

State of Alaska
FY2024 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 throughout Alaska and connect the state to Canada and the lower 48. The Alaska Marine Highway System (AMHS) keeps Alaska moving by providing direct transportation and transit services and by operating and maintaining a wide network of infrastructure afloat and ashore.

Core Services

- Oversee the operation of nine vessels, along with one vessel in long-term layup, and 16 state-owned terminals with over 500 shipboard budgeted positions and approximately 128 shoreside employees.
- Transport people, goods, and vehicles to and from 35 ports along 3,500 track miles from Bellingham, Washington, through Southeast Alaska, across the Gulf of Alaska to Prince William Sound and South-Central Alaska, to Kodiak Island, the Alaska Peninsula, and out the Aleutian Island Chain to Unalaska.
- Conduct annual fleet and terminal condition surveys to develop functional operational assessments and provide technical information necessary for long-range planning of capital improvements and maintenance.
- Operate a central reservations office and 16 state-owned ferry terminals, providing shelter, and booking services.
- 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 2022

- Provided 230.0 total operating weeks of service and transported approximately 144,500 passengers and 87,000 vehicles safely to their destinations while generating nearly \$35,000.0 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 travel to Canadian ports.
- Completed the new reservations system project and contract, and currently in the final stages of fine tuning the use of handheld scanners for passengers moving on and off the ships.
- Completed vessel condition surveys for all operating vessels. Surveys contain the detailed condition of each ship.
- Managed state overhauls for nine vessels at Vigor Alaska LLC's Ketchikan ship repair facility.
- Sale of the M/V Malaspina.
- Commenced contract process under the CMGC method to secure contractors to build the new Tustumena Replacement Vessel.
- Commenced service to Prince Rupert, British Columbia after satisfying new United States and Canadian customs preclearance requirements for service to Prince Rupert.

Key RDU Challenges

- The system continues to lose vessel staff seeking job opportunities elsewhere.
- Providing as many operating weeks of service as possible given lack of available vessel crew.
- Keeping vessel crew and two ships SOLAS certified for calls at the international port of Prince Rupert.
- Increasing federal requirements by the United States Environmental Protection Agency and Department of Environmental Conservation .
- Increasing United States Coast Guard, American Bureau of Shipping, and other governmental agency reporting and operational requirements.
- Difficulty recruiting and retaining deck officers with pilotage qualifications.
- Complying with increased Department of Environmental Conservation regulations, which include the vessels, terminal stormwater runoff permits, terminal wastewater requirements, and vessel stack emissions, in addition to new requirements from the Centers for Disease Control and Prevention.

Significant Changes in Results to be Delivered in FY2024

- The evolution of the AMHS fleet makeup with the addition of new Alaska Class Ferries with crew cabins will drive decisions on use of operating and overhaul funds.
- The new reservations system has been installed at all terminals and the Juneau Reservation Center. Management is also in the design phase for a mobile application for use on smart phones.

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

All dollars shown in thousands

	FY2022 Actuals				FY2023 Management Plan				FY2024 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	3,280.2	0.0	42,632.9	45,913.1	21,737.7	0.0	83,240.1	104,977.8	32,407.2	0.0	83,240.1	115,647.3
Marine Vessel Fuel	0.0	0.0	8,209.0	8,209.0	20,905.8	0.0	0.0	20,905.8	23,568.4	0.0	0.0	23,568.4
Marine Engineering Overhaul	37.2	374.3	1,356.2	1,767.7	2,102.0	721.6	0.0	2,823.6	2,363.5	733.7	0.0	3,097.2
Reservations and Marketing	0.0	0.0	301.3	301.3	1,699.6	0.0	0.0	1,699.6	1,699.6	0.0	0.0	1,699.6
Marine Shore Operations	28.6	0.0	1,031.3	1,059.9	1,539.0	0.0	0.0	1,539.0	1,560.9	0.0	0.0	1,560.9
Vessel Operations Management	112.5	0.0	3,754.4	3,866.9	7,906.8	0.0	0.0	7,906.8	7,893.3	0.0	0.0	7,893.3
	86.6	53.3	2,272.5	2,412.4	4,259.7	148.5	0.0	4,408.2	4,489.2	151.9	0.0	4,641.1
Totals	3,545.1	427.6	59,557.6	63,530.3	60,150.6	870.1	83,240.1	144,260.8	73,982.1	885.6	83,240.1	158,107.8

Marine Highway System
Summary of RDU Budget Changes by Component
From FY2023 Management Plan to FY2024 Governor

All dollars shown in thousands

	<u>Unrestricted</u> <u>Gen (UGF)</u>	<u>Designated</u> <u>Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal</u> <u>Funds</u>	<u>Total Funds</u>
FY2023 Management Plan	60,150.6	0.0	870.1	83,240.1	144,260.8
Adjustments which continue current level of service:					
-Marine Vessel Operations	138.4	0.0	0.0	0.0	138.4
-Marine Engineering	36.6	0.0	12.1	0.0	48.7
-Reservations and Marketing	21.9	0.0	0.0	0.0	21.9
-Marine Shore Operations	-13.5	0.0	0.0	0.0	-13.5
-Vessel Operations Management	83.5	0.0	3.4	0.0	86.9
Proposed budget increases:					
-Marine Vessel Operations	0.0	10,531.1	0.0	0.0	10,531.1
-Marine Vessel Fuel	0.0	2,662.6	0.0	0.0	2,662.6
-Marine Engineering	0.0	224.9	0.0	0.0	224.9
-Vessel Operations Management	0.0	146.0	0.0	0.0	146.0
FY2024 Governor	60,417.5	13,564.6	885.6	83,240.1	158,107.8