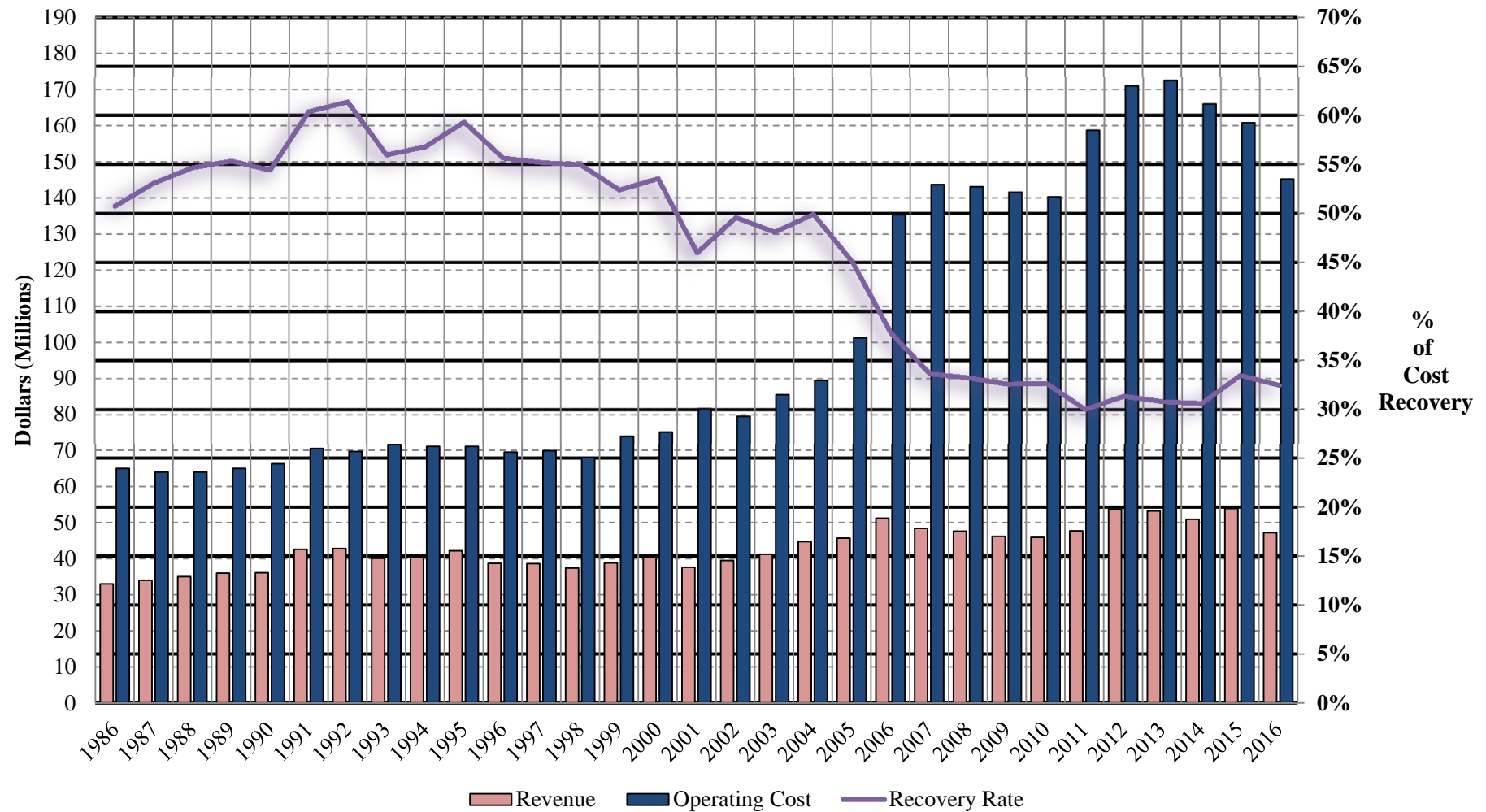
Fiscal Year	Operating weeks (actual as sailed)	Remarks
2000	305.0	9 ships (Bartlett, No FVF)
2001	291.7	9 ships (Bartlett, No FVF)
2002	293.7	9 ships (Bartlett, No FVF)
2003	326.6	9 ships (Bartlett, No FVF)
2004	306.2	11 ships (Lituya, Fairweather, Bartlett / No Chenega)
2005	349.0	Current 11 ships
2006	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 12, COI	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 06, COI	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				May 08, COI		44.7
TUS	Jul 1, Fri SW								Mar 13, Overhaul		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
- On Line
- Overhaul
- Layup
- COI & Drills

