



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Transportation and
Public Facilities

STATEWIDE ADMINISTRATIVE SERVICES

3132 Channel Drive
P.O. Box 112500
Juneau, Alaska 99811-2500
Main: 907.465.3900
dot.state.ak.us

February 11, 2022

The Honorable Dan Ortiz
Chair, House Finance Subcommittee
State Capitol, Room 513
Juneau, AK 99801

Dear Representative Ortiz:

In response to questions posed by the House Finance Subcommittee on Tuesday, February 8, 2022, the following information is provided:

1. How has the Vessel Replacement Fund been used to the point it was swept?

Attached is a trial balance ALDER report for the Vessel Replacement Fund (IRIS Fund #1082).

This fund has been used for capital appropriations throughout the years and a balance has been reserved for encumbrances and continuing appropriations.

Fund 1082 is a GeFONSI pool participant and invested by the Department of Revenue, Treasury Division. Treasury posts monthly investment earnings on their website. The balance on 1/31/2022 is \$46,557,078.50 (unaudited sweep not included).

<https://treasury.dor.alaska.gov/home/investments/gefonsi/gefonsi-pool-participant-investment-earnings>

Capital Appropriations using Vessel Replacement Fund (*whole dollars*):

APTYP	Budget Fiscal Year	Budget	Budgetary Expenditures	Unobligated Expenditures
AMHS Alaska Class Ferry 2510AMHAK	2010	\$ 60,000,000	\$ 60,000,000	
AMHS Alaska Class Ferry 2512AMHAK	2013	\$ 60,000,000	\$ 60,000,000	
P&D New Ocean Going Vessel 2513AMHOG	2014	\$ 10,000,000	\$ 7,461,575	\$ 2,538,425
Alaska Class Ferry Completion/Vessel Eqpt 2517ACFCE	2017	\$ 4,430,000	\$ 4,430,000	
Construct Vessel to Replace F/V Tustumena 2517AMHTO	2018	\$ 22,000,000	\$ 64	\$ 21,999,936
AMHS - Tazlina & Hubbard Side Doors Installation 2519AMHSD	2020	\$ 3,000,000	\$ 2,675,508	\$ 324,492
AMHS Crew Ferry Quarters and M/V Aurora Refurb 2520AMHAR	2020	\$ 2,800,000	\$ 2,798,835	\$ 1,165
		\$ 162,230,000	\$ 137,365,982	\$ 24,864,018

2. How many of the labor contracts are due in the next three years?

The Division of Personnel and Labor Relations acts as the executive branches representative in contract negotiations and contract administration matters. All three marine bargaining units are up for negotiations. <https://doa.alaska.gov/dop/LaborRelations/>

Bargaining Unit:

Inlandboatmen's Union representing the Unlicensed Marine Unit
International Organization of Masters, Mates, and Pilots
Marine Engineer's Beneficial Association

Dates

July 1, 2019 - June 30, 2022
July 1, 2014 - June 30, 2017*
July 1, 2014 - June 30, 2017*

*still in effect

3. Due to Jones Act requirements, what premium does the department pay to lay hulls in American shipyards versus international ports that may be able to build them cheaper?

The Jones Act creates a federal requirement; therefore, the department does not actively solicit or evaluate costs of building in a foreign shipyard. However, we can cite some existing research suggesting there is a significant premium:

"the price of a U.S.-built tanker is estimated to be about four times the global price of a similar vessel, while a U.S.-built container ship may cost five times the global price, according to one maritime consulting firm"

Source: Congressional Research Service Report 45725, November 2019

If you have any further questions, please feel free to contact me at 465-2956.

Sincerely,



Dom Pannone
Administrative Services Director

cc: House Finance Subcommittee Members
The Honorable Ryan Anderson, Commissioner Designee, DOT&PF
John Binder, Deputy Commissioner, DOT&PF
Rob Carpenter, Deputy Commissioner, DOT&PF
Andy Mills, Special Assistant to the Commissioner, DOT&PF