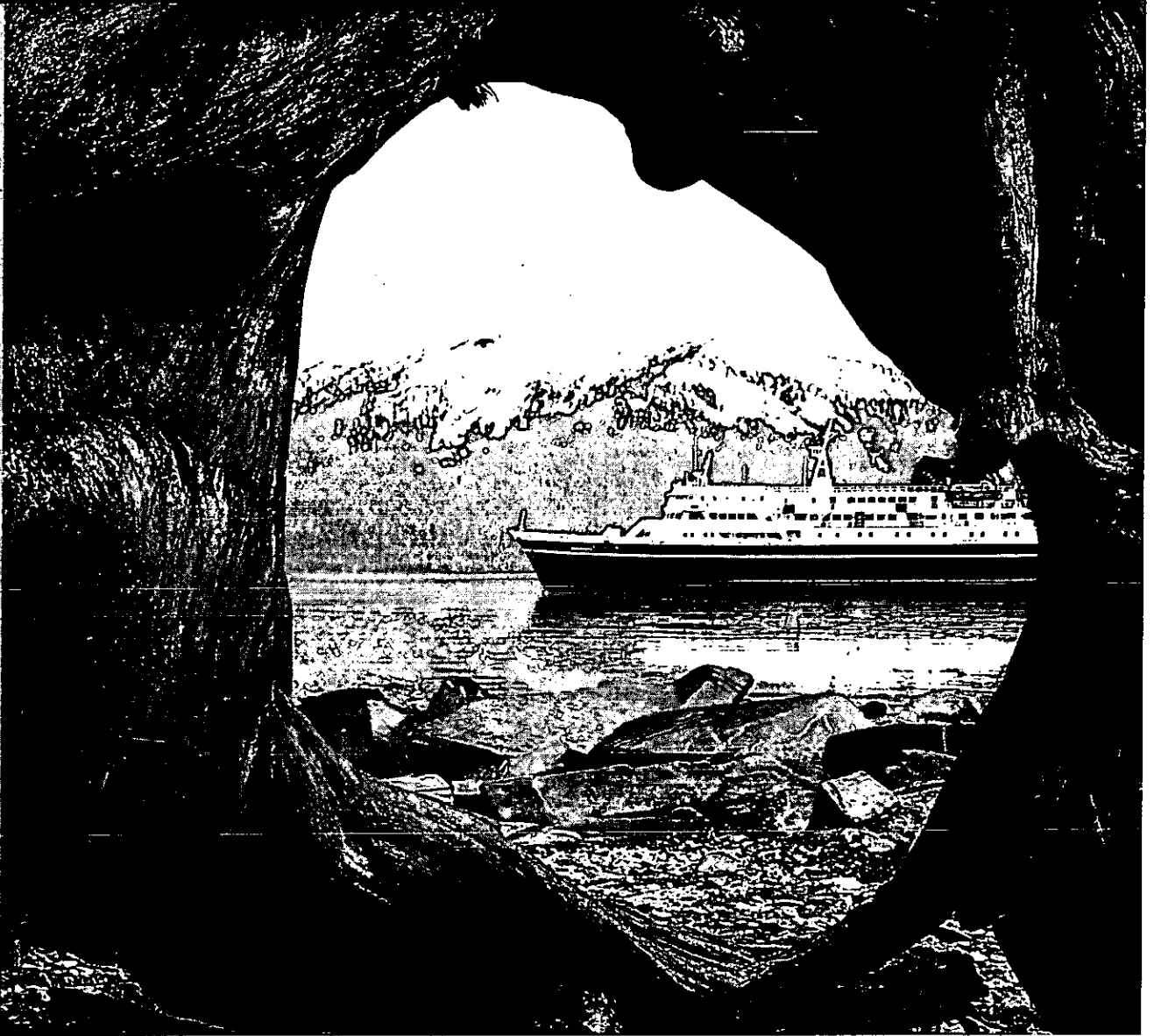


**2/18/10
UPDATE:
ALASKA
MARINE
HIGHWAY**

Alaska Marine Highway Fund



Annual Financial Report ■ 2009

Fiscal Year Ended June 30, 2009





 *Alaska
Marine Highway*

Alaska Marine Highway System Fund

ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2009

Prepared by: Alaska Marine Highway System,
Department of Transportation and Public Facilities

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Alaska Marine Highway System
Annual Financial Report
For the Fiscal Year Ended June 30, 2009

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I

STATE OF ALASKA
**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES**
OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

3132 CHANNEL DRIVE
PO Box 112500
JUNEAU, ALASKA 99811-2500
FAX: (907) 586-8365
PHONE: (907) 465-3900

December 3, 2009

Dear Alaska State Legislator,

Enclosed is the Alaska Marine Highway System (AMHS) Annual Financial Report for Fiscal Year 2009 (ended June 30, 2009) as required by AS 19.65.070.

During 2009, AMHS operated its entire fleet with an on-time departure rate of 92 percent. Ridership increased 2.1 percent for passengers and vehicle embarkation increased by 3 percent.

