

State of Alaska FY2010 Governor's Operating Budget

Department of Transportation/Public Facilities Vessel Operations Management Component Budget Summary

Component: Vessel Operations Management

Contribution to Department's Mission

To provide safe, secure, reliable, and efficient transportation of people, goods, and vehicles through the Alaska Marine Highway System (AMHS) by developing sound policy and procedures for operations, and staffing with well trained professionals who are sensitive to the needs of our customers.

Core Services

- Vessel Operations Management oversees the operation of 11 ships and 16 state-owned terminals with 772 vessel employees and 163 personnel ashore.
- Develop, implement and enforce policies and procedures for AMHS.
- Enforce labor contracts and schedule qualified employees for work assignments to meet required staffing levels including vacation and sick leave reliefs.
- Provide training of vessel and terminal personnel to enhance safety and service for the traveling public and meet the Standards for Training, Certification and Watch-keeping for Seafarers (STCW) requirements, along with all other required federal maritime, state operating and Occupational Safety and Health Administration (OSHA) requirements.
- Provide support for vessel and terminal personnel in the performance of their duties to enhance efficient and customer-oriented operations.
- Provide security for employees, passengers, and vessels as per the system wide security regulations of the federal Maritime Transportation Security Act (MTSA).
- Work with state and federal emergency management officials to ensure that all required plans, drills, exercises, and coordination is satisfied, and to ensure that the AMHS is capable of a safe and efficient response in the event of a state or national emergency.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$3,793,400	Personnel:	
	Full time	41
	Part time	0
	Total	41

Key Component Challenges

The future planning of the fleet configuration is critical. Long-term policy decisions will need to be made with regard to the integration of a new class of shuttle ferry capable of operating on Lynn Canal, one operating from Ketchikan to Prince Rupert and a potential third vessel serving some Northern Panhandle ports. There is also the possibility that the new class of shuttle ferry could operate in Prince William Sound. The phasing out and re-routing of older vessels in the fleet will be a critical component of long-range savings in operating costs. Funding for any future vessels will also remain a challenge to the system, as federal funding becomes more difficult to obtain, thus forcing the AMHS to rely on state funding for new construction.

Fast Vehicle Ferries (FVF) crew training and retention under the demanding High Speed Craft Code continues to challenge the AMHS, and the AMHS continues to attempt to cross train as many FVF deck officers as possible so as to utilize them on all FVF routes. Standard fleet training requirements and the ever increasing federal maritime requirements continue to challenge the system, therefore the AMHS continues to work towards negotiating training into the ongoing union negotiations.

As the current mainline vessels age, the accelerated maintenance demands will be difficult as the system faces the possibility of diminishing federal funds necessary for those repairs. It will be ever increasingly important that the AMHS secures sufficient state capital and deferred maintenance funding to keep up with repairs and increasing regulations

Federal rules require security plans to be in place for both vessels and terminals. Compliance with these rules requires changes to both the physical terminal infrastructure and training for both shipboard and terminal employees. The AMHS has started the process of streamlining and updating all terminal security plans and developing a vessel master security plan which will include training and drills. Increasing security demands, along with the new requirements for vessel, terminal and some office support staff to obtain a new transportation worker identification biometric card has presented both logistical complexities and new financial impacts. The system continues to look at obtaining security grants and has secured state capital funding to match those federal grants. Federal and state OSHA regulations require additional safety audits and adherence to OSHA regulations for all AMHS's operated terminals and warehouses. Compliance with, and participation in, the ever increasing development of both federal and state emergency management plans will be both a financial and shore side operational staffing challenge.

The AMHS continues to move forward with the new automated crew dispatch system which will allow the AMHS to be more efficient with all aspects of the complex crew dispatching and record keeping process. The new dispatch system will also upgrade and replace the present vessel scheduling computer program.

The AMHS is moving forward with the replacement of its present reservations system with a more efficient, modern, up to date, and less labor intensive system. The new reservations system will improve the point of sales and financial accounting coming on and off the vessels. The AMHS will continue making improvements to its present on line reservations system, allowing customers to make reservations from personal computers, along with the ability to print their own tickets. Bar coding of tickets could eliminate the need for terminal check-in thus reducing terminal employee work loads, and freeing them for other important duties. Bar coding is currently being studied by programming staff, and hopefully can be fully integrated with the new reservations system.

The AMHS will continue with the implementation of an Internet based satellite communication system on board vessels. Both the logistical and contractual components of the satellite based communication system has proven to be extremely challenging and the AMHS is now working very closely with all associated state agencies necessary in order to re-evaluate our needs. The challenge to the AMHS will be to first develop a very solid 24/7 vessel to shore communication system. It is assumed that the AMHS will offer the use of the internet cafe system to on-board customers at no charge and use this as a marketing tool. Once the entire fleet is equipped with this capability it will allow the system to operate its current reservation system much more efficiently, with a continuous real time accounting of the system's reservation status along with more efficiencies and increased revenue possibilities for ticket sales. This equipment will also instantly detect non-sufficient fund (NSF) checks or bad credit cards when attempts are made to purchase goods or services thus providing savings to the system in bad check and credit card liability. Installation of the satellite systems is being conducted during federally funded projects, but with the possibility of diminishing federal funding and the ever increasing repairs required to keep the aging vessels operating, the installation of these systems may require state funding.