BEL - Bellingham to Skagway Route
YPR - Prince Rupert to Skagway Route
BEL-X-Gulf Bellingham Cross Gulf SW

PWS-Prince William Sound
MET - Metlakatla Service
NP - Northern Panhandle

SW- Southwest
YPR-X-Gulf-SW Pr. Rupert Cross Gulf Southwest
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	126.5
Feeder Vessels	128.6
Southwest Vessels	85.0
Total Operating Weeks	340.1

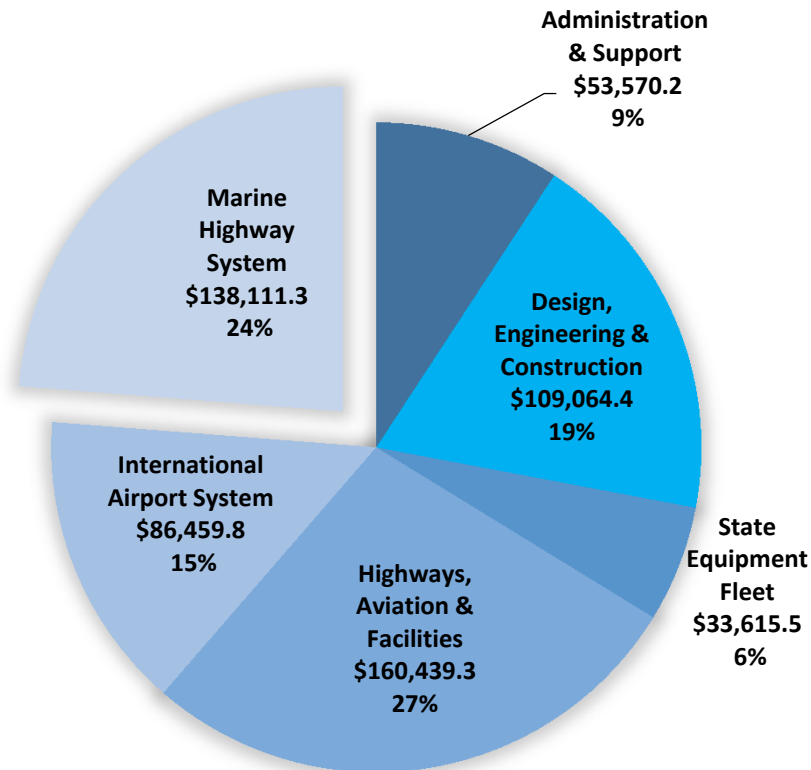


FY2016 AMHS Statistics

- 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

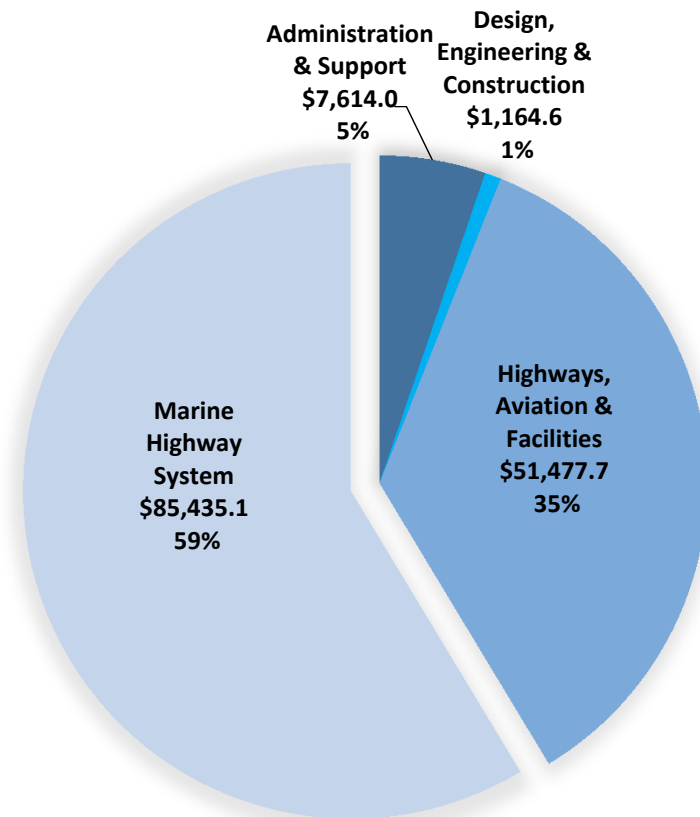
FY2018 DOT&PF Results Delivery Units (RDU)