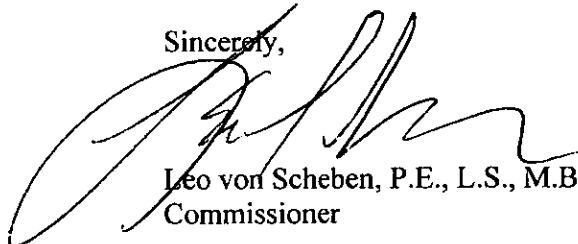
Port calls increased during FY2009 as well, up from 7019 in 2008 to 7110. There was also an increase in the number of service weeks provided by the AMHS. That number increased to 396, up from the previous year's 389.

The AMHS Systems Analysis, performed by the University of Alaska, is expected to be completed by February 15, 2010. Phase 2 will analyze and offer suggestions on service levels to be delivered by AMHS into the future.

The Alaska Marine Highway System is meeting the challenges of providing safe, efficient, reliable and cost efficient transportation for the traveling public. The system's passenger satisfaction remains strong with a 96.5 percent showing for the fifth consecutive year.

I look forward to the opportunity to share more AMHS successes with you in the coming year.

Sincerely,



Leo von Scheben, P.E., L.S., M.B.A.
Commissioner

Enclosure

"Providing for the safe movement of people and goods and the delivery of state services."

Marine Transportation Advisory Board

Alaska Marine Highway System Marine Transportation Advisory Board

On March 28, 2007, Governor Sarah Palin signed Administrative Order No. 233 establishing the Alaska Marine Transportation Advisory Board (MTAB). On June 4, 2008, Governor Palin signed House Bill 294. This bill established the Alaska Marine Transportation Advisory Board and set out its powers and duties; made conforming amendments; and provided an effective date of June 5, 2008.

CHAIRMAN

Mike Korsmo

Retired marine captain/engineer not affiliated with AMHS

VICE-CHAIRMAN

Shirley Marquardt

Southwest/Aleutian Chain/Alaska Peninsula (Akutan, Chignik, Cold Bay, False Pass, Homer, King Cove, Kodiak, Port Lion, Sand Point, Seldovia, Unalaska/Dutch Harbor)

MEMBERS

Cathie Roemmich

Member At-Large

Clay Koplin

Prince William Sound/Kenai Peninsula (Cordova, Seward, Valdez, Whittier, Yakutat, Chenega Bay, Tatitlek)

J.C. Conley

Business owner with experience interacting with AMHS and resident of the Ketchikan Gateway Borough

Maxine Thompson

Angoon, Hoonah, Kake, Pelican, Tenakee

Gerald Hope

Central Southeast (Petersburg, Sitka, Wrangell)

Patrick Owen

Labor Unions of the Employees of the Alaska Marine Highway System

Robert Venables

Northern Southeast (Haines, Juneau, Skagway)

Seth Church

Member At-Large, resident of an area not directly served by AMHS

Mark Eliason

Travel agent/tourism specialist familiar with AMHS

DOT&PF STAFF SUPPORT

Jim Beedle

Deputy Commissioner for Marine Operations

Cyndi Ivey

Secretary

Ports of Call

Alaska Marine Highway System Ports of Call

SOUTHEAST ALASKA

Angoon
Bellingham
Haines and Borough
Hoonah
Juneau and Borough (Auke Bay)
Kake
Ketchikan and Borough
Metlakatla and Annette Island
Pelican
Petersburg (serving Kuperanof Island)
Prince Rupert
Sitka and Borough
Skagway
Tenakee Springs
Wrangell and Borough
Yakutat and Borough

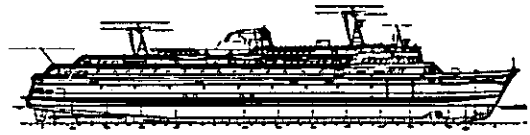
SOUTHWEST ALASKA

Akutan
Chenega Bay
Chignik
Cold Bay
Cordova
False Pass
Homer
King Cove
Kodiak and Borough
Port Lions
Sand Point
Seldovia
Tatitlek
Unalaska / Dutch Harbor
Valdez
Whittier

