

1/29/09

OVERVIEW:

ALASKA

MARINE

HIGHWAY

# Combined Senate / House Transportation Committee Meeting



January 2009

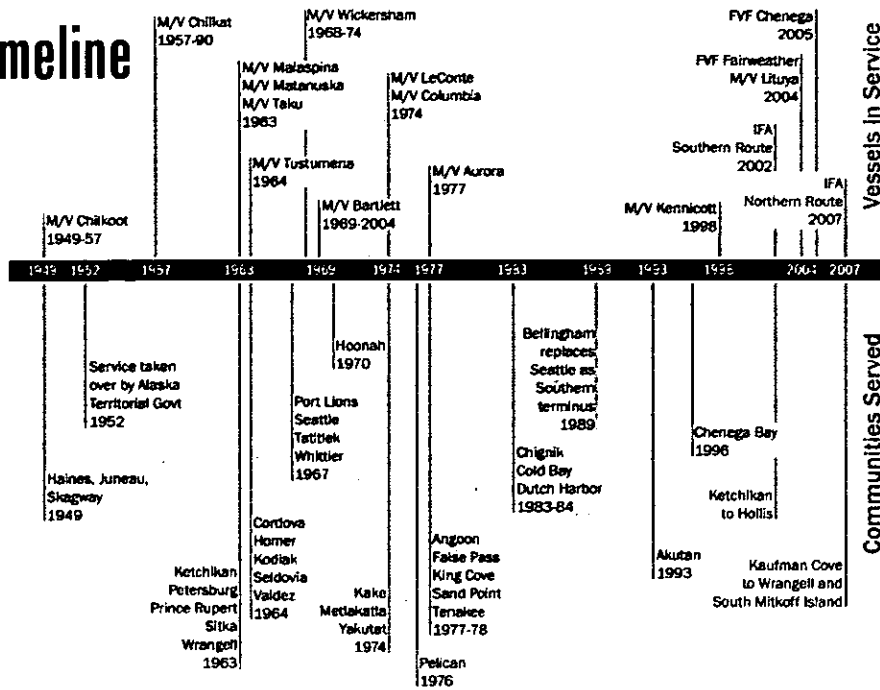
 *Alaska Marine Highway*

## The Mission of the Alaska Marine Highway System

is 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.

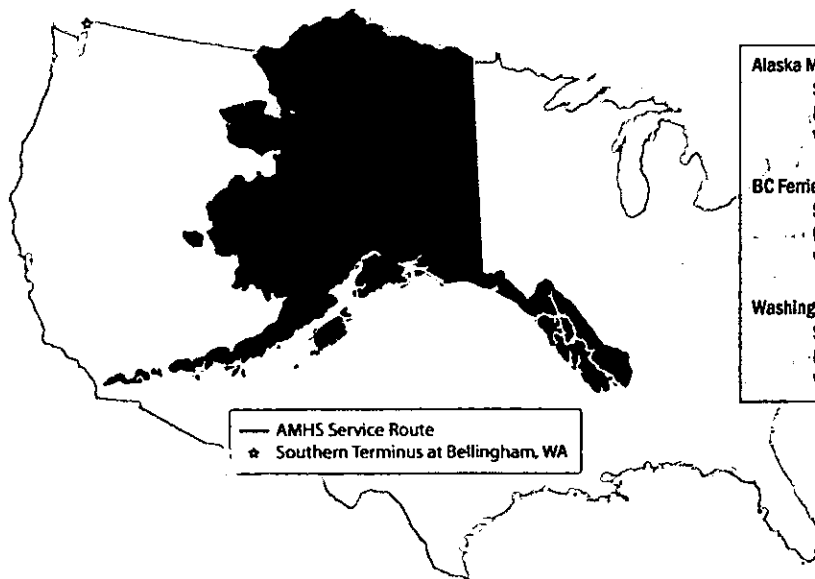
 *Alaska Marine Highway*

# Service Timeline



 *Alaska Marine Highway*

# Logistics



<b>Alaska Marine Highway</b>	
Service Route:	3500 miles
Passengers:	340,000
Vehicles:	110,000
<b>BC Ferries</b>	
Service Route:	755 miles
Passengers:	21,000,000
Vehicles:	8,000,000
<b>Washington State Ferry</b>	
Service Route:	200 Miles
Passengers:	25,000,000
Vehicles:	11,000,000

