

**State of Alaska**  
**FY2015 Governor's Operating Budget**

**Department of Transportation/Public Facilities**  
**Marine Highway System**  
**Results Delivery Unit Budget Summary**

## **Marine Highway System Results Delivery Unit**

### **Contribution to Department's Mission**

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

### **Core Services**

- Operate eleven roll-on/roll-off (Ro-Ro) passenger ships during the summer season and as few as four ships during the fall, winter and spring season with weeks of operation tailored to meet the traveling public and communities needs while maximizing revenue and controlling costs.
- Transport people, goods, and vehicles to and from 35 ports along 3,500 route miles from Bellingham, Washington and out the Aleutian Island chain to Unalaska.
- Operate a central reservations office, 16 state-owned terminals and providing shelter and booking passage for over 330,000 passengers and staging over 110,000 vehicles per year.
- Manage 769 shipboard budgeted crew positions and 162 shoreside employees.
- Maintain, repair, refurbish, and upgrade vessel and terminal facilities in compliance with stringent federal regulations with numerous agencies.

### **Major RDU Accomplishments in 2013**

- Kept eleven AMHS vessels crewed and in service by completing annual overhauls and meeting federal certification requirements.
- Continued the M/V Kennicott Bellingham to Whittier express Cross Gulf of Alaska run which facilitated twice monthly (summer only) service.
- Maintained the International Safety of Life at Sea (SOLAS) certifications required for three AMHS vessels, the M/V Matanuska, M/V Taku, and M/V Kennicott, allowing them to visit Canadian ports.
- Worked with the United States Coast Guard in Southeast Alaska and Prince William Sound regarding deck officer pilotage acquisition and retention.
- Continued the systematic maintenance, upgrade, and new construction process of the shoreside facilities including engineering work for Haines, Kodiak, Pelican, Petersburg, Wrangell, Prince Rupert, and Skagway terminals.
- Continued the process of writing the fleet condition survey which lists the detailed condition of the vessels needed to determine the order of federal vessel overhaul projects and deferred maintenance lists.
- Completed all state capital maintenance, and regulatory vessel periods, along with the federally sponsored major overhaul of the M/V Malaspina. State sponsored overhauls were conducted in Ketchikan and Seward.
- Continued the engineering process for federally sponsored projects which include, fleet electrical generation upgrades, M/V Columbia repower, vessel lifesaving systems upgrade, and fast ferry repower projects.
- Installed satellite communication systems hardware aboard AMHS vessels except the Fast Vehicle Ferry (FVF) Fairweather which will allow for 24/7 communications with shoreside management, and will be required for the efficient real time operations of the new reservation and point of sale systems being developed.
- Implemented a new point of sale cash register and food monitoring system.

### **Key RDU Challenges**

- Completing design of a new dayboat Alaska Class Ferry.
- Increasing ridership and revenues to offset operating costs.
- Accelerated maintenance demands as a result of aging vessels.
- Designing and funding the construction of new class of vessel that can efficiently operate between Juneau and Ketchikan.
- Mid-life engine replacement needed for several older ferries.
- Finding a time in the FVF Fairweather's schedule to have the engines replaced.

### Significant Changes in Results to be Delivered in FY2015

Implementation of the new port efficiency policy, which will allow a vessel to bypass a port, under very specific guidelines, should the vessel have no passenger activity scheduled for that port call. It is assumed that this new policy will save the system fuel costs.

Customers will have real time tracking available on the AMHS website and the department's 511 system due to the installation of satellite communication on all the vessels except the FVF Fairweather.

Producing a schedule that meets customers' needs and expectations.

Contact Information
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**Marine Highway System  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2013 Actuals				FY2014 Management Plan				FY2015 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
Marine Vessel Operations	113,440.4	495.6	0.0	113,936.0	112,593.1	0.0	0.0	112,593.1	112,214.4	0.0	0.0	112,214.4
Marine Vessel Fuel	36,452.0	0.0	0.0	36,452.0	28,913.6	0.0	0.0	28,913.6	28,913.6	0.0	0.0	28,913.6
Marine Engineering Overhaul	2,013.8	1,530.3	0.0	3,544.1	2,187.5	1,661.3	0.0	3,848.8	2,313.6	1,662.7	0.0	3,976.3
Reservations and Marketing	1,615.6	0.0	0.0	1,615.6	1,647.8	0.0	0.0	1,647.8	1,647.8	0.0	0.0	1,647.8
Marine Shore Operations	2,557.9	0.0	0.0	2,557.9	2,783.8	0.0	0.0	2,783.8	2,776.7	0.0	0.0	2,776.7
Vessel Operations Management	8,176.0	0.0	0.0	8,176.0	8,119.4	0.0	0.0	8,119.4	8,200.2	0.0	0.0	8,200.2
	4,685.0	124.9	0.0	4,809.9	4,701.3	134.0	0.0	4,835.3	4,700.5	133.8	0.0	4,834.3
<b>Totals</b>	<b>168,940.7</b>	<b>2,150.8</b>	<b>0.0</b>	<b>171,091.5</b>	<b>160,946.5</b>	<b>1,795.3</b>	<b>0.0</b>	<b>162,741.8</b>	<b>160,766.8</b>	<b>1,796.5</b>	<b>0.0</b>	<b>162,563.3</b>

**Marine Highway System  
Summary of RDU Budget Changes by Component  
From FY2014 Management Plan to FY2015 Governor**

*All dollars shown in thousands*

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
<b>FY2014 Management Plan</b>	<b>108,890.0</b>	<b>52,056.5</b>	<b>1,795.3</b>	<b>0.0</b>	<b>162,741.8</b>
<b>Adjustments which will continue current level of service:</b>					
-Marine Vessel Operations	-283.3	-95.4	0.0	0.0	-378.7
-Marine Engineering	0.0	66.1	1.4	0.0	67.5
-Reservations and Marketing	0.0	-7.1	0.0	0.0	-7.1
-Marine Shore Operations	0.0	-85.2	0.0	0.0	-85.2
-Vessel Operations Management	0.0	-0.8	-0.2	0.0	-1.0
<b>Proposed budget increases:</b>					
-Marine Engineering	60.0	0.0	0.0	0.0	60.0
-Marine Shore Operations	166.0	0.0	0.0	0.0	166.0
<b>FY2015 Governor</b>	<b>108,832.7</b>	<b>51,934.1</b>	<b>1,796.5</b>	<b>0.0</b>	<b>162,563.3</b>