Alaska Marine Highway System
Profile of the Fleet



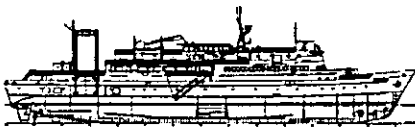
M/V Matanuska
408 feet
Built 1963



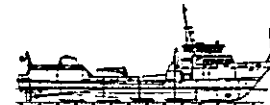
M/V Malaspina
408 feet
Built 1963



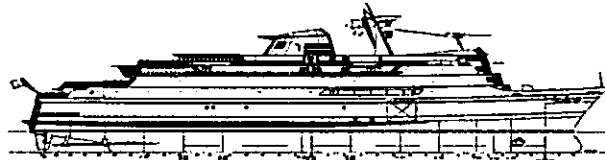
M/V Taku
352 feet
Built 1963



M/V Tustumena
296 feet
Built 1964



M/V Lituya
193 feet
Built 2004



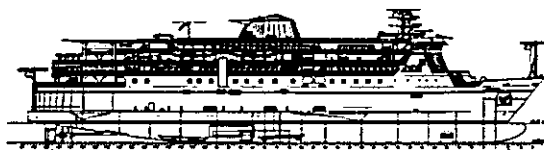
M/V Columbia
418 feet
Built 1974



M/V LeConte
235 feet
Built 1974



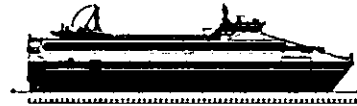
M/V Aurora
235 feet
Built 1977



M/V Kennicott
382 feet
Built 1998



FVF Fairweather
240 feet
Built 2004



FVF Chenega
240 feet
Built 2005

Vessel Information Table

Alaska Marine Highway System
Vessel Information Table

	Marnieka	Malespina	Taku	Tutunena	Columbia	LeConte	Aurora	Kennicott	Lituya	Falweather	Chenega
Date Built	1963	1963	1963	1964	1974	1974	1977	1998	2004	2004	2005
Length	408'	408'	352'	296'	418'	235'	235'	382'	181'	235'	235'
Beam	74'	74'	74'	59'	85'	57'	57'	85'	50'	60'	60'
Displacement (L/T)	5,569	5,552	4,283	3,067	7,683	2,132	2,132	7,503	647	787	787
Loaded Draft (ft-in)	16-11 5/8	16-11 3/8	16-11	14-4 1/2	17-6 1/8	13-10 7/8	13-10 7/8	17-6	10-6	8-6	8-6
<u>International Tonnage</u>											
Gross:	9,214	9,121	7,302	4,529	13,009	3,124	3,124	12,635	n/a	3,442	3,420
Net:	3,824	3,667	2,496	1,451	4,932	987	987	3,790	n/a	1,032	1,026
<u>Domestic Tonnage</u>											
Gross:	3,029	2,928	2,624	2,174	3,946	1,328	1,280	9,978	99	1,280	1,333
Net:	1,235	1,253	1,494	898	2,683	566	453	7,354	66	870	827
hp at Service Speed	7,400	8,000	8,122	5,100	12,350	4,300	4,300	13,380	2,000	15,360	15,360
Service Speed (kts)	16.5	16.5	16.5	13.8	17.3	14.5	14.5	16.75	11.5	32	32
Fuel Use (gph)	234	270	253	151	397	188	190	354	55	600	600
Crew Capacity	50	50	42	37	66	24	24	56	4	10	10
Passenger Capacity	499	499	370	174	600	300	300	499	149	250	250
Staterooms											
4 berth	4	46	9	8	44	n/a	n/a	48	n/a	n/a	n/a
3 berth	23	0	0	0	0	n/a	n/a	0	n/a	n/a	n/a
2 berth	80	26	33	17	56	n/a	n/a	56	n/a	n/a	n/a
4 berth ADA	0	0	0	0	0	n/a	n/a	3	n/a	n/a	n/a
2 berth ADA	1	1	2	1	3	n/a	n/a	2	n/a	n/a	n/a
Total Staterooms	108	73	44	26	103	0	0	109	0	0	0
Total Berths	247	238	106	68	294	n/a	n/a	320	0	0	0
Vehicle Capacity (lane feet)	1,760	1,760	1,380	720	2,680	680	680	1,600	360	720	720
Quantity (20 foot vehicles)	88	88	69	36	134	34	34	80	18	36	36
Van Capacity (booking limit)	12	14	7	10	16	9	9	20	2	5	5

