

# **State of Alaska FY2023 Governor's Operating Budget**

## **Department of Transportation/Public Facilities Overhaul Component Budget Summary**

**Component: Overhaul**

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

Overhaul all vessels of the Alaska Marine Highway System (AMHS) annually in order to maintain operational readiness of the fleet in a safe, reliable condition, and within regulatory guidelines.

## **Core Services**

- Inspect and maintain all vessels in the AMHS fleet in accordance with the regulatory requirements of the United States Coast Guard (USCG), the American Bureau of Shipping (ABS), U.S. Code of Federal Regulations, 2000 High Speed Craft Code, Department of Environmental Conservation, Food and Drug Administration, Canadian enforcement agencies (as applicable), and International Safety of Life at Sea (SOLAS) convention, in addition to state vessel maintenance policies.
- Manage all contracts necessary to accomplish the annual overhauls, including dry-docking, hull and structure inspections, fire and lifesaving equipment inspections, repairs, cleaning, painting, and machinery overhaul, and others.

## **Major Component Accomplishments in 2021**

- Managed state overhauls for seven vessels at Vigor Alaska LLC ship repair facility in Ketchikan, Alaska and at the JAG ship repair facility in Seward, Alaska.
- Received Certificates of Inspection (COI) for all eight vessels from the USCG.
- Completed significant steel repairs onboard the M/V LeConte and M/V Aurora in the Vigor ship repair facility in Ketchikan, late 2020 and early April 2021.
- M/V Columbia steel discovery work has been ongoing and will be completed mid-October 2021.
- All above work items were successfully accomplished during the COVID-19 pandemic.

## **Key Component Challenges**

- Managing the volume of work required to ensure safe and reliable operation of an aging fleet. With vessels reaching a half century or more of service, the list of material and mechanical deficiencies identified out-paces available resources and is worsening each year. Discovery of unknown and unknowable conditions when undertaking needed work continues to put pressure on the limited capital budget. Shortages in staff likewise places pressure on human and material resources required to complete the work.
- Meeting ever more restrictive safety and environmental standards during overhauls.
- Increased scrutiny of vessel condition and operational readiness by USCG, ABS, OSHA, Civil Rights, environmental departments, and other regulators in the wake of recent marine casualties. This includes the enforcement of continuously updated and expanded regulatory rules and codes by these agencies.
- The need to focus available resources only on safety and regulatory needs to ensure continued operation for the public prevents preservation and quality of life improvements, modernization efforts, or substantial cosmetic work. Having to deny such work repeatedly due to capital constraints impacts morale and work output of both shore and vessel employees performing required maintenance. Managing these employee impacts requires increased efforts from managerial leadership.

## **COVID-19 Response and Telework Challenges**

- The COVID-19 pandemic has created and continues to have impacts related to in-state, out-of-state and international technical representatives for vessel equipment repair attendances.
- Limited or partial telework is being performed by some members assigned overhaul duties. Those employees have been able to adjust to the new work/pandemic reality and still complete their required duties.

### Significant Changes in Results to be Delivered in FY2023

- An RFP has been issued to find and hire a firm that can provide new maintenance management system software for the fleet and shoreside facilities. This software program will improve forecasting of maintenance and repair needs.
- The evolution of the AMHS fleet make up with the addition of the Alaska Class Ferries will drive decisions on use of overhaul funds and overall fleet.
- Decisions about fleet make up and utilization will continue to impact overhaul priorities and schedules, including the selling of unused vessels as well as operationally and regulatory required upgrades.
- The continued layup of vessels to support operational realities will result in costs related to layup docking, preservation, operational certifications, and oversight fees.
- The impact of layup is impacting the availability of qualified crew, particularly engineers, masters, and mates, who do not typically return when laid off. Loss of captains and mates with pilotage throughout Southeast Alaska in the areas where AMHS takes its vessels should be considered a significant impact when it affects masters and mates.
- We continue to strive to implement a reliability based maintenance model where possible.

### Statutory and Regulatory Authority

AS 19 Highways & Ferries  
AS 44 State Government

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**Component Detail All Funds**  
**Department of Transportation/Public Facilities**

