

Department of Transportation and Public Facilities
Summary of Budget Changes
(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Highways, Aviation and Facilities / Central Region Highways and Aviation	Equate Available Revenues Proportionate to Share of Overhead Costs	Net Zero Change (\$55.0) Gen Fund (UGF) \$55.0 WhitTunnel (Other)	<p>The Whittier Tunnel represents approximately 10 percent of the total Central Region maintenance and operations program. This fund change would utilize available receipts from the Whittier Tunnel to more proportionately pay the overhead salaries of the maintenance and operations chief, and the manager and administrative support staff.</p> <p>Fiscal Analyst Comment: Carry-forward receipts of the Whittier Tunnel are increasing and have grown from \$450.6 in FY17 to \$696.0 in FY20. The federal restrictions on use of the tolls provides limited opportunity for expenditure beyond direct and indirect cost of operating and maintaining the tunnel.</p>
2	Highways, Aviation and Facilities / Various	Replace UGF with Available Airport Receipts	Net Zero Change (\$500.0) Gen Fund (UGF) \$500.0 AirptRcpt (Other)	<p>Last session, rural airport leasing revenue combined with carry-forward of prior year receipts was projected to be short of budgeted amounts. The FY20 budget included fund source changes totaling \$2 million in the three regions replacing airport receipts with UGF. Given new updated projections for carry-forward and revenues, along with the actions in FY20, the proposed FY21 budget includes fund changes reversing \$500.0 of the \$2,000.0 as follows:</p> <p>Central Region Highways and Aviation - (\$160.8) UGF, \$160.8 Airport Receipts Northern Region Highway and Aviation - (\$248.0)UGF, \$248 Airport Receipts Southcoast Region Highways and Aviation - (\$91.2) UGF, \$91.2 Airport Receipts</p> <p>Fiscal Analyst Comment: Carry-forward receipts from FY19 into FY20 were approximately \$1.7 million. If the \$500.0 fund source change were to occur in the FY21 budget, carry-forward into FY22 would be projected at \$1.4 million.</p>
3	Marine Highway System / Various	Add Authority to Reduce Service Gaps and Increase Weeks of Service from 254.3 to 263.1 (8.8 week increase)	Total: \$4,735.2 \$3,302.7 Gen Fund (UGF) \$1,432.5 Marine Hwy (DGF)	<p>The FY20 budget for AMHS incurred a UGF reduction of \$40 million. This was a compromise reduction from what the Governor had proposed and was intended to roughly equate the expected AMHS revenue to the UGF subsidy - each would pay approximately 50% of the total AMHS budget. The operating plan included service to all Alaska ports, albeit at a much reduced level. Implementation of the FY20 plan has been rife with pitfalls. In December 2019, a RPL was submitted to the LB&A Committee for \$6 million which ended up being withdrawn due to technical concerns from LFD. The RPL pointed out numerous unexpected costs arising from the Inlandboatmen's Union (IBU) strike; the higher costs of operating the Columbia instead of the Matanuska due to project delays of the Matanuska; additional wages, travel, and per diem costs of</p>

Department of Transportation and Public Facilities
Summary of Budget Changes
(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Marine Highway System / Various	Add Authority to Reduce Service Gaps and Increase Weeks of Service from 254.3 to 263.1 (8.8 week increase)	Total: \$4,735.2 \$3,302.7 Gen Fund (UGF) \$1,432.5 Marine Hwy (DGF)	<p>(continued)</p> <p>the Matanuska project; and the Angoon ferry ramp repairs. AMHS also identified funding needs in its operating plan to provide service for the ALCAN snowmobile race, to continue service to Prince Rupert by covering the cost of the Royal Canadian Mounted Police, to cover the costs of the reshaping study, to operate the Tazlina in Southeast Alaska, to cover the unexpected lengthy overhaul of the LeConte, and to cover an average fuel cost of \$2.59/gallon versus the approved base fuel budget of \$2.36/gallon. A supplemental budget request for at least \$6 million will likely be forthcoming to cover these expenses.</p> <p>For FY21, the Governor's budget includes a total increase of \$4.7 million to increase service and reduce gaps in the schedule. The "Fare Box Recovery Rate," defined as the ratio of AMHS revenue to the total AMHS budget, would equate to 47% - Additional details are provided in the transaction notes provided by OMB.</p> <p>The table on the following page provides historical AMHS budget information along with projected AMHS Fund balances.</p> <p>Fiscal Analyst Comment: As can be seen from the table, the projected ending FY21 balance is \$41.2 million. This is an increase of approximately \$16 million as a result of Governor proposed deposits into the AMHS Fund from the AIDEA Dividend (\$14.75 million) and \$1.6 million from the Investment Loss Trust Fund unexpended balance.</p> <p>There has been concern from LFD for many years on the mixing of AMHS Revenue (DGF) and UGF Deposits in the AMHS Fund. The concern grew larger when a FY19 supplemental appropriation of \$20 million UGF was deposited into the AMHS Fund for a future indeterminate use. After the 2019 session, LFD created a new fund code to differentiate the DGF in the fund (code 1076) from the UGF deposits being made. The new fund code (code 1259 -- AMHS UGF) has not been used to date, but should be considered by the finance committees when appropriating money from the AMHS Fund.</p> <p>Years ago, other UGF had been appropriated to the AMHS Fund with intent language that it be accounted for separately. That money is still accounted for separately today in a subaccount within</p>