Alaska Marine Highway System
FY 2009 Operating Plan

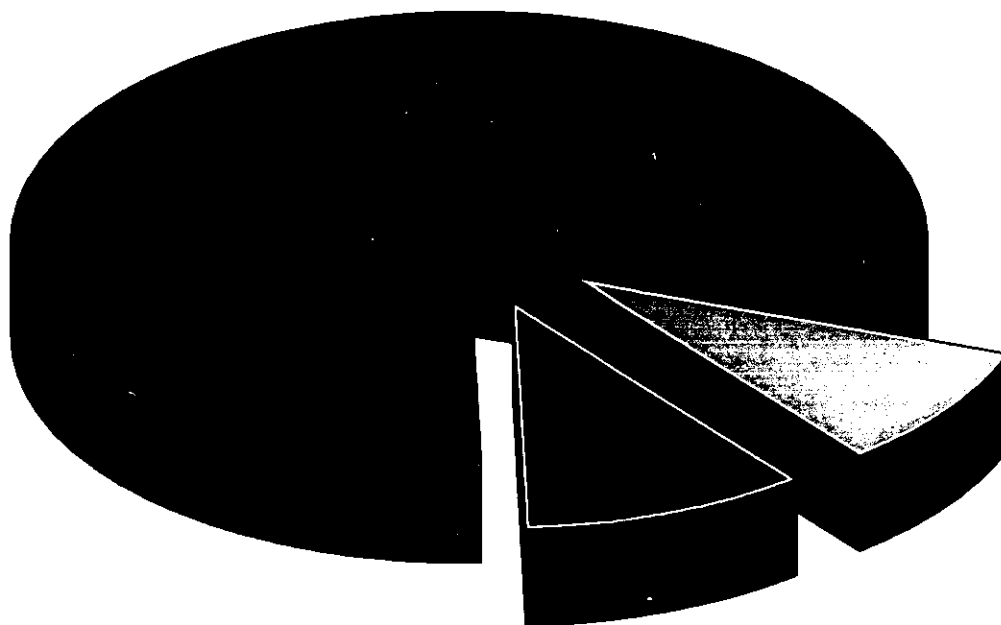
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Operating Weeks
KEN	Jul 06, Sun BEL-Fri	Jul 17, Thu SW-X-Gulf	Aug 27, Wed Emergency Repairs	Sep 21, Mon O.H.	Nov 02, Sun SW-X-Gulf	Nov 14, Fri O.H.						Jun 07, Tue YPR/SGY	37.8
COL	Jul 16, Wed BEL-Fri	Sep 10, Wed Layup		Oct 01, Wed O.H.					Mar 9, Mon O.H.	Apr 22, Wed BEL-Fri			18.7
MAT	Jul 1, Tue YPR/SGY				Nov 01, Sat Layup/CIP						May 4, Mon O.H.	Jun 26, Fri YPR/SGY	13.9
MAL	Jul 1, Tue NLC-Dayboat	Sep 10, Wed BEL-Fri								Apr 22, Wed O.H.		Jun 03, Wed NLC-Dayboat	46.1
TAK	Jul 1, Tue YPR / JNU-SGY						Jan 18, Sun O.H.		Mar 01, Sun YPR / JNU-SGY				46.1
LIT	Jul 1, Tue MET Service						Jan 15, MET Service		Mar 5, Thu MET Service				46.0
LEC	Jul 1, Tue NP / Dayboat	Aug 24, Sun O.H.		Sep 28, Sun NP / Dayboat								May 1, Fri NP / Sitka	47.1
TUS	Jul 1, Tue SW				Nov 08, Sat O.H. / CIP				Mar 09, Mon O.H. / CIP		Apr 14, Tue SW		29.7
AUR	Jul 1, Tue PWS	Aug 23, Sat In Transit		Oct 2, Thu Layup / CIP							Apr 28, Tue O.H.		47.2
FWX	Jul 1, Tue SIT 5x-PSG 2x	Aug 26, Tue NP		Sep 28, Sun In Transit								Jun 01, Mon PWS	13.1
CHE	Jul 1, Tue PWS			Oct 1, Wed Layup / CIP								Jun 1, Mon O.H.	48.7
				Oct 1, Wed In Transit					Mar 30, Mon O.H.		May 1, Fri In Transit		
				Oct 09, Thu NLC + SIT 4x/wk							May 04, Mon PWS		
											Apr 23, NLC+SIT 4x/wk		
<input type="checkbox"/> On Line	BEL - Bellingham to Skagway Route												162.6
<input checked="" type="checkbox"/> Overhaul	YPR - Prince Rupert to Skagway Route												137.0
<input checked="" type="checkbox"/> Layup	S.E. Ops - S.E. Operation												94.8
<input checked="" type="checkbox"/> In Transit	Note: Dates represent the first day of the period. Overhaul and refurbishment periods include vessel travel time.												394.4
	WP - Winter Panhandle												
	SE/SW - SE/SW Cross Gulf Route												
	Mainline Vessels												
	MET - Metakatka Service												
	SW/PWS - SW/Prince William Sound Route												
	Feeder Vessels												
	NP - Northern Panhandle												
	NLC + SIT - North Lynn Canal & Sitka												
	Southwest Vessels												
	Total Operating Weeks												