**Component:** Overhaul (1212)  
**RDU:** Marine Highway System (334)

Non-Formula Component

	FY2021 Actuals	FY2022 Conference Committee	FY2022 Authorized	FY2022 Management Plan	FY2023 Governor	FY2022 Management Plan vs FY2023 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	1.8	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	227.2	0.0	199.4	199.4	637.5	438.1	219.7%
74000 Commodities	310.2	0.0	403.8	403.8	1,062.5	658.7	163.1%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	904.7	301.5	301.5	0.0	-301.5	-100.0%
<b>Totals</b>	<b>539.2</b>	<b>904.7</b>	<b>904.7</b>	<b>904.7</b>	<b>1,700.0</b>	<b>795.3</b>	<b>87.9%</b>
<b>Fund Sources:</b>							
1002 Fed Rcpts (Fed)	0.0	0.0	0.0	0.0	1,700.0	1,700.0	100.0%
1076 Marine Hwy (DGF)	539.2	0.0	0.0	0.0	0.0	0.0	0.0%
1267 FTA CRRSAA (Fed)	0.0	904.7	904.7	904.7	0.0	-904.7	-100.0%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>539.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>904.7</b>	<b>904.7</b>	<b>904.7</b>	<b>1,700.0</b>	<b>795.3</b>	<b>87.9%</b>
<b>Positions:</b>							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Transportation/Public Facilities**

**Component:** Overhaul (1212)  
**RDU:** Marine Highway System (334)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
<b>***** Changes From FY2022 Conference Committee To FY2022 Authorized *****</b>												
<b>First Six Months of FY2022 Alaska Marine Highway Sec64 Ch1 SSSLA2021 P145 L4 (HB69)</b>												
	ConfC(L)	301.6	0.0	0.0	0.0	0.0	0.0	0.0	301.6	0	0	0
1267 FTA CRRSAA		301.6										
<b>Alaska Marine Highway Sec64 Ch1 SSSLA2021 P145 L4 (HB69) (FY22-FY23)</b>												
	ConfC(L)	603.1	0.0	0.0	0.0	0.0	0.0	0.0	603.1	0	0	0
1267 FTA CRRSAA		603.1										
Section 64, page 145 line 4, through page 148 line 16												
<b>Align Authority with 12 Month FY22 Operating Plan</b>												
	LIT	0.0	0.0	0.0	199.4	403.8	0.0	0.0	-603.2	0	0	0
Transfer authority to cover anticipated services and commodities expenditures related to the AMHS FY2022 12-month operating plan.												
<b>Subtotal</b>		<b>904.7</b>	<b>0.0</b>	<b>0.0</b>	<b>199.4</b>	<b>403.8</b>	<b>0.0</b>	<b>0.0</b>	<b>301.5</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>***** Changes From FY2022 Management Plan To FY2023 Governor *****</b>												
<b>Reverse 18 Month Marine Highways Language Section Appropriations</b>												
	OTI	-904.7	0.0	0.0	-199.4	-403.8	0.0	0.0	-301.5	0	0	0
1267 FTA CRRSAA		-904.7										
Reverse one-time multi-year funding for FY2022 and FY2023. In FY2022, the AMHS appropriation was moved to the language section and provided 18 months of authority to align the system's budget with the calendar year. In FY2023, this multi-year appropriation will be reversed and the AMHS operating budget will appear in the numbers section of the budget bill.												
<b>Alaska Marine Highway System Calendar Year 2023 Operating Budget</b>												
	Inc	1,700.0	0.0	0.0	637.5	1,062.5	0.0	0.0	0.0	0	0	0
1002 Fed Rcpts		1,700.0										
Operating authority for Alaska Marine Highway System (AMHS) Overhaul component for calendar year 2023.												
In FY2022, the AMHS operating budget shifted from running on the state fiscal year to running on the calendar year (January 1-December 31), allowing for better system planning, service, and full-year advanced schedule releases. In FY2023, federal receipts will be available through the Infrastructure Investment and Jobs Act (IIJA). The FY2023 operating budget represents an increase in planned service weeks and port calls and eliminates all service gaps, providing consistent service levels to communities throughout the year. Boats will only be out of service for regular maintenance and operating services, not as a cost savings measure.												

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Transportation/Public Facilities**

**Component:** Overhaul (1212)  
**RDU:** Marine Highway System (334)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
	Totals	1,700.0	0.0	0.0	637.5	1,062.5	0.0	0.0	0.0	0	0	0

**Line Item Detail (1676)**  
**Department of Transportation/Public Facilities**  
**Travel**

**Component:** Overhaul (1212)

Line Number	Line Name		FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
2000	Travel		1.8	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
<b>2000 Travel Detail Totals</b>			<b>1.8</b>	<b>0.0</b>	<b>0.0</b>
2000	In-State Employee Travel	Travel for vessel crews during annual overhaul of vessels.	1.5	0.0	0.0
2002	Out of State Employee Travel	Out of state travel for vessel crews during annual overhaul of vessels.	0.3	0.0	0.0

