



# **Alaska Department of Transportation & Public Facilities**

## **Senate Transportation Committee**

### **Alaska Marine Highway System (AMHS) Overview**

Rob Carpenter, Deputy Commissioner

John Falvey, AMHS General Manager

Matt McLaren, AMHS Business Enterprise & Development Mgr.

February 23, 2021

Our mission is to ***Keep Alaska Moving*** through service and infrastructure.

# Vessel Routes - Southeast



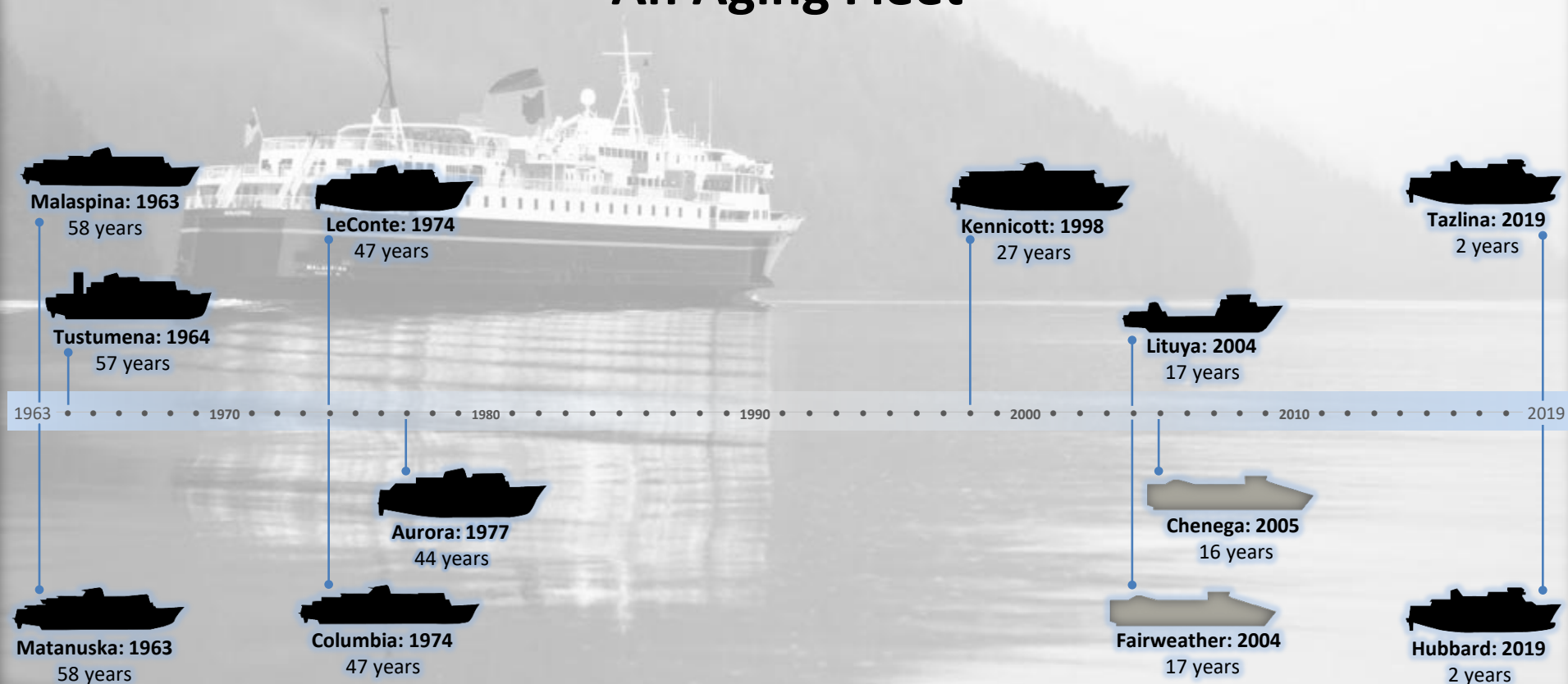


# Vessel Routes - Southwest



# Alaska Marine Highway System

## An Aging Fleet



*Most fleets retire their ships at 30-35 years.*