Operating Revenues

Alaska Marine Highway System Fund
UNRESTRICTED OPERATING REVENUES

For the fiscal year ended June 30, 2009

\$46.2 MILLION

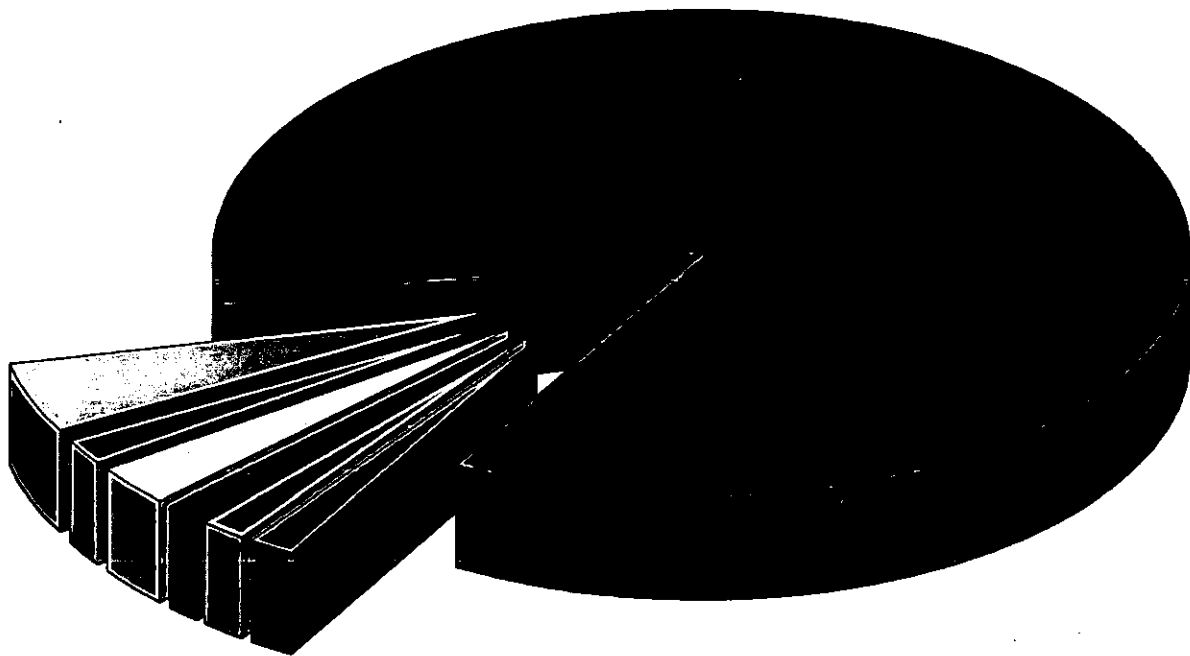









	Ticket Sales	81%
	Stateroom Sales	10%
	Passenger Services Sales	9%

Alaska Marine Highway System Fund
OPERATING EXPENDITURES

For the fiscal year ended June 30, 2009

\$141.6 MILLION



	Marine Vessel Operations	86%		Overhaul	1%
	Shore Operations	4%		Marine Engineering	2%
	Reservations and Marketing	2%		Support Services	2%
	Operations Management	3%			



*Alaska
Marine Highway*

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Statement of Revenues, Expenditures, and Changes in Fund Balance

Alaska Marine Highway System Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2009 (In Thousands)

Revenues:	Marine Highway <u>Capitalization Account</u>	<u>AMHS Account</u>	<u>Total</u>
Unrestricted Revenues:			
Ticket Sales	-	\$37,378	\$37,378
Stateroom Sales	-	4,687	4,687
Passenger Services Sales	-	4,089	4,089
Facility Rental	-	2	2
Concession Fees	-	25	25
Other Unrestricted Revenue	-	20	20
Total Unrestricted Revenues	-	<u>46,200</u>	<u>46,200</u>
Restricted Revenues	-	1,252	1,252
Indirect Cost Recovery	-	452	452
Total Revenues	-	<u>\$ 47,905</u>	<u>\$ 47,905</u>
Expenditures:			
Current Operating:			
Support Services	-	2,159	2,159
Marine Engineering	-	2,166	2,166
Overhaul	-	1,694	1,694
Operations Management	-	3,776	3,776
Reservations and Marketing	-	2,353	2,353
Shore Operations	-	6,563	6,563
Marine Vessel Operations	-	121,596	121,596
AMHS RSA	-	1,252	1,252
Total Expenditures	-	<u>\$ 141,561</u>	<u>\$ 141,561</u>
Excess (Deficiency) of Revenues and Other Financing Sources:			
Financing Uses From Operating	-	\$ (93,656)	\$ (93,656)
Fund Balance, Beginning of Year	-	7,819	7,819
Reserves and Year End Adjustments	-	-	-
Fund Transfer - General Fund	8,974	93,313	102,287
Fund Balance, End of Year; Undesignated	<u>\$8,974</u>	<u>\$7,476</u>	<u>\$16,450</u>

The notes to the financial statement are an integral part of this statement

Statement of Actual and Estimated Revenues

Alaska Marine Highway System Fund Statement of Actual and Estimated Revenues Budgetary Basis (In Thousands)

	Fiscal Year Ended June 30, 2009			Fiscal Year Ending June 30, 2010		Fiscal Year Ending June 30, 2011
	Estimated Revenues	Actual Revenues	Actual Over (Under) Estimated	Total Estimated Revenues	Estimated Revenues 12/31/09	Estimated Revenues
Restricted						
Restricted Revenues	\$ 0	\$ 1,252	\$ 1,252	\$ 0	\$ 72	\$ 0
Indirect cost recovery (ICAP)	531	452	(79)	534	267	534
Total Restricted	531	1,704	1,173	534	339	534
Unrestricted AMHS Fund						
Ticket Sales	40,999	37,378	(3,261)	40,935	18,591	40,935
Stateroom Sales	5,402	4,687	(715)	5,133	2,331	5,133
Passenger Services Sales	4,164	4,089	(75)	4,478	2,034	4,478
Facility Rental	4	2	(2)	14	0	14
Concession Fees	32	25	(7)	41	15	41
Other Unrestricted Revenue	9	20	11	10	(34)	10
Total Unrestricted	50,610	46,201	(4,409)	50,611	22,938	50,611
Total Revenues	\$ 51,142	\$ 47,905	\$ (3,237)	\$ 51,145	\$ 23,277	\$ 51,145