Department of Transportation and Public Facilities

Summary of Budget Changes

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Marine Highway System / Various	Add Authority to Reduce Service Gaps and Increase Weeks of Service from 254.3 to 263.1 (8.8 week increase)	Total: \$4,735.2 \$3,302.7 Gen Fund (UGF) \$1,432.5 Marine Hwy (DGF)	(continued) the AMHS Fund called the AMHS Capitalization Account. Given the nature and indeterminate future use provided for the \$20 million deposit, LFD believes that money and any future UGF deposits should be accounted for separately within the Capitalization Account and any appropriation from the account be coded fund code 1259. To prevent a budget problem if a revenue shortfall was to occur, a language section could be included in the budget to backfill any shortfall with a draw from the Capitalization Account.

AMHS Cash Flow/Fund Balance

	A	B	J	K	N	O	P	Q	R	S	T
1	(thousands)		Actual	Actual	Actual	Actual	Projected	Projected			
2	Description		FY16	FY17	FY18	FY19	FY20	FY21Gov			
3	Service Weeks		355.9	329.5	317.5	329.1	254.3	263.1			
4	Revenue Ratio (Fare Box Recovery) - Revenue/Costs		32%	34%	33%	33%	45%	47%			
5			67%	66%	66%	67%	53%	52%			
7	Cash Flow										
8	Sources										
9	AMHS Generated Revenues		47,158.0	45,759.0	47,316.0	50,804.0	45,326.9	48,478.8			
10	Restricted Revenues (CIP Rcpts)		603.0	659.0	977.0	399.0	1,921.9	849.2			
11	UGF Appropriations (base budget)		94,958.0	89,263.0	41,949.0	85,991.0	46,002.2	49,905.4			
12	DGF - Motor Fuel Tax (current statute)		-	-	3,552.4	3,617.1	3,617.1	3,617.1			
14	Fuel Trigger Appropriation		-	-	-	-	-	-			
15	Excess Fuel Trigger Appropriation		-	-	-	-	-	-			
16	Total Sources		142,719.0	135,681.0	93,794.4	140,811.1	96,868.1	102,850.5			
18	Uses										
19	Vessel Operations (less fuel)		106,661.0	99,029.0	102,272.0	102,849.0	70,696.2	74,461.7			
20	Vessel Fuel Base		16,634.0	15,299.2	18,895.4	19,540.0	12,057.2	12,640.3			
22	Shoreside/ Other		18,606.0	17,320.0	17,556.2	15,279.0	13,613.3	13,602.2			
23	Operating Expenses		141,901.0	131,648.2	138,723.6	137,668.0	96,366.7	100,704.2			
24	Support Services-DOT/DOA		3,280.9	3,280.9	3,287.4	3,204.0	3,282.6	2,460.7			
25	Annual Vessel Overhaul (Cap Bud)		-	-	-	13,500.0	-	-			
26	Annual Vessel Overhaul (Sup Cap)		-	-	-	1,400.0	-	-			
28	Total Uses		145,181.9	134,929.1	142,011.0	155,772.0	99,649.3	103,164.9			
30	Suplus/(Deficit)		(2,462.9)	751.9	(48,216.6)	(14,960.9)	(2,781.2)	(314.4)			
31	Traditional Fund -Draw		2,462.9	-	48,216.6	14,960.9	2,781.2	314.4			
32	Remaining Deficit		-	-	-	-	-	-			
33	Capitalization Acct - Draw		-	-	-	-	-	-			
34	Remaining Deficit		-	-	-	-	-	-			
36	Fund Balances										
37	Traditional Fund										
38	BOY Balance		20,907.1	18,444.2	28,660.9	10,444.3	5,546.4	2,765.2			
39	Deposits		-	751.9	6,081.8	10,063.0	-	-			
40	Supplemental Deposits		-	9,464.8	23,918.2	-	-	-			
41	Subtotal		20,907.1	28,660.9	58,660.9	20,507.3	5,546.4	2,765.2			
42	Withdrawals		(2,462.9)	-	(48,216.6)	(14,960.9)	(2,781.2)	(314.4)			
43	EOY Balance		18,444.2	28,660.9	10,444.3	5,546.4	2,765.2	2,450.8			
45	Capitalization Acct										
46	BOY Balance		2,644.0	2,630.1	2,630.1	2,630.1	22,630.1	22,630.1			
47	Deposits		-	-	-	20,000.0	-	16,088.9			
48	Withdrawals		(13.9)	-	-	-	-	-			
49	EOY Balance		2,630.1	2,630.1	2,630.1	22,630.1	22,630.1	38,719.0			
51	Total Fund Balance		21,074.3	31,291.0	13,074.4	28,176.5	25,395.3	41,169.9			
52											
53											
54											
55											
56											

Analyst:
SB 142 Sec 16 \$20 million UGF
transfer for indeterminate
future use

Analyst:
Governor proposed Sections 7
and 22(m) UGF to AMHS Fund