# AMHS Fleet Status

**Lituya** – Currently in service

**LeConte** – Currently in overhaul. Returns to service April 12, 2021

**Kennicott** – Currently in overhaul. Returns to service March 18, 2021

**Tustumena** – Currently in overhaul. Returns to service April 15, 2021

**Matanuska** – Currently in service

**Aurora** – Currently in overhaul. Extensive steel work has been completed.  
Returns to service April 15, 2021

**Columbia** – Currently in cost savings layup in preparation for overhaul.

**Malaspina** – Currently in long-term layup in preparation for disposal/sell.

**Hubbard** – Currently in layup

**Tazlina** – Currently in layup

**Fairweather** – In the process of being sold

**Chenega** – In the process of being sold



# Alaska Marine Highway System

## CHALLENGES

Aging vessels

Turnover and recruitment

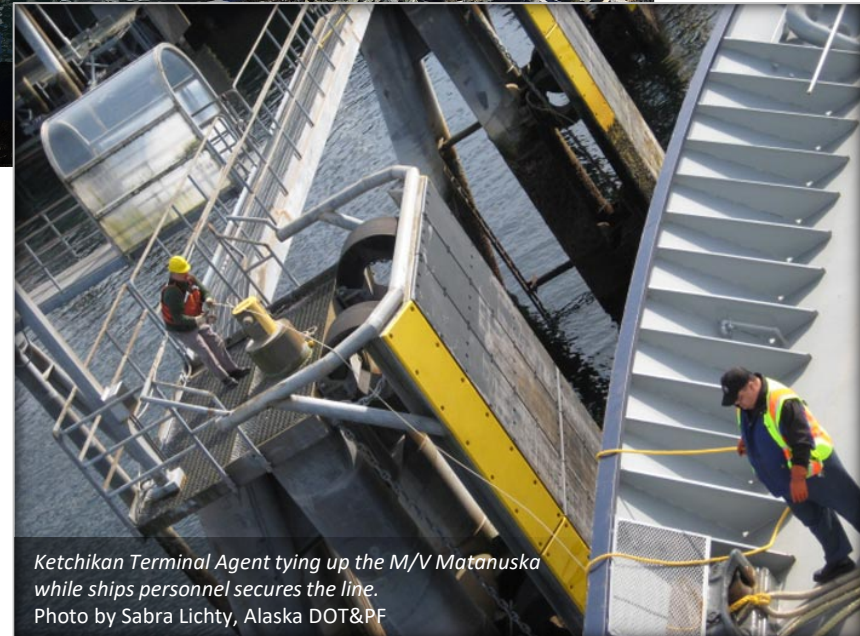
System reliability

Vessel flexibility

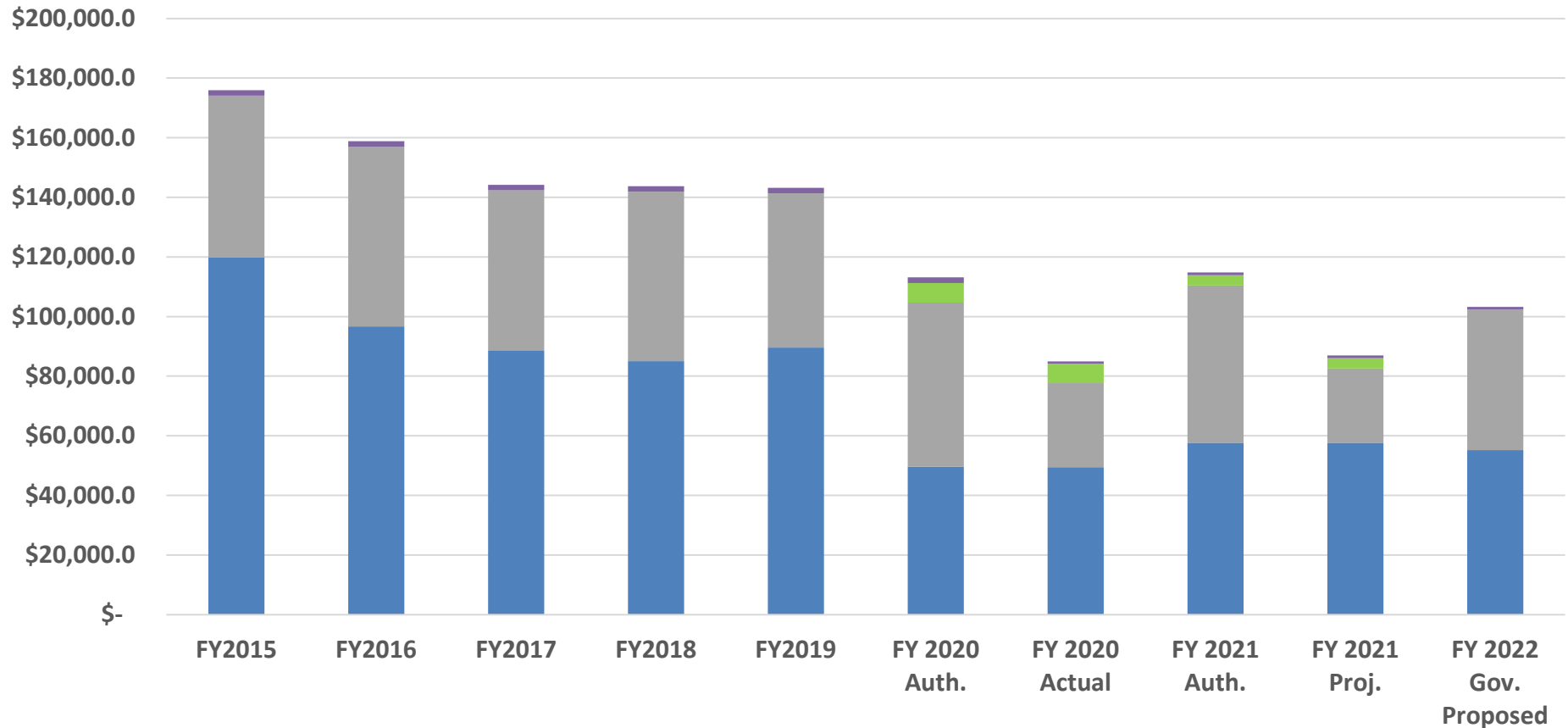
Collective bargaining agreements

COVID-19

Prince Rupert



# FY 2015 – FY 2022 Gov. Proposed AMHS Operating Budget Fund Source Comparison



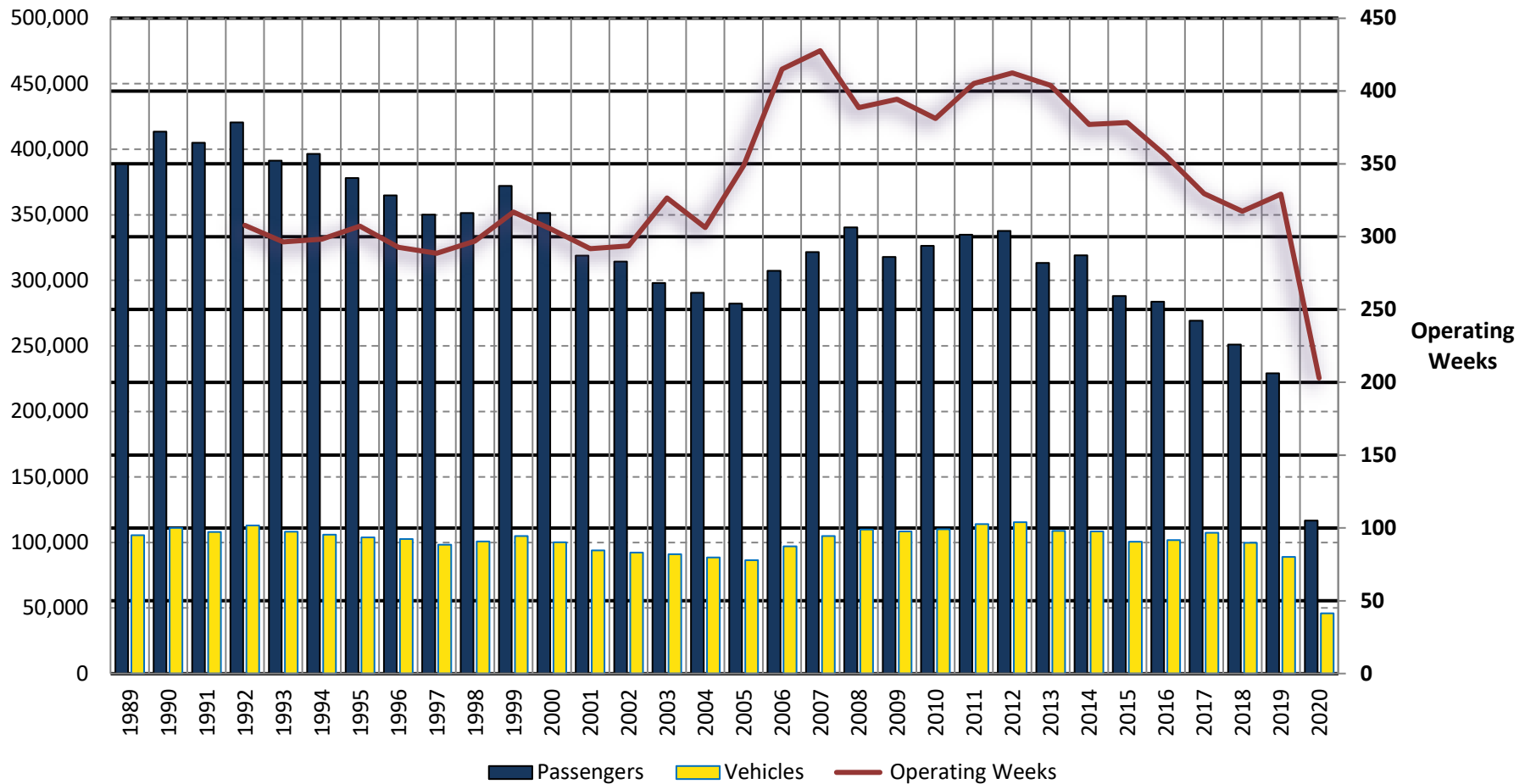
<b>State Funds</b>	\$ 119,768.1	\$ 96,660.3	\$ 88,716.7	\$ 85,022.7	\$ 89,622.6	\$ 49,619.3	\$ 49,438.0	\$ 57,628.1	\$ 57,628.1	\$ 55,235.4
<b>Revenues</b>	54,366.0	60,378.0	53,626.3	56,898.7	51,697.6	55,113.1	28,257.0	52,772.0	24,950.0	47,135.8
<b>CARES Act</b>	-	-	-	-	-	6,500.0	6,500.0	3,500.0	3,500.0	-
<b>Other</b>	1,796.5	1,833.4	1,835.1	1,850.0	1,893.7	1,921.9	734.0	850.0	850.0	852.7
<b>TOTAL</b>	<b>\$ 175,930.6</b>	<b>\$ 158,871.7</b>	<b>\$ 144,178.1</b>	<b>\$ 143,771.4</b>	<b>\$ 143,213.9</b>	<b>\$ 113,154.3</b>	<b>\$ 84,929.0</b>	<b>\$ 114,750.1</b>	<b>\$ 86,928.1</b>	<b>\$ 103,223.9</b>

\$ in Thousands (,000)