Budgetary Presentation shows all budgeted and actual revenues including budgeted intergovernmental activity

The notes to the financial statement are an integral part of this statement

Notes to the Financial Statement

Alaska Marine Highway System Fund
Notes to the Financial Statement
For the Fiscal Year Ended June 30, 2009

NOTE 1- Alaska Marine Highway System Fund

The Alaska Marine Highway System Fund was established July 1, 1990. All gross revenues generated from the operation of the Alaska Marine Highway System are accounted for and remitted in accordance with AS 19.65.070 which mandates that the money shall be deposited in the Alaska Marine Highway System Fund.

Marine Highway Capitalization Account

The Marine Highway Capitalization account was established within the Alaska Marine Highway System Fund June 30, 2009. An estimated \$9 million in general funds was reappropriated to the new Capitalization Account. Access to this new funding will be restricted and will only occur with approval by LB&A.

NOTE 2- CIP Program Component

The Alaska Marine Highway System budget includes a component which authorizes positions directly related to capital projects. Beginning in FY2001, the salary cost of time charged directly to capital projects is not recorded in the Alaska Marine Highway Fund. The cost of time charged to administration or overhead, is recorded in the Alaska Marine Highway Fund.

NOTE 3- Interest Earned on the Fund

The interest activity shown below is not a part of the AMHS Fund, since no distribution of interest has been made to the Fund to date. The interest earned on the fund balance is accounted for separately by the Department of Revenue, Treasury Division.

<u>FY09</u>	<u>FY10 through 10/31/09</u>
(In Thousands)	(In Thousands)
\$ 1,354.9	\$ 362.6

S

Operating Revenues by Vessel

Alaska Marine Highway System Revenue by Vessel*

Fiscal Years 1998 - 2009 (In Thousands)

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Aurora	1,985	1,869	2,194	1,655	1,223	931	3,749	2,333	2,327	2,003	1,347	2,191
Bartlett	1,937	1,810	1,725	1,914	1,851	2,271	1,387	-	-	-	-	-
Chenege	-	-	-	-	-	-	-	-	1,128	1,963	3,093	3,380
Columbia	10,548	9,307	6,928	-	5,354	8,227	7,763	7,917	15,530	12,439	6,463	9,713
Fairweather	-	-	-	-	-	-	401	3,003	2,257	2,913	2,605	1,015
Kennicott	-	7,686	7,359	8,945	7,119	6,519	5,276	5,662	6,209	5,831	3,414	5,182
Leconte	1,451	1,571	1,134	1,771	1,535	1,527	880	1,396	1,638	916	1,514	1,808
Lituya	-	-	-	-	-	-	78	593	593	593	721	639
Malaspina	4,078	2,511	3,231	5,809	2,569	2,829	12,550	11,975	7,832	7,552	11,659	10,980
Matanuska	9,545	6,009	9,056	8,929	11,431	11,555	3,798	8,762	7,418	8,146	8,841	3,094
Taku	4,802	5,229	3,786	5,549	5,310	4,787	5,039	761	3,292	2,833	4,480	5,156
Tustumena	2,724	2,732	2,867	2,935	2,956	2,453	3,366	3,196	2,849	3,060	3,376	2,992
Contract Vessels	-	-	-	-	-	-	3	-	76	127	-	2
Non Vessel Revenue	304	71	2,023	45	103	63	399	64	53	32	135	46
TOTAL	37,374	38,795	40,303	37,552	39,451	41,162	44,689	45,662	51,202	48,407	47,647	46,200

* These figures are close approximations based on reservations and ticketing information. They may be used to show relative magnitude of different vessel operations. They are not accounting figures, therefore, attempts to reconcile the figures with accounting documents may yield small discrepancies.