 *Alaska Marine Highway*

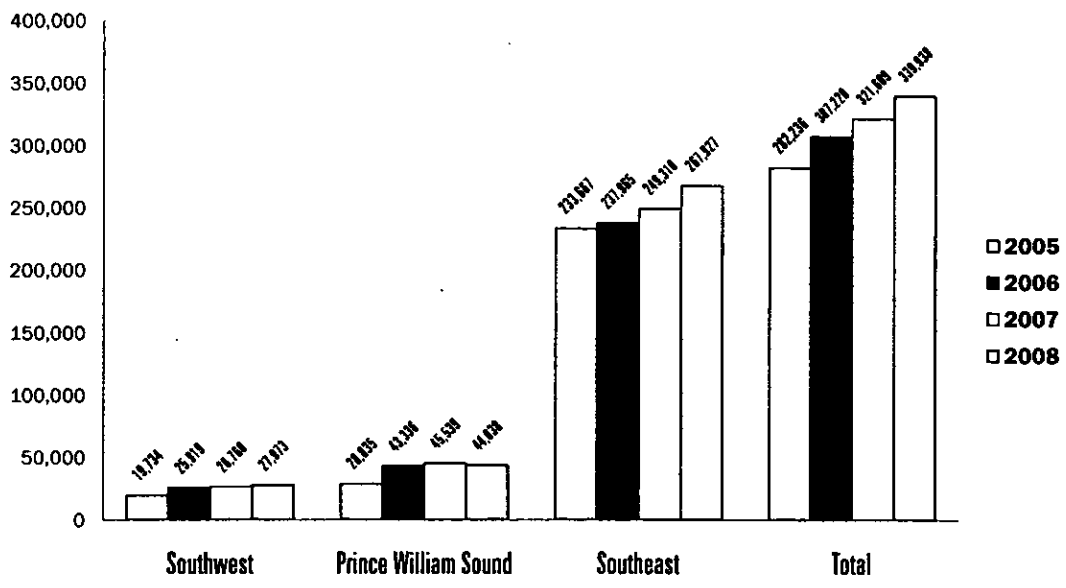
# Fleet Profile



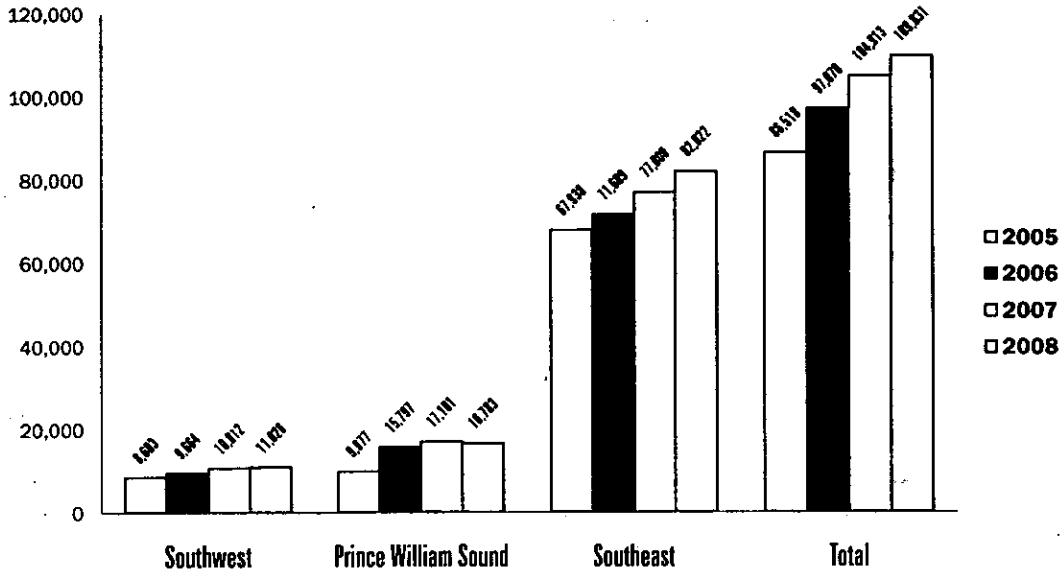
End of life dates determined by a 1991 Glisten Associates study and AMHS fleet simulation study