# Historical Traffic and Operating Weeks

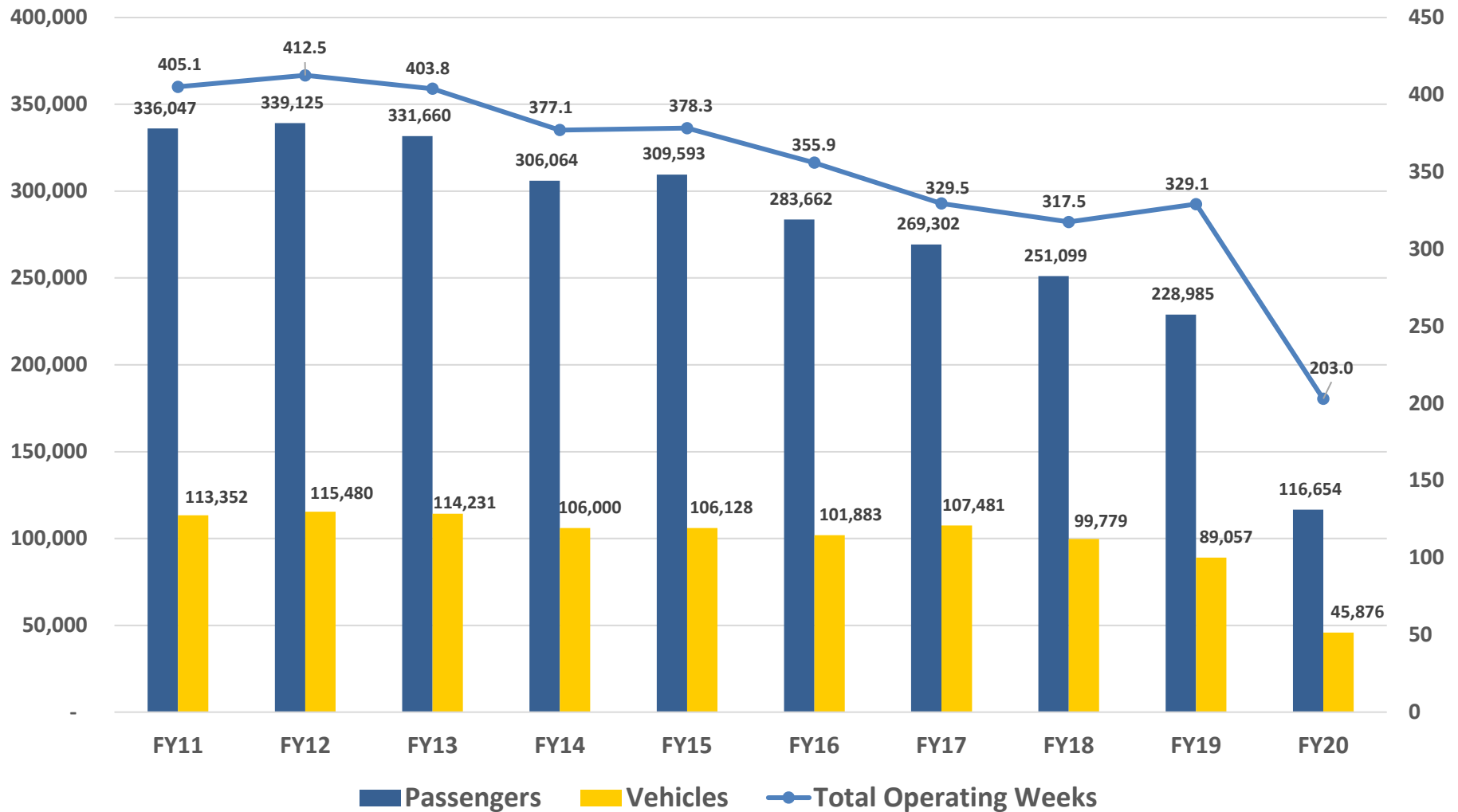
AMHS Ridership 1989-2020



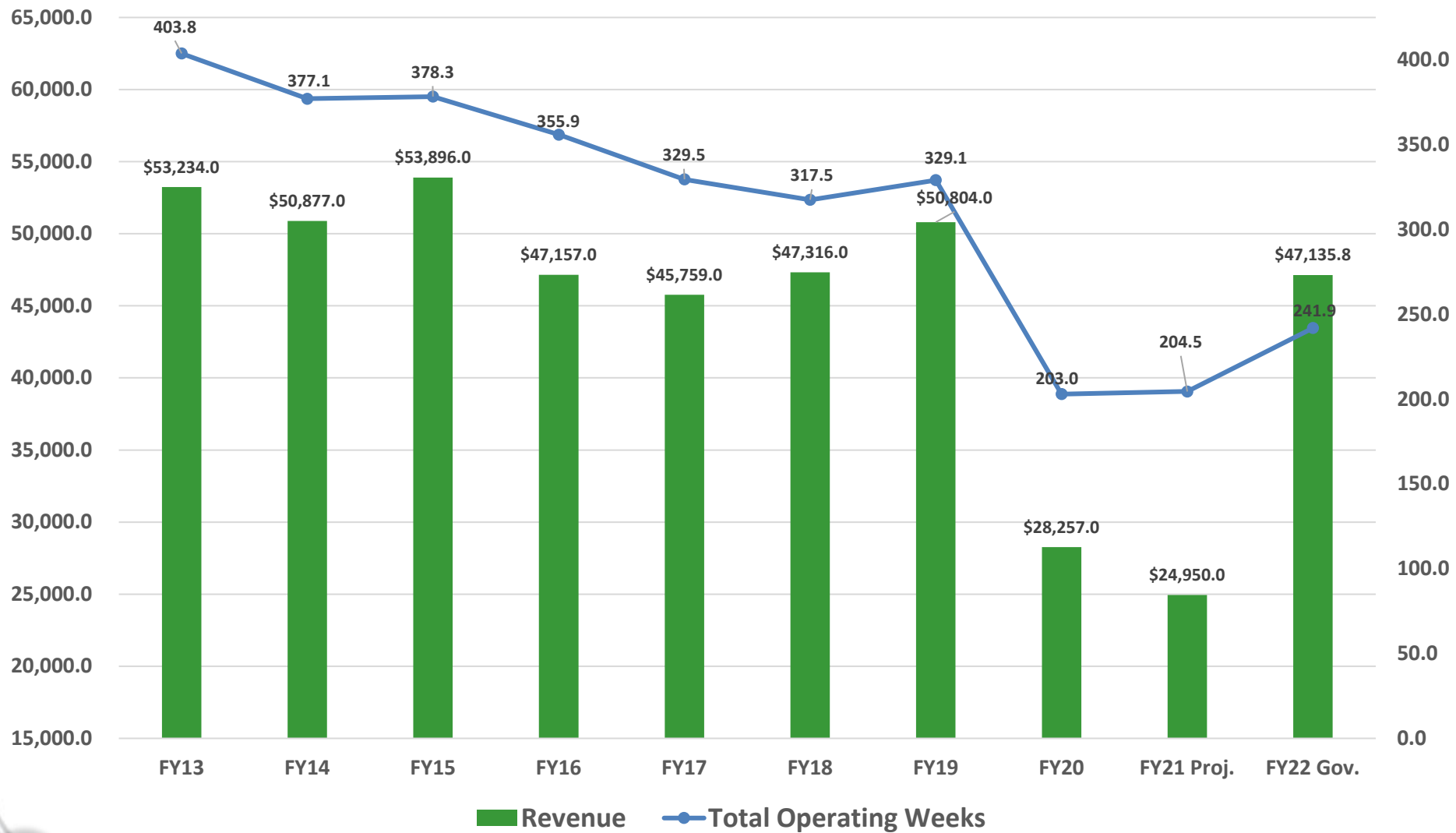
Note: FY2020 traffic was dramatically impacted by the Inlandboatmen's Union strike and the COVID-19 pandemic.



# AMHS Traffic & Operating Weeks FY2011 – FY2020



# AMHS Revenue (\$000s) & Operating Weeks FY2013 – FY2022




# Revenue Per Operating Week FY2011 – FY2020

(\$ Thousands)