Operating Expenditures by Vessel

**Alaska Marine Highway System
Operating Expenditures by Vessel***
Fiscal Years 1998 - 2009 (In Thousands)

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Aurora	5,115	5,161	6,141	4,849	3,673	4,379	5,565	3,533	6,434	6,264	3,649	7,649
Bartlett	3,071	2,717	2,874	3,000	2,882	4,274	1,032	-	-	-	-	-
Chenega	-	-	-	-	-	-	-	314	7,778	6,360	8,845	9,474
Columbia	8,470	8,047	6,190	1,851	5,946	7,917	7,787	7,336	17,205	16,735	8,892	11,231
Fairweather	-	-	-	-	-	-	692	5,635	5,887	7,762	8,154	4,949
Kennicott	858	10,365	11,130	12,974	10,780	12,483	9,744	9,535	15,624	16,300	11,853	15,091
Leconte	5,042	5,564	4,630	6,767	6,392	6,490	4,037	5,869	8,129	5,485	7,141	6,912
Lituya	-	-	-	-	-	-	177	629	961	1,008	1,170	1,189
Malaspina	6,351	3,639	4,206	6,296	4,265	4,432	10,131	11,492	9,219	9,089	14,664	14,065
Matanuska	9,298	6,606	10,392	7,926	10,780	10,920	5,018	11,202	11,456	14,814	14,160	7,260
Taku	8,627	8,757	6,628	10,188	9,249	9,492	8,709	4,107	9,436	9,452	13,745	13,583
Tustumena	5,486	5,899	6,135	6,674	6,396	5,433	5,483	6,269	6,378	8,744	9,612	6,642
Vessel Leave	-	-	-	-	-	-	9,824	9,204	11,571	14,576	15,164	14,268
All Vessels	6,567	7,169	7,156	8,796	8,188	8,184	9,077	13,904	10,123	11,024	9,709	12,231
TOTAL	58,884	63,924	65,482	69,322	68,551	74,005	77,275	89,028	120,201	127,613	126,757	124,542

* Expenditures by vessel include the following operating components: Marine Vessel Operations, Overhaul, and unbudgeted AMHS Reimbursable Service Agreements (RSA). Not included are the budget components for Marine Engineering, Operations Management, Reservations and Marketing, and Shore Operations.





*Alaska
Marine Highway*

Alaska Marine Highway System Fund

FY 2009 ANNUAL FINANCIAL REPORT

State of Alaska, Department of Transportation and Public Facilities

Compiled December 3, 2009

State of Alaska

Department of Revenue
Commissioner's Office



SEAN PARNELL, GOVERNOR

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Anchorage, Alaska 99501

Phone: (907) 269-0080

Fax: (907) 276-3338

January 19, 2010

The Honorable Gary Stevens
President of the Senate
State Capitol, Rm. 111
Juneau, Alaska 99801-1182

The Honorable Mike Chenault
Speaker of the House
State Capitol, Rm. 208
Juneau, Alaska 99801-1182

RE: Investment Earnings Report for Alaska Marine Highway System Fund

Dear Senate President Stevens and House Speaker Chenault:

The Department of Revenue is required to report investment earnings for the last fiscal year with projections for the current and next fiscal year for the following fund:

- Alaska Marine Highway System Fund. AS 19.65.070 (c).

The Department of Revenue invests the assets of this fund within the state's General Fund and Other Non-Segregated Investments Pool (known as the GeFONSI). We compute investment earnings under a Memorandum of Understanding (MOU) between the Department of Administration and the Department of Revenue. The MOU, which spells out how investment earnings are calculated, complies with the statutes governing the invested funds. Under the terms of the governing statutes, the Department of Revenue must compute and report investment earnings associated with the balance in the fund.

The projection of investment earnings for the System Fund for the Fiscal Years 2010 and 2011 are based on assumptions regarding expected invested balances and earnings rates as follows (actual earnings will vary):

- The projected average month end cash balances for Fiscal Years 2010 and 2011 provided by the Department of Transportation.
- The expected return for the state's General Fund and Other Non-Segregated Investments Pool of 3.60%.

Investment Income (000's)				
Fund:	FY 2009 Actual	FY 2010		FY11 Forecasted
		Actual July 09 – Dec 09	Forecasted Jan 10 – June 10	
System Fund	\$1,354.9	\$391.2	\$613.0	\$980.6

The governing statutes preclude distribution of the investment earnings to the fund unless the Legislature specifically appropriates them. Therefore, the earnings shown above are currently retained in the state's General Fund.

If you have questions or need additional information, please do not hesitate to ask.

Sincerely,



Patrick S. Galvin
Commissioner

- cc: Senate Finance Committee
 Kirsten Waid, Senate Secretary
 House Finance Committee
 Suzi Lowell, Chief Clerk/House Secretary
 Jerry Burnett, Deputy Commissioner, Department of Revenue
 Gary Bader, CIO, Department of Revenue
 Pamela Leary, Comptroller, Department of Revenue
 Maren Haavig, Finance Officer, Department of Transportation
 James Beedle, Deputy Commissioner of Marine Operations, Department of Transportation
 Leo Von Scheben, Commissioner of Transportation and Public Facilities