# Recent Passenger Traffic Comparison

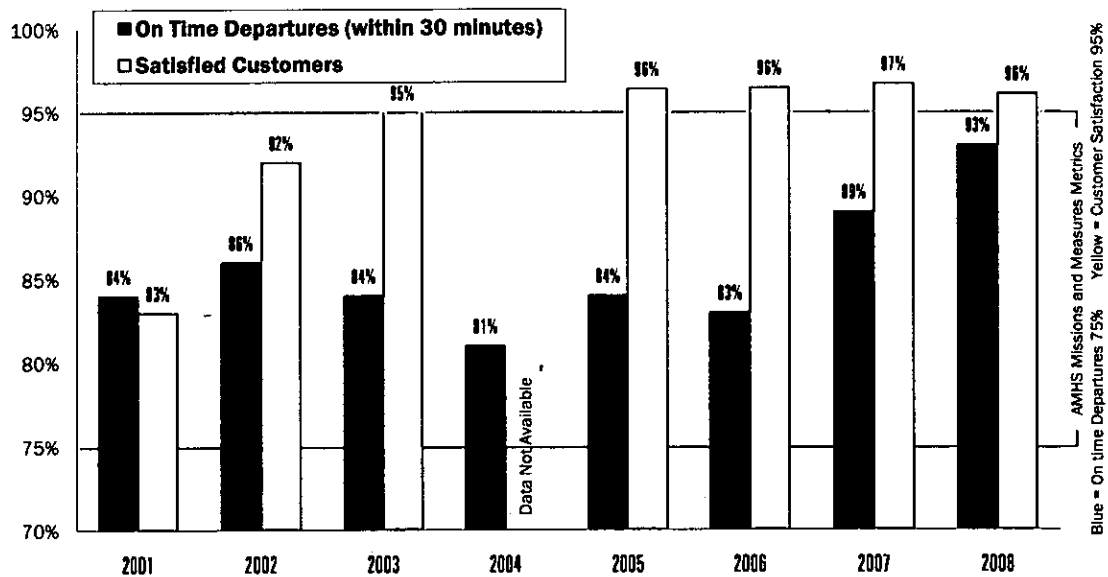


# Recent Vehicle Traffic Comparison



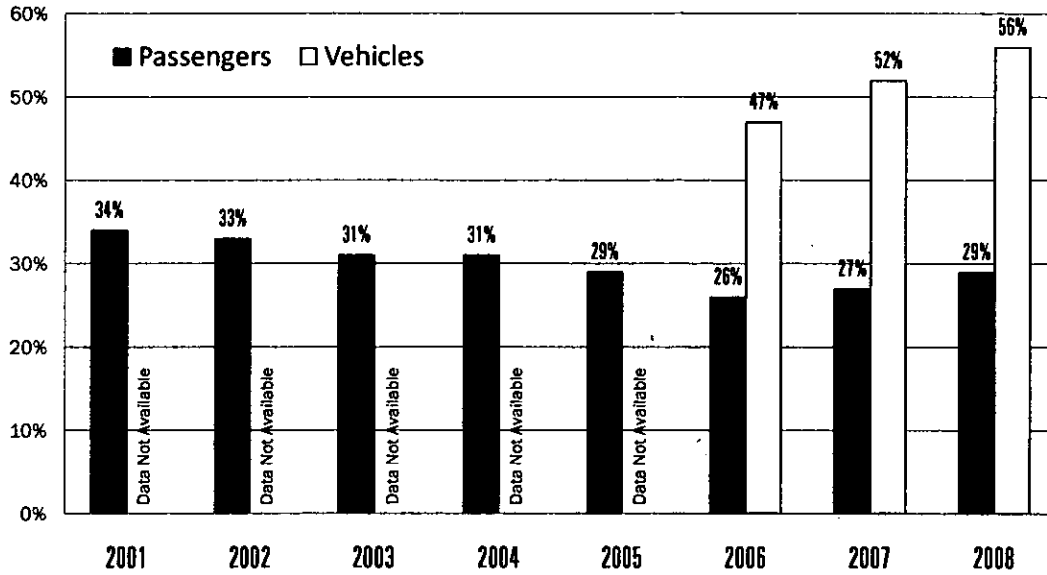
 Alaska Marine Highway

# On Time Departures / Customer Satisfaction



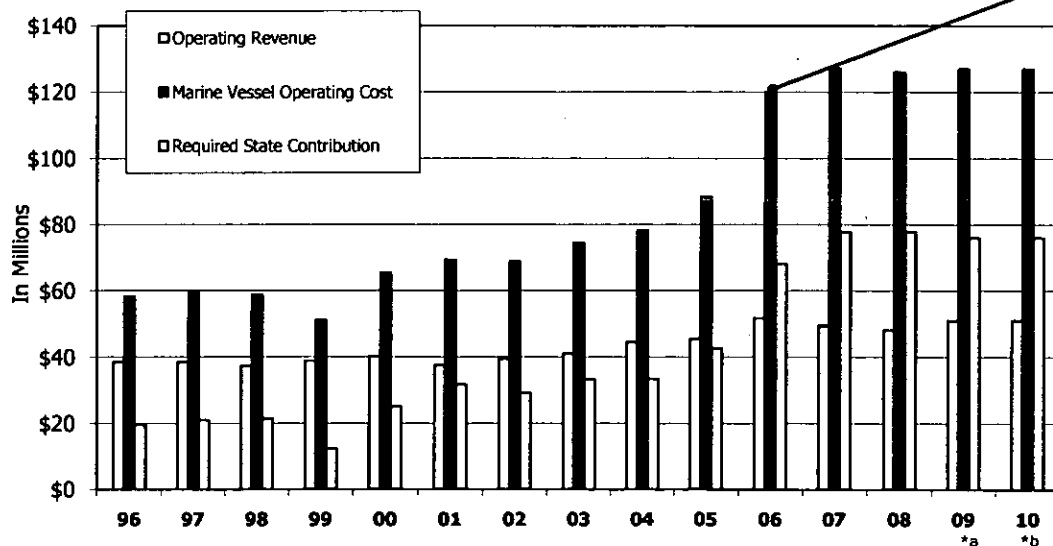