All Funds



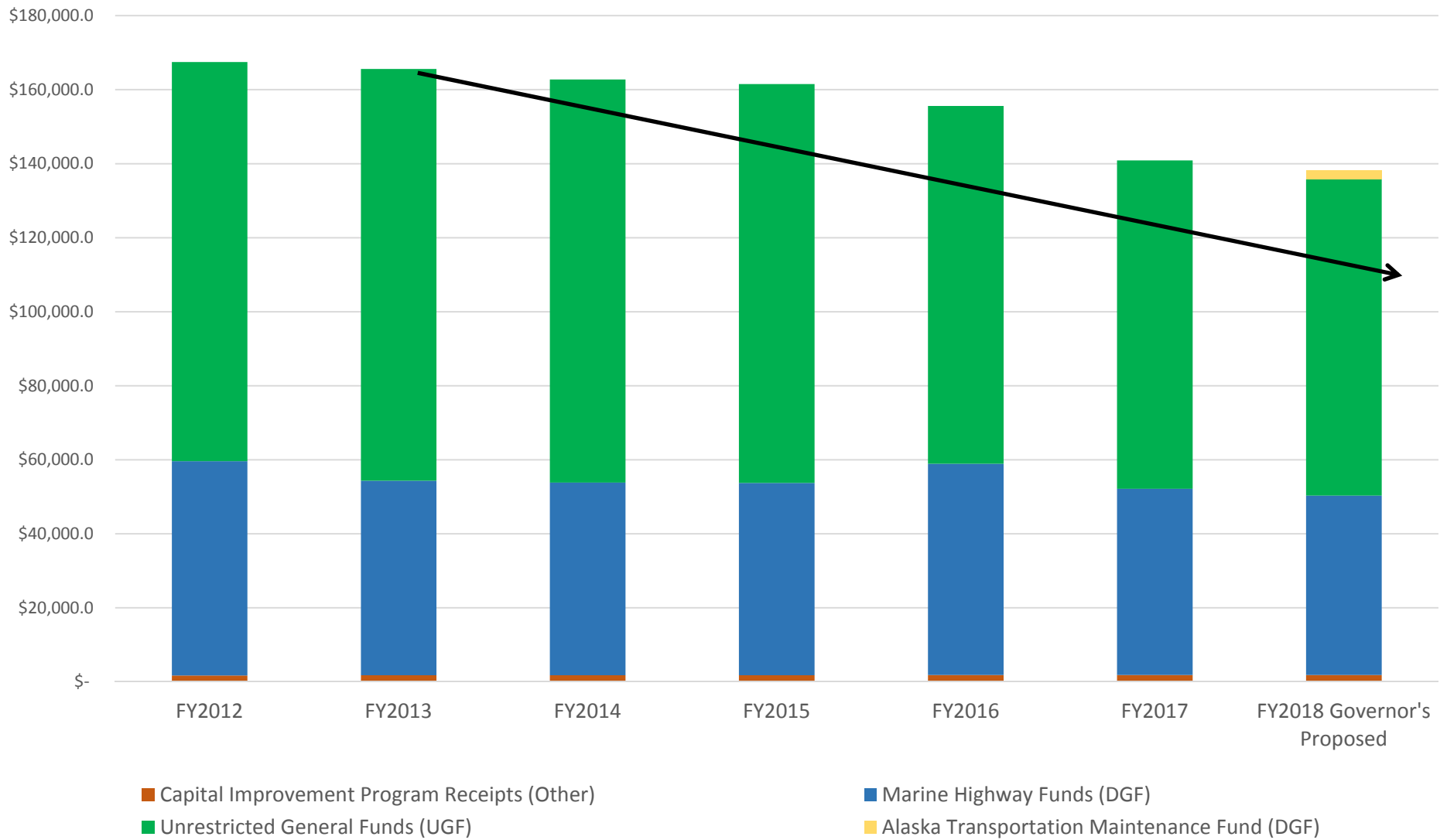
Total: \$581,260.5

Unrestricted General Funds

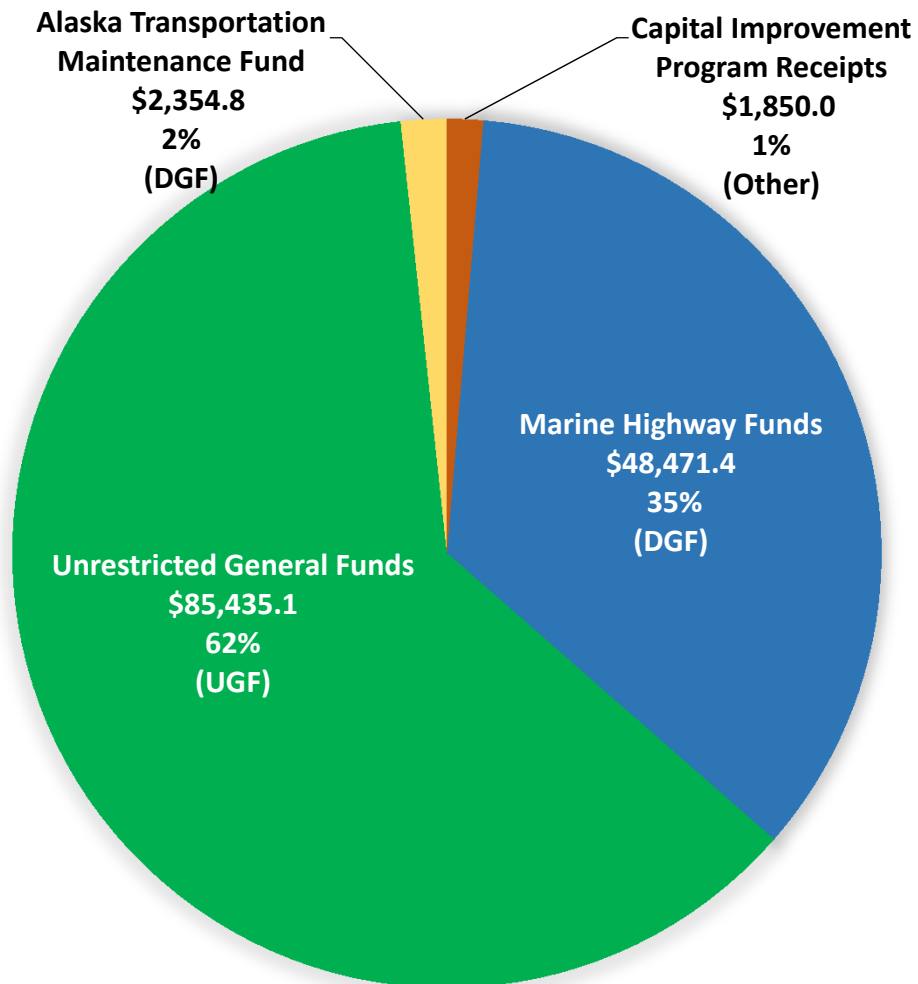


Total: \$145,691.4

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



Indirect Expenditures

Provision	Brief Description	Legislative Intent, Public Purpose	Number of Beneficiaries/Who Benefits	Revenue Impact: FY 2013	Revenue Impact: FY 2014	Revenue Impact: FY 2015
Children's Discounted Tariffs	Children aged 6-11 receive a 50% discount on the route based on adult passenger tariff	The purpose is to benefit families with children while traveling for any purpose.	On average 8,200 individuals use this per year	\$ 654,394	\$ 646,974	\$ 638,574
Disability Pass	Qualified disabled individuals receive a 50% discount on the route specific adult passenger tariff - in state passage only	The purpose is to reduce transportation costs for qualified disabled Americans.	On average 100 individuals use this pass each year	\$ 13,307	\$ 45,891	\$ 33,792
Employee Annual Passes	Qualified AMHS employees and their immediate families receive free passenger/vehicle travel space on an available basis. \$100 annual fee implemented	This is a provision of collective Bargaining Agreement with Vessel Employees Unions.	On average 650 employees use this per year	\$ 1,026,931	\$ 1,320,775	\$ 1,254,827