Fleet personnel retirement and turnover is causing management to apply aggressive employee recruitment via maritime academies and trade journals. Loss of deck officers through retirements has created an increase in premium overtime, as those officers with the required pilotage must supplement those without the necessary pilotage. The system, in response to the overall current crewing shortage and the ever increasing fuel costs has changed the operating schedules of the Malaspina and Kennicott, and has placed the Columbia into an all winter cost savings lay-up period.

Significant Changes in Results to be Delivered in FY2010

No significant changes are anticipated.

Major Component Accomplishments in 2008

- 413 total operating weeks of service was provided in Southeast and Southwest Alaska, including cross-Gulf of Alaska service connecting the two systems and the interior.

- Successfully completed re-certification of the Fast Vehicle Ferries (FVF) training program, and now working on the re-certification of the FVF revalidation program.
- Continued to make system wide improvements to the required federal Maritime Transportation Security Act (MTSA) security plans, operations, and training for vessel, shore side, and terminal personnel. Continued upgrades have been made to the terminal security infrastructure, as per federal requirements.
- Increased system wide ridership and vehicle transports over last year's numbers.
- Maintained continued certification of the International Safety Management (ISM), Safety Management System (SMS), Maritime Transportation Security Act (MTSA), and both federal and state OSHA regulations.
- Commenced the process of developing a new reservation system.
- Published both winter and summer schedules earlier than any other past schedules.
- Continued to maintain and meet federal regulatory requirements for all vessels.

Statutory and Regulatory Authority

AS 19
AS 44

Contact Information
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Vessel Operations Management Component Financial Summary

All dollars shown in thousands

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,416.0	3,451.1	3,546.2
72000 Travel	114.6	91.9	91.9
73000 Services	99.5	111.5	111.5
74000 Commodities	31.9	43.8	43.8
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,662.0	3,698.3	3,793.4
Funding Sources:			
1004 General Fund Receipts	115.0	0.0	95.1
1061 Capital Improvement Project Receipts	0.0	114.0	114.0
1076 Marine Highway System Fund	3,547.0	3,584.3	3,584.3
Funding Totals	3,662.0	3,698.3	3,793.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Capital Improvement Project Receipts	51200	0.0	114.0	114.0
Restricted Total		0.0	114.0	114.0
Total Estimated Revenues		0.0	114.0	114.0

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	0.0	0.0	3,698.3	3,698.3
Adjustments which will continue current level of service:				
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	0.0	0.0	95.1	95.1
-Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	95.1	0.0	-95.1	0.0
FY2010 Governor	95.1	0.0	3,698.3	3,793.4

Vessel Operations Management Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2009</u> <u>Management</u> <u>Plan</u>	<u>FY2010</u> <u>Governor</u>		
Full-time	40	41	Annual Salaries	2,290,755
Part-time	1	0	COLA	96,272
Nonpermanent	0	0	Premium Pay	62,865
			Annual Benefits	1,322,451
			<i>Less 5.99% Vacancy Factor</i>	(226,143)
			Lump Sum Premium Pay	0
Totals	41	41	Total Personal Services	3,546,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk	0	0	0	2	2
Accounting Tech I	0	0	0	1	1
Accounting Tech II	0	0	0	1	1
Admin Asst III	0	0	0	1	1
Administrative Assistant II	0	0	0	1	1
Administrative Clerk II	0	0	0	5	5
Administrative Officer II	0	0	0	1	1
Amhs Dispatch Supervisor	0	0	0	1	1
Amhs Dispatcher	0	0	0	4	4
Amhs Security Officer	0	0	0	1	1
Analyst/Programmer III	0	0	1	0	1
Analyst/Programmer IV	0	0	1	0	1
Analyst/Programmer V	0	0	1	0	1
Asst Port Captain	0	0	0	1	1
Budget Analyst III	0	0	0	1	1
Division Director	0	0	0	1	1
Marine Trans Srvs Mgr	0	0	0	2	2
Micro/Network Spec I	0	0	0	2	2
Micro/Network Tech II	0	0	0	1	1
Passenger Services Insp	0	0	0	2	2
Port Captain	0	0	0	3	3
Prog Coordinator	0	0	0	1	1
Research Analyst II	0	0	0	1	1
Safety Officer	0	0	0	1	1
Secretary	0	0	0	1	1
Ship Services Mgr/Port Steward	0	0	1	0	1
Training Specialist I	0	0	0	1	1
Vessel Scheduling Coordinator	0	0	0	1	1
Totals	0	0	4	37	41