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# Traffic Utilization



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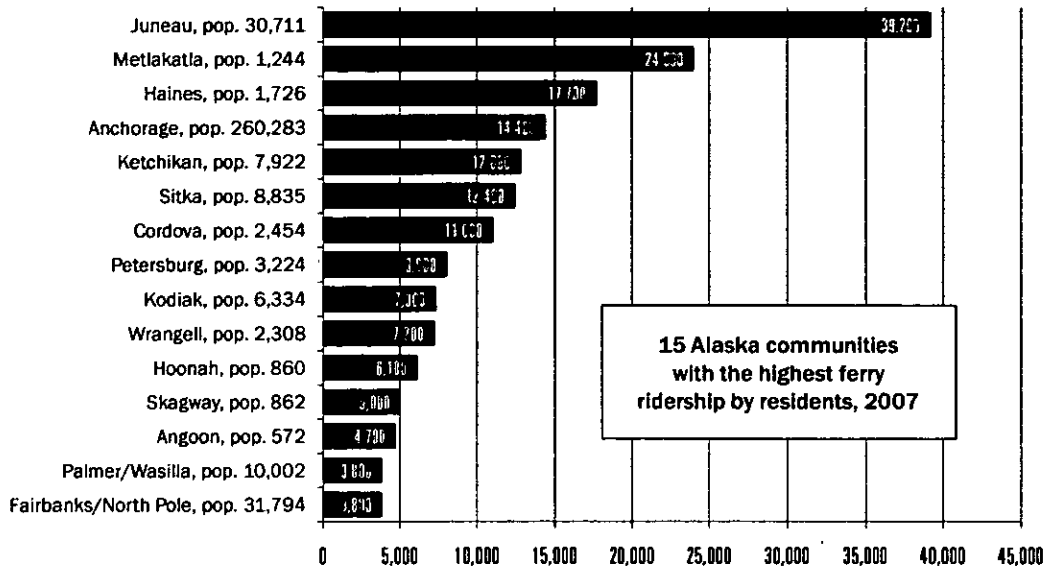
# Vessel Operation Cost by Fiscal Year