Employee Trip Passes	Qualified AMHS employees are allowed free passage when traveling to and from work. In addition, workers who have not obtained annual pass privileges can use trip passes on a space available basis	This is a provision of collective Bargaining Agreement with Vessel Employees Unions.	On average 80 employees use this per year	\$ 293,892	\$ 192,771	\$ 139,515

Indirect Expenditures Continued

Provision	Brief Description	Legislative Intent, Public Purpose	Number of Beneficiaries/Who Benefits	Revenue Impact: FY 2013	Revenue Impact: FY 2014	Revenue Impact: FY 2015
Senior Citizen's Discounted Tariffs	Seniors aged 65 and older receive a 25% discount on the route based on adult passenger tariff, valid for Alaska ports only.	The purpose is to reduce transportation costs.	Recent average usage of 18,500 individuals use this per year.	\$ 773,791	\$ 626,203	\$ 611,598
Trooper/USFS Enforcement Passes	Contractual agreements with State and Federal Government Agencies (State Troopers, USFS) for enforcement presence	The purpose is to provide added law enforcement presence on board AMHS vessels.	This program expired in 2013 , but was reinstated for FY16	\$ 10,751	\$ -	\$ -
Underage Discounted Tariffs	Children aged 5 & under travel free (passage only)	The purpose is to benefit families with children while traveling for any purpose.	On average 6,500 individuals use this per year	\$ 1,379,649	\$ 1,380,898	\$ 1,371,757
Veteran Disability Pass	Qualified disabled veterans receive a 50% discount on the route specific adult passenger tariff - In state passage only	The purpose is to reduce transportation costs for qualified disabled American veterans.	On average 50 individuals use this per year	\$ 30,080	\$ 12,956	\$ 10,919
Youth Group Discounted Tariffs	Organized Youth Groups receive a 50% discount on the route based on adult passenger tariff - In state passage only	The purpose is to provide youth with the academic and social development that travel provides at a discounted cost.	On average 6,500 individuals use this per year	\$ 736,645	\$ 704,016	\$ 699,006



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)



Southeast Conference (SE) 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



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