Commitment, Consistency, Customer Service

Joint Senate/House Transportation Committee, February 2010

The Three C's



Commitment

- to an early schedule release
- to operating within the budget framework

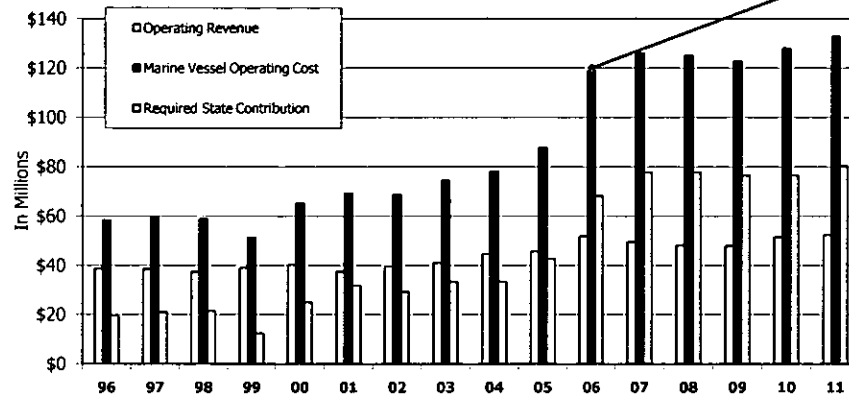
Consistency

- 3 year plan to provide consistent service levels, started FY2009

Customer Service

- Continued improvement of customer service levels
 - AMHS has maintained a 96% customer satisfaction rate since 2006
 - Currently 92% of AMHS departures are on-time
- Continue marketing outreach through pricing and promotions to increase year-round ridership on all vessels to all ports

Vessel Operation Cost by Fiscal Year



*Includes estimated fuel trigger to bring fuel price to '09 actual
 a: FY '10 Budget b: FY '11 Proposal

Improvements to AMHS



Cost Savings Improvements

- Fuel Efficiency Systems

Efficiency Improvements

- Satellite Communication System
- New Reservation and Point of Sale Systems
 - will streamline operations and provide real-time information

Customer Service Improvements

- Terminal Improvements
- Update customer service Policies and Procedures Manual
- New Reservation and Point of Sale Systems
 - will provide an improved user experience online

New Vessel Construction

- Alaska Class Ferry

Fuel Efficiency Systems



Power-management fuel-savings systems are currently installed on the Aurora, Tustumena and Matanuska and are providing a 10-14% fuel savings.

- Winter 2009-2010 installing these systems on the Columbia and Kennicott
- Winter 2010-2011 the systems will be installed on the Taku and LeConte

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Satellite Communications



We continue with the installation of satellite communication hardware aboard the vessels

- anticipate that by Summer 2010, we will have 7 vessels up-and-running with a new broadband service provider
 - Malaspina, Matanuska, Columbia, Kennicott, Aurora, Tustumena, Lituya
- This service will provide satellite communications for the vessel in Phase 1 and internet connections for shipboard passengers using laptops & smart phones in Phase 2
- Going forward; we will continue installing satellite hardware on vessels, LeConte and Taku will have equipment installed in the coming year

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New Reservations System



Phase I: Business Process Review

- Completed May 2009
- Identified technology gaps and needs to be addressed before moving forward

Phase II: Review of AMHS Customer Service

- Completed April 2010
- Organizational restructure of customer service departments
- Restructure of Policies and Procedures manual
- Integrates new and updated procedures relating to reservations, manifesting, ticketing and customer related functions on vessels and in terminals

Phase III: Begin Acquisition of New Reservations and Point of Sale Software

Terminal Improvements



Angoon

- New dock facility to accommodate LeConte and Fairweather class vessels
- Terminal Improvements
- To be completed December 2010

Annette Bay

- New docking facility to accommodate Lituya and Prince of Wales class vessels
- To be completed Fall 2010

Hoonah

- Uplands and new terminal, to be completed September 2010
- New docking structures, to be completed February 2011

Alaska Class Ferry



Preliminary Design Phase is complete as of 12/31/09

- Preliminary profile and arrangement drawing
- Propulsion validation study to support a 99% reliability level

Final Design Phase

- Developing RFP to bring on a shipyard to assist with the final design details
by mid-March 2010
- Final design will be complete Summer 2010

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Southwest Traffic



Even in a down economy year, passenger and vehicle traffic in Southwest Alaska increased from 2008 to 2009

- Southwest Alaska:
 - 4% passenger traffic increase
 - 11% vehicle traffic increase
- Kodiak
 - 11% passenger traffic increase
 - 18% vehicle traffic increase
- Cordova
 - 10% passenger traffic increase
 - 17% vehicle traffic increase

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Focus on 2011



2011 will be the third year of a 3 year commitment to standardize our ferry service

Install fuel efficiency improvement on the following vessels:

- MV Taku
- MV LeConte

Install satellite communication hardware on the following vessels:

- MV Taku
- MV LeConte

Safety and crew training are AMHS priorities

- we will continue to install state-of-the-art passenger evacuation systems aboard our vessels

Focus on 2011



Continue to enhance awareness of AMHS as a unique Alaskan travel experience to both residents and visitors.

- 11.2 million potential customers reached in FY 2009

Move forward with newer, more cost efficient technologies for communicating with current and potential customers

- Over 460,000 visitors to FerryAlaska.com in FY 2009