\*a: Management Plan \*b: Governor's Request

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# AMHS Boarding's by Alaskan Community



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## FY '09 Update

- At this time AMHS is tracking with the business plan that supports the FY2009 Management Plan.
- Currently AMHS has no FY 2009 supplemental requests due to operations, and is managing operations by the mantra "Manage to the Budget, No Supplemental."
- The recent signing of the IBU labor contract will require a \$2.0M general fund supplemental.

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## FY '09 Update: Areas of Concern

- Visitor Industry organizations are forecasting potential shortfalls of 30% off of last years results due to the recession.
  - These effects would show up in the AMHS business model in late May and June 2009, and continue through September in the FY'10 budget.
  - AMHS has sufficient cash to weather potential revenue shortfalls in the FY '09 budget year ending June 30th.



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## Negotiation Updates

- Inland Boatman's Union
  - An agreement was obtained for a 3 year contract commencing on July 1, 2008 and expiring June 30, 2011. The previous agreement with the IBU had expired on June 30, 2007.
- Masters, Mates and Pilots
  - The Department is currently negotiating with MMP on a new contract. The previous contract expired June 30, 2008
- Marine Engineers' Beneficial Association
  - The Department is currently negotiating with MEBA on a new contract. The previous contract expired June 30, 2008.



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## Fast Vehicle Ferries — Fairweather and Chenega

- FVF Fairweather- Currently undergoing first Federal CIP project. (Major engine overhaul and other vessel projects)
- Additional corrosion has been discovered in the Fairweather's engine cylinders.
  - The Dept. of Law is working with Derecktor Ship Yard (vessel builder) and MTU (engine manufacturer) to resolve problems.
  - MTU has expressed willingness to address problem at its expense.
  - Dept. of Law and State's technical consultant working to ensure that MTU's solution fully resolves corrosion problem.
- Previous vibration problems in reduction gears and shafts of both Fairweather and Chenega have been resolved.



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## Ketchikan Lay-Up Facility

- Various properties have been considered
- Expansion space around the birth has become an added requirement
- Ward Cove site provides the highest potential for expansion
- A survey of the property will provide:
  - Assessed values of properties
  - Environmental status of parcels (contaminants)
  - Structural status of all infrastructures
- Received \$5.0M State GF in 2008. Ward Cove site evaluation will be complete mid-March '09, at it's conclusion AMHS will select a preferred lay-up site.



*Alaska Marine Highway*

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## Bellingham Terminal Facility

- The agreement with the Port of Bellingham is a 20 year lease that expires in Sept. 2009
- Includes: operational expenses, contract labor, ticketing and reservations services.
- Currently negotiations are underway with The Port of Bellingham.



*Alaska Marine Highway*

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## Prince Rupert Facility

- Scope is to pursue acquisition of existing infrastructure.
  - Survey of the terminal used by AMHS
  - Appraisal of the property of interest
  - Negotiate a purchase or perpetual lease



*Alaska Marine Highway*

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## Angoon

- Scope: To reconstruct the existing mooring facility to accommodate both LeConte and FVF Class vessels.
  - Cost of Project - \$8 Million
  - Project to be completed by end of November, 2009



## Economic Benefits of AMHS on Alaska

### – Visitor Industry

- 55,000 visitors from outside of Alaska traveled on the Alaska Marine Highway between May 2006 and April 2007.
- \$45 Million spent on lodging, food, in-state transportation, and other purchases while in Alaska.
- Non-resident visitors equal 1/3 of AMHS ridership, and account for 1/2 of fare revenue.



