

State of Alaska FY2025 Governor's Operating Budget

Department of Transportation and 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 125 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 2023

- Provided 263.2 total operating weeks of service and transported approximately 164,000 passengers and 57,000 vehicles safely to their destinations while generating over \$38,000.0 in revenue.
- Completed the modifications to the M/V Hubbard with the addition of crew quarters and then provided Lynn Canal ferry service from Skagway to Haines.
- In the process of installing a Computer Maintenance Management System (CMMS) on all the vessels. The first module being installed is the Preventative Maintenance module which will give the crews the tool to manage vessels preventive maintenance per the original equipment manufacturers (OEM) recommended schedules for all components.
- Installed Starlink on the vessels allowing connectivity for management of the vessels.
- In the process of upgrading and rewriting the custom fleet schedule software program onto a supportable platform.
- Completed a full rewrite of the Safety Management System (SMS).
- Commenced a new process for planning and drafting shipyard specifications well in advance of the planned shipyard period, which will allow for better planning by all parties and shorten shipyard periods.
- Operated six vessels for the 2023 summer schedule, an increase of one from the 2023 winter schedule.
- Completed vessel condition surveys for all operating vessels. Surveys contain the detailed condition of each ship.
- Managed state overhauls for nine vessels at the Vigor Alaska LLC ship repair facility in Ketchikan and the JAG Alaska Inc. ship repair facility in Seward.
- Commenced contract process under the Construction Manager/General Contractor (CMGC) method to secure contractors to build the new Tustumena Replacement Vessel.
- Obtaining federal grants for capital projects and vessel new construction.

Key RDU Challenges

- Recruitment and retention of licensed mariners and administrative staff.
- Unable to crew a seventh vessel (M/V Kennicott) for service to Prince Rupert and cross gulf for the summer of 2023.
- Operating an aging fleet with increasing maintenance costs and reliability issues.
- 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.
- 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 FY2025

- The addition of the M/V Tazlina into service following shipyard modifications with the installation of crew quarters.
- Planned commencement on construction of the M/V Tustumena replacement vessel.
- Improved recruitment of licensed mariners which will allow for crewing of additional vessels.

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

All dollars shown in thousands

	FY2023 Actuals				FY2024 Management Plan				FY2025 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	0.0	0.0	0.0	0.0	49,554.6	0.0	76,050.4	125,605.0	49,554.6	0.0	76,050.4	125,605.0
Marine Vessel Fuel	0.0	0.0	0.0	0.0	23,568.4	0.0	0.0	23,568.4	23,568.4	0.0	0.0	23,568.4
Marine Engineering Overhaul	0.0	0.0	0.0	0.0	2,149.7	733.7	0.0	2,883.4	2,182.6	755.2	0.0	2,937.8
Reservations and Marketing	0.0	0.0	0.0	0.0	1,699.6	0.0	0.0	1,699.6	1,699.6	0.0	0.0	1,699.6
Marine Shore Operations	0.0	0.0	0.0	0.0	1,560.9	0.0	0.0	1,560.9	1,485.4	0.0	0.0	1,485.4
Vessel Operations Management	0.0	0.0	0.0	0.0	7,893.3	0.0	0.0	7,893.3	8,122.8	0.0	0.0	8,122.8
	0.0	0.0	0.0	0.0	4,745.3	151.9	0.0	4,897.2	5,020.0	157.4	0.0	5,177.4
Totals	0.0	0.0	0.0	0.0	91,171.8	885.6	76,050.4	168,107.8	91,633.4	912.6	76,050.4	168,596.4

**Marine Highway System
Summary of RDU Budget Changes by Component
From FY2024 Management Plan to FY2025 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>
FY2024 Management Plan	70,417.5	20,754.3	885.6	76,050.4	168,107.8
Adjustments which continue current level of service:					
-Marine Engineering	32.9	0.0	21.5	0.0	54.4
-Reservations and Marketing	-75.5	0.0	0.0	0.0	-75.5
-Marine Shore Operations	229.5	0.0	0.0	0.0	229.5
-Vessel Operations Management	274.7	0.0	5.5	0.0	280.2
FY2025 Governor	70,879.1	20,754.3	912.6	76,050.4	168,596.4