Total annual revenue / total operating weeks = revenue per operating week





# Tariff Increase History

**AMHS made multiple tariff changes in the past few 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

**May 1, 2018:** Third of five annual variable leveling tariff increase

**May 1, 2019:** Implemented fourth and fifth variable leveling tariff increases

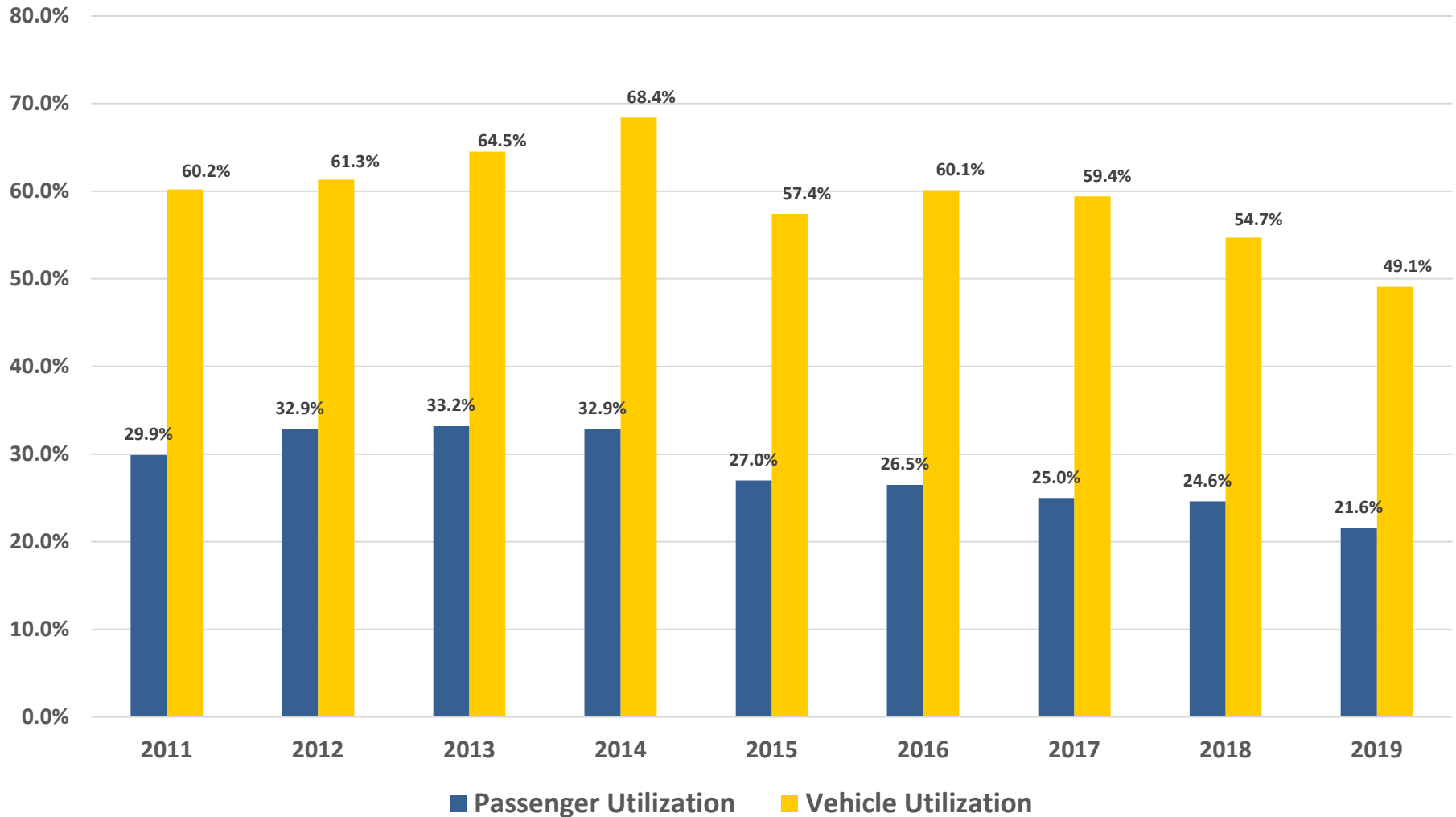
# Dynamic Pricing

**Oct. 1, 2019: AMHS implemented dynamic pricing**

<u>Percentage of Capacity Booked</u>	<u>Tariff Increase Percentage</u>		
	<u>Passengers</u>	<u>Vehicles</u>	<u>Cabins</u>
<b>30%</b>	5%	10%	10%
<b>40%</b>	10%	20%	20%
<b>50%</b>	15%	30%	30%
<b>60%</b>	20%	38%	38%
<b>70%</b>	25%	45%	45%
<b>80%</b>	30%	50%	50%
<b>90%</b>	30%	50%	50%

Dynamic pricing has increased AMHS revenues by 9% vs. static pricing since inception. FY 2020 was a low revenue year due to the IBU strike and COVID-19, however, in a “normal” year the 9% increase in revenues would equal \$4.5M in additional revenues.