## Economic Benefits of AMHS on Alaska

### – AMHS Spending Impacts, FY 2007

- Direct Impacts
  - 960 Jobs
  - In-State expenditures: \$115 Million
- Indirect Impacts
  - 480 Jobs
  - \$58 Million
- Total Economic Impact
  - 1,440 Jobs
  - \$173 Million

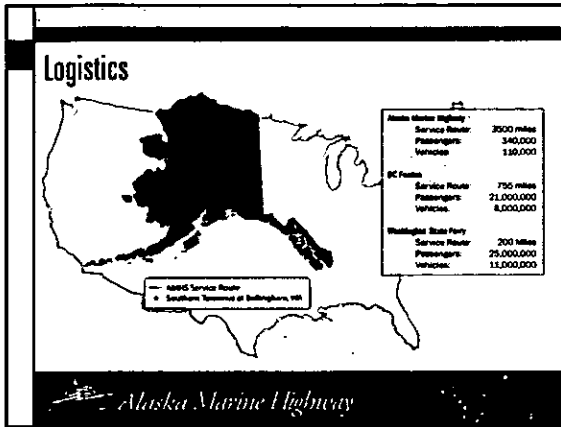


## New AMHS Web Site

- New site Launched in November at [FerryAlaska.com](http://FerryAlaska.com)
  - Improved Usability
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  - Alaska Class Ferry Site Added








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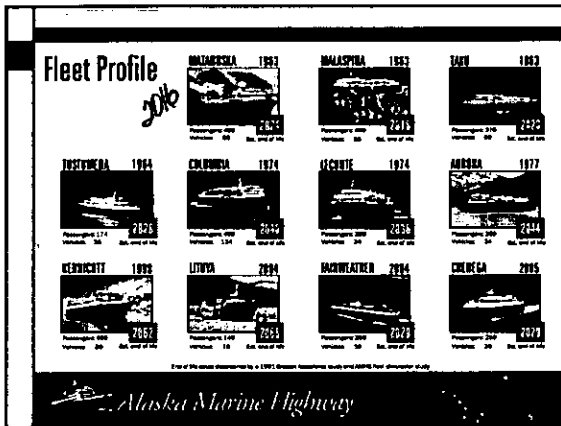
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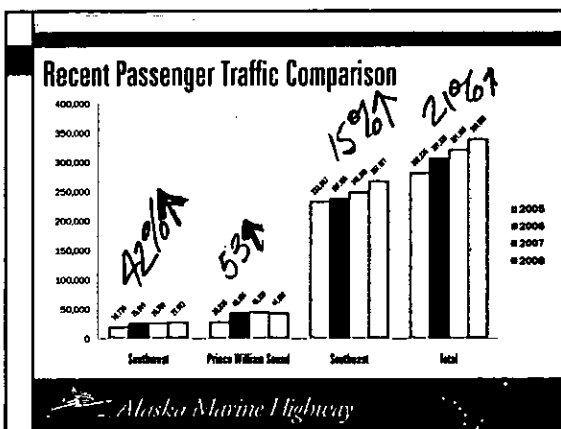
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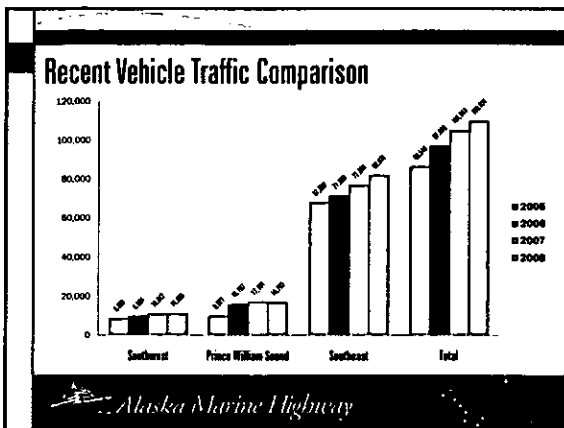
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people  
 1992 420K 200K vehicles  
 more vehicles & people than  
 ever in last 2 yrs