**Line Item Detail (1676)**  
**Department of Transportation/Public Facilities**  
**Services**

**Component:** Overhaul (1212)

Line Number	Line Name		FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
3000	Services		227.2	199.4	637.5
Object Class	Servicing Agency	Explanation	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
<b>3000 Services Detail Totals</b>			<b>227.2</b>	<b>199.4</b>	<b>637.5</b>
3004	Telecommunications	Telecommunications equipment Telecommunications equipment	0.1	0.0	0.0
3006	Delivery Services	Postage, courier, or freight charges.	1.9	5.0	2.0
3008	Utilities	Public utilities consumed while vessels are in shipyard undergoing overhaul.	0.0	15.0	5.0
3009	Structure/Infrastructure/Land	Costs related to engineering, surveying and inspections during the annual overhauls for vessels.	104.3	90.0	150.0
3010	Equipment/Machinery	Repair and inspection of vessels in shipyard including all forms of United States Coast Guard and American Bureau of Shipping required repairs to obtain Certificate of Inspection. Various services are provided for dry docking, shaft/rudder measurements, sea valves, underbody cleaning and painting, bow thrusters, ballast tanks and voids, cathodic protection, fire extinguishing systems, life raft recertification, heating, ventilation, and air conditioning (HVAC) system cleaning, deck equipment, superstructure painting, steel and piping repairs, electrical and galley repairs, regulatory inspection work, and main and auxiliary engine repairs.	120.9	75.0	466.5



**Line Item Detail (1676)**  
**Department of Transportation/Public Facilities**  
**Services**

**Component:** Overhaul (1212)

Object Class	Servicing Agency	Explanation	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
<b>3000 Services Detail Totals</b>			<b>227.2</b>	<b>199.4</b>	<b>637.5</b>
3011	Other Services	Costs of equipment and vehicle rentals during the vessels annual overhaul.	0.0	14.4	14.0

**Line Item Detail (1676)**  
**Department of Transportation/Public Facilities**  
**Commodities**

**Component:** Overhaul (1212)

Line Number	Line Name		FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
4000	Commodities		310.2	403.8	1,062.5
Object Class	Servicing Agency	Explanation	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
<b>4000 Commodities Detail Totals</b>			<b>310.2</b>	<b>403.8</b>	<b>1,062.5</b>
4000	Business	General business supplies, furniture and equipment.	44.0	20.0	30.0
4002	Household/Institutional	General cleaning supplies.	9.5	20.0	10.0
4003	Scientific and Medical	Industrial chemicals and testing supplies.	0.0	7.0	5.0
4004	Safety	First aid and research and rescue supplies.	6.3	10.0	8.0
4006	Signs and Markers	Signs and markers.	0.6	18.0	5.0
4011	Electrical	Electrical supplies.	16.9	16.0	18.0
4012	Plumbing	Plumbing supplies.	5.6	9.0	9.0
4013	Lube Oils/Grease/Solvents	Lube oils/grease/solvents used for overhaul of ships.	5.2	1.0	7.0
4014	Bottled Gas	Bottled Gas.	1.2	1.0	1.5
4015	Parts and Supplies	Parts and supplies.	200.6	185.0	892.5
4016	Paint/Preservatives	Paint and preservatives.	19.2	10.7	20.0
4018	Surface Chemicals	Surface chemicals used on overhaul of ships.	0.0	1.1	1.5
4019	Small Tools/Minor Equipment	Small Tools/Minor Equipment.	1.1	100.0	50.0
4020	Equipment Fuel	Fuel for overhaul of ships.	0.0	5.0	5.0

**Line Item Detail (1676)**  
**Department of Transportation/Public Facilities**  
**Miscellaneous**

**Component:** Overhaul (1212)

Line Number	Line Name		FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
8000	Miscellaneous		0.0	301.5	0.0
Object Class	Servicing Agency	Explanation	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
<b>8000 Miscellaneous Detail Totals</b>			<b>0.0</b>	<b>301.5</b>	<b>0.0</b>
8000	Debt Service	Authority for first six months of FY2023 that was not reflected during FY2022 Management Plan. Authority for first six months of FY2023 that was not reflected during FY2022 Management Plan.	0.0	301.5	0.0

**Revenue Detail (1681)**  
**Department of Transportation/Public Facilities**

**Component:** Overhaul (1212)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
<b>5002 Fed Rcpts (1002 Fed Rcpts)</b>			<b>0.0</b>	<b>0.0</b>	<b>1,700.0</b>
5002 Federal General Government - Miscellaneous Grants		Federal receipt authority.	0.0	0.0	1,700.0
<b>5267 FTA CRRSAA (1267 FTA CRRSAA)</b>			<b>0.0</b>	<b>904.7</b>	<b>0.0</b>
5029 Federal Transit Authority CRRSA Grants		Federal Transit Administration Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) Grants.	0.0	301.6	0.0
5029 Federal Transit Authority CRRSA Grants		Federal Transit Administration Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) Grant authority for first six months of FY2023 that was not reflected during FY2022 Management Plan. Federal Transit Administration Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) Grant authority for first six months of FY2023 that was not reflected during FY2022 Management Plan.	0.0	603.1	0.0