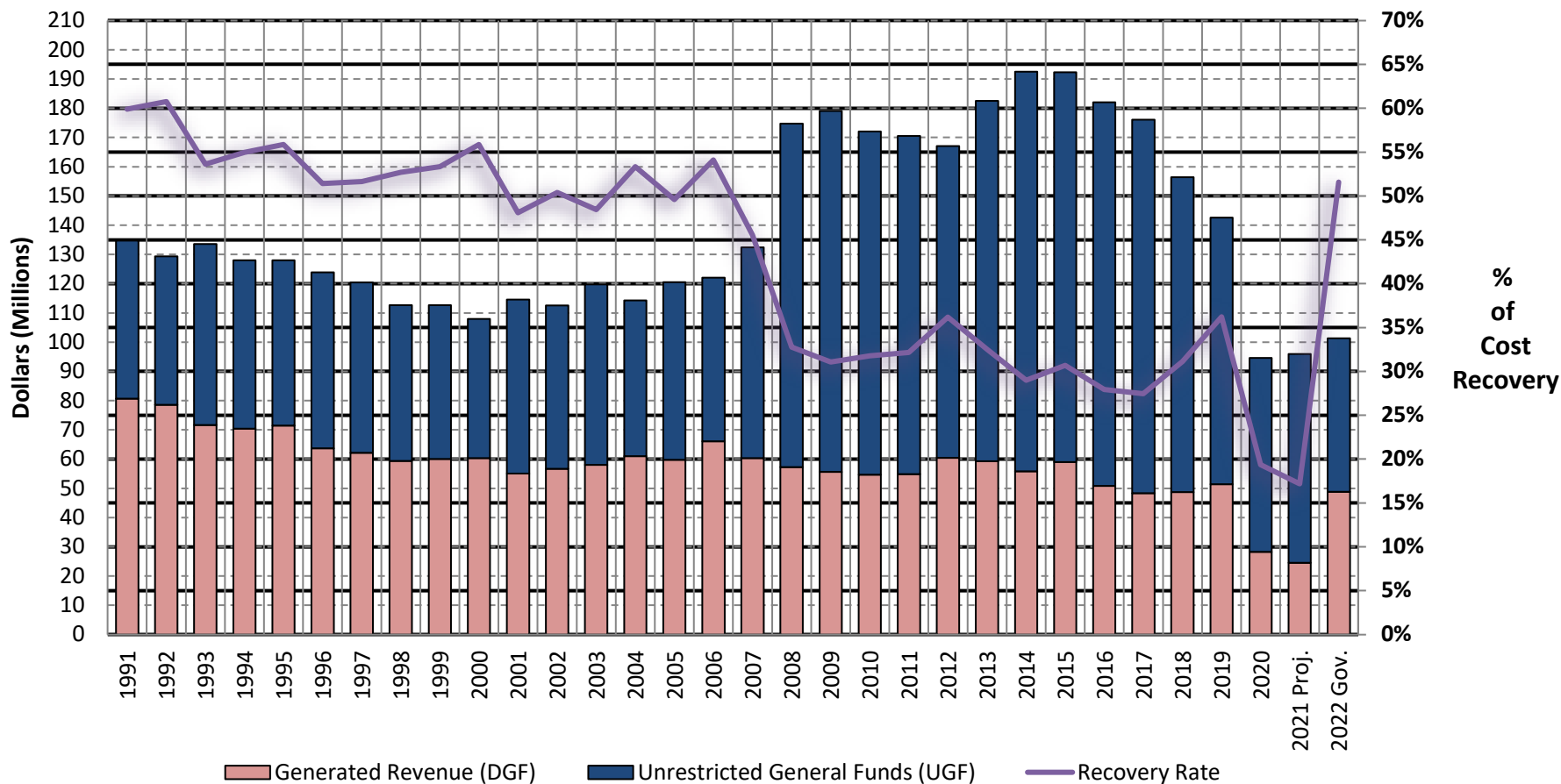
# AMHS System-Wide Capacity Utilization 2011 – 2019





# Historical Revenue and Operating Cost

AMHS Fare Box Recovery Rate 1991-2022 Gov.



## Significant Cost Increases

- FY2004 – FY2007: Added the FVF Fairweather and FVF Chenega. Vessel wage increases of 6%, 7%, and 8%.
- FY2012 – FY2013: Added ports and increased operating weeks

Note: Data is adjusted for inflation to 2020 values. Source: U.S. Bureau of Labor Statistics Consumer Price Index.



# FY 2019 – FY 2022 Gov. Proposed AMHS Statistics

	FY2019	FY2020	FY2021 Proj.	FY2022 Gov.
<b>Earned Revenues</b>	\$ 50,804.1	\$ 28,257.4	\$ 24,950.3	\$ 48,807.8
<b>Total Operating Costs</b>	\$140,871.2	\$ 94,645.3	\$ 95,875.5	\$101,278.8
<b>Weeks of Service</b>	329.1	203.0	204.5	241.9
<b>Port Calls</b>	5,695	3,182	3,402	4,175

\$ in millions



# Thank You.

**Rob Carpenter**  
Deputy Commissioner  
(907) 465-3900  
Rob.Carpenter@Alaska.gov

**John Falvey**  
AMHS General Manager  
(907) 228-7250  
John.Falvey@Alaska.gov

**Matt McLaren**  
AMHS Business Enterprise &  
Development Manager  
(907) 228-7250  
Matt.McLaren@Alaska.gov