88%  
 of ridership  
 are Alaskans




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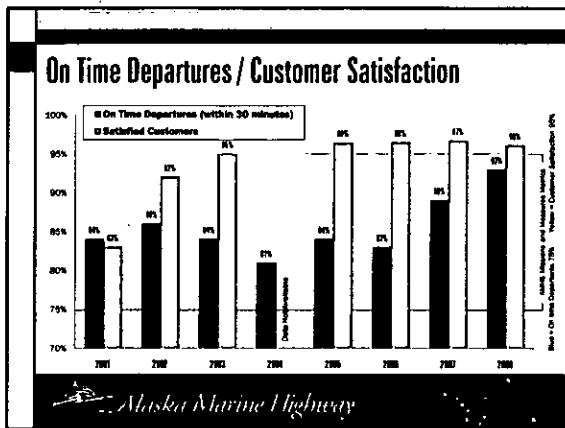
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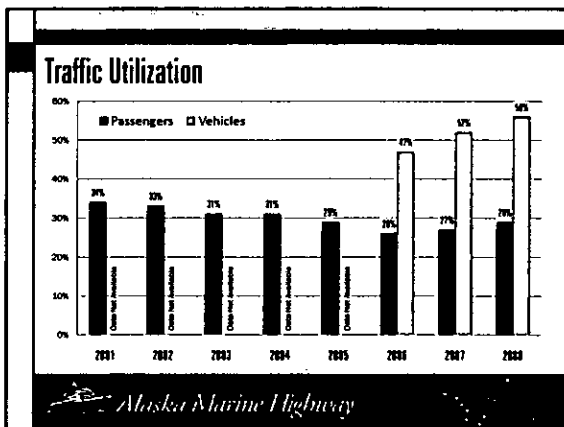
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These are yr. round #'s

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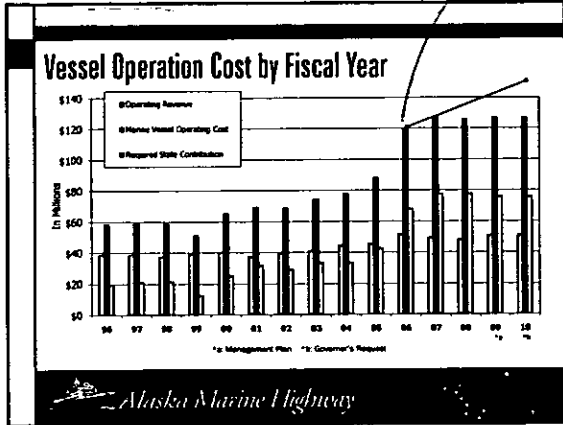
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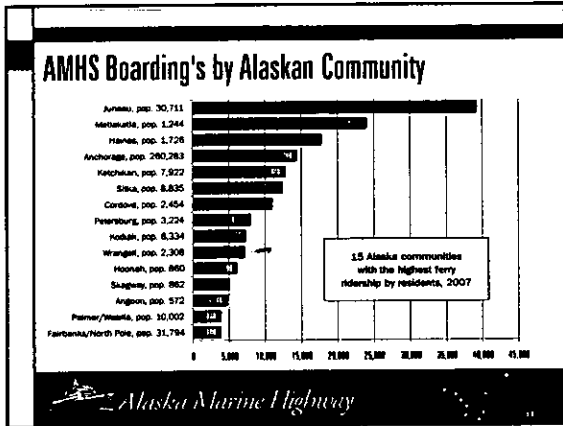
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*PERS/IB increases*



*reducing costs by not running all boats - All the time - People that lose service really don't like this.  
self fund 33%*



*Award for fuel monitor system.*

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*Alaska Marine Highway*

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*Alaska Marine Highway*

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"really close"

~~doct reads~~ tell work

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*Alaska Marine Highway*

Now want more \$\$\$  
Jim suggests boats can't run to Seattle fast enough to turn around in 1 w/c.

\* Only option or are we talking to others (Vancouver Seattle Port Hardy)

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*Alaska Marine Highway*

PR.  
They don't want to be in dock business

CAP budget? IA in budget to spend fed funds

RR is not problem  
Spur line only - not main line

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*Alaska Marine Highway*

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*Alaska Marine Highway*

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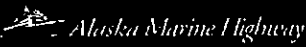
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 Alaska Marine Highway

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ROOM 205  
1/27/09