

State of Alaska
FY2018 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

Provides safe, secure, reliable, and efficient transportation of people, goods, and vehicles throughout Alaska and connects the state to Canada and the lower 48. AMHS keeps Alaska moving by providing direct customer service and by operating and maintaining a wide network of afloat and ashore infrastructure.

Core Services

- Operate up to eleven roll-on/roll-off passenger and vehicle ferries 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 needs of the traveling public and communities 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 and 16 state owned ferry terminals providing shelter and booking services for over 288,000 passengers and 100,000 vehicles per year.
- Manage over 650 shipboard budgeted crew positions and over 150 shoreside employees.
- Maintain, repair, refurbish, and upgrade vessel and terminal facilities in compliance with stringent federal and state regulations in cooperation with numerous partner agencies.

Major RDU Accomplishments in 2016

- Provided 356 total operating weeks of service and transported 288,133 passengers and 100,547 vehicles safely to their destinations while generating \$47.7 million in revenue.
- Maintained the International Safety of Life at Sea (SOLAS) certifications required for two AMHS vessels, the M/V Matanuska and M/V Kennicott, allowing them to operate to Canadian ports.
- Continued construction of the two new Alaska Class ferries.
- Implemented a new reservation and manifest system.
- Obtained SOLAS exemption from the United States Coast Guard for M/V Malaspina to replace M/V Matanuska during its upcoming repower project one year service outage.
- Successfully transitioned to the state's new finance and procurement system, Integrated Resource Information System (IRIS).

Key RDU Challenges

- Construction of two new dayboat Alaska Class Ferries under the terms of the negotiated contract agreement.
- Increasing traffic volumes, capacity utilization, and revenues to offset a greater percentage of the system's operating costs while still providing essential service.
- Completing scheduled maintenance on time and on budget despite extensive discovery work found on aging vessels.
- Identifying and programming construction funding for a new vessel to replace the M/V Tustumena.

Significant Changes in Results to be Delivered in FY2018

- Results Based Alignment will be used to fine tune performance measures that quantify outcomes (not activities), drive decision making, and determine program and service priorities.
- Participate in department-wide organizational review and implement organizational changes.
- Providing basic essential transportation services to the entire route structure using fewer ships and at less cost to stay within budgetary constraints.

Contact Information

Contact Information

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

All dollars shown in thousands

	FY2016 Actuals				FY2017 Management Plan				FY2018 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
Formula Expenditures None.												
Non-Formula Expenditures												
Marine Vessel Operations	106,629.3	23.0	0.0	106,652.3	101,325.4	0.0	0.0	101,325.4	98,880.9	0.0	0.0	98,880.9
Marine Vessel Fuel	16,647.9	0.0	0.0	16,647.9	20,706.1	0.0	0.0	20,706.1	20,223.6	0.0	0.0	20,223.6
Marine Engineering Overhaul	1,952.5	1,120.7	0.0	3,073.2	1,559.7	1,698.9	0.0	3,258.6	1,567.1	1,711.9	0.0	3,279.0
Reservations and Marketing	1,847.1	0.0	0.0	1,847.1	1,647.8	0.0	0.0	1,647.8	1,647.8	0.0	0.0	1,647.8
Marine Shore Operations	1,534.4	0.0	0.0	1,534.4	2,038.3	0.0	0.0	2,038.3	2,059.3	0.0	0.0	2,059.3
Vessel Operations Management	8,151.2	0.0	0.0	8,151.2	7,826.6	0.0	0.0	7,826.6	7,877.2	0.0	0.0	7,877.2
	3,864.8	136.3	0.0	4,001.1	3,958.2	136.2	0.0	4,094.4	4,005.4	138.1	0.0	4,143.5
Totals	140,627.2	1,280.0	0.0	141,907.2	139,062.1	1,835.1	0.0	140,897.2	136,261.3	1,850.0	0.0	138,111.3

**Marine Highway System
Summary of RDU Budget Changes by Component
From FY2017 Management Plan to FY2018 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>
FY2017 Management Plan	88,716.7	50,345.4	1,835.1	0.0	140,897.2
One-time items:					
-Marine Vessel Operations	0.0	-2,000.0	0.0	0.0	-2,000.0
Adjustments which continue current level of service:					
-Marine Vessel Operations	-780.4	2,354.8	0.0	0.0	1,574.4
-Marine Engineering	0.0	7.4	13.0	0.0	20.4
-Reservations and Marketing	0.0	21.0	0.0	0.0	21.0
-Marine Shore Operations	0.2	50.4	0.0	0.0	50.6
-Vessel Operations Management	0.0	47.2	1.9	0.0	49.1
Proposed budget decreases:					
-Marine Vessel Operations	-2,018.9	0.0	0.0	0.0	-2,018.9
-Marine Vessel Fuel	-482.5	0.0	0.0	0.0	-482.5
FY2018 Governor	85,435.1	50,826.2	1,850.0	0.0	138,111.3