Alaska Department of Transportation & Public Facilities

Alaska Marine Highway System (AMHS) Overview

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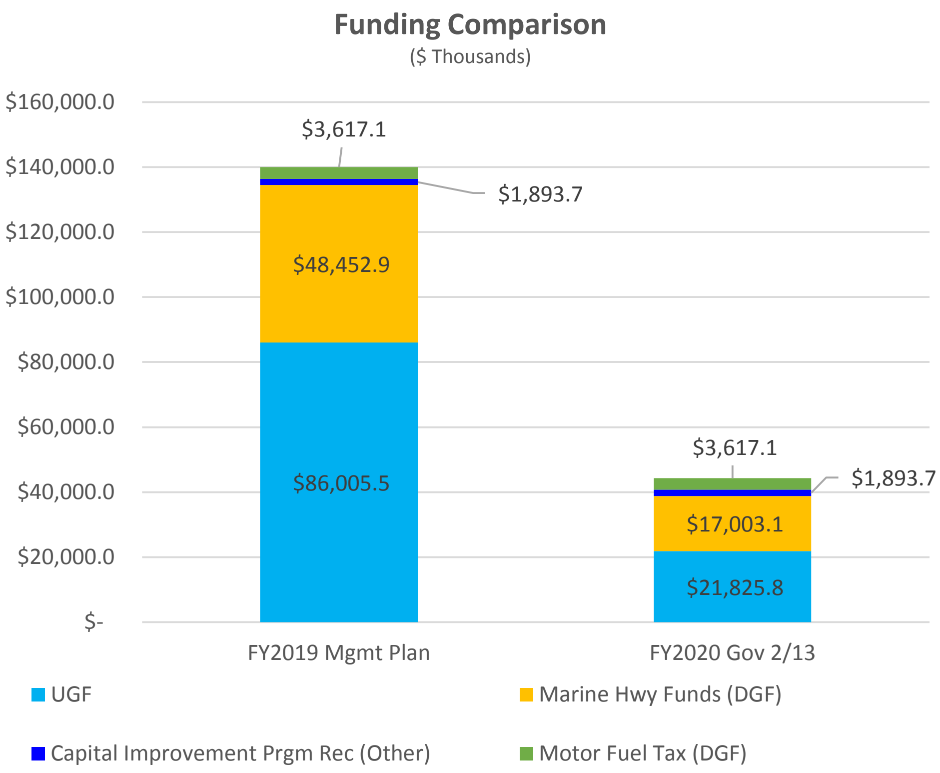
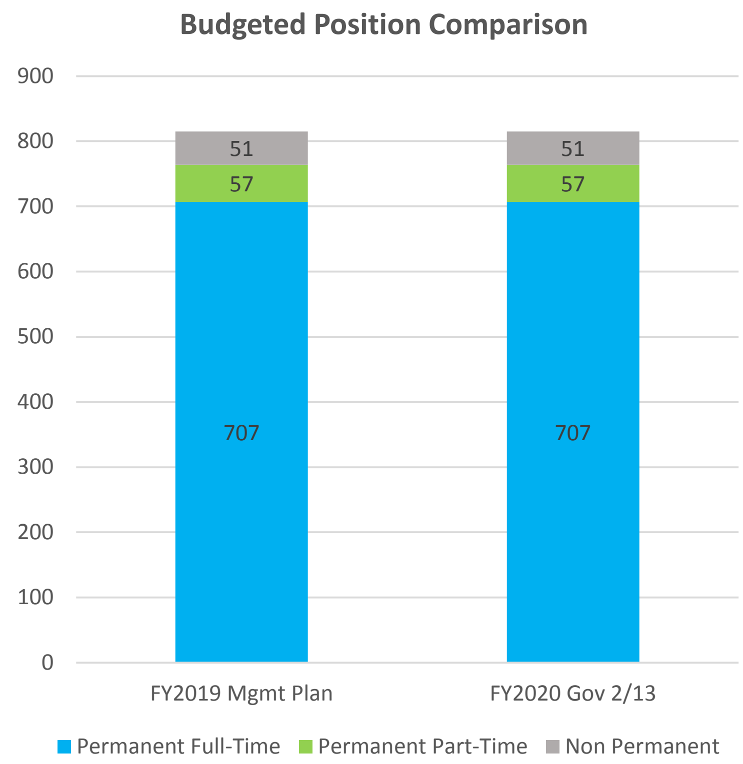
March 12, 2019

Fund Source & Position Comparisons: Alaska Marine Highway System

Alaska Marine Highway System Transition (-$97,988.8 GF)
(-$64,179.7 UGF; -$33,809.1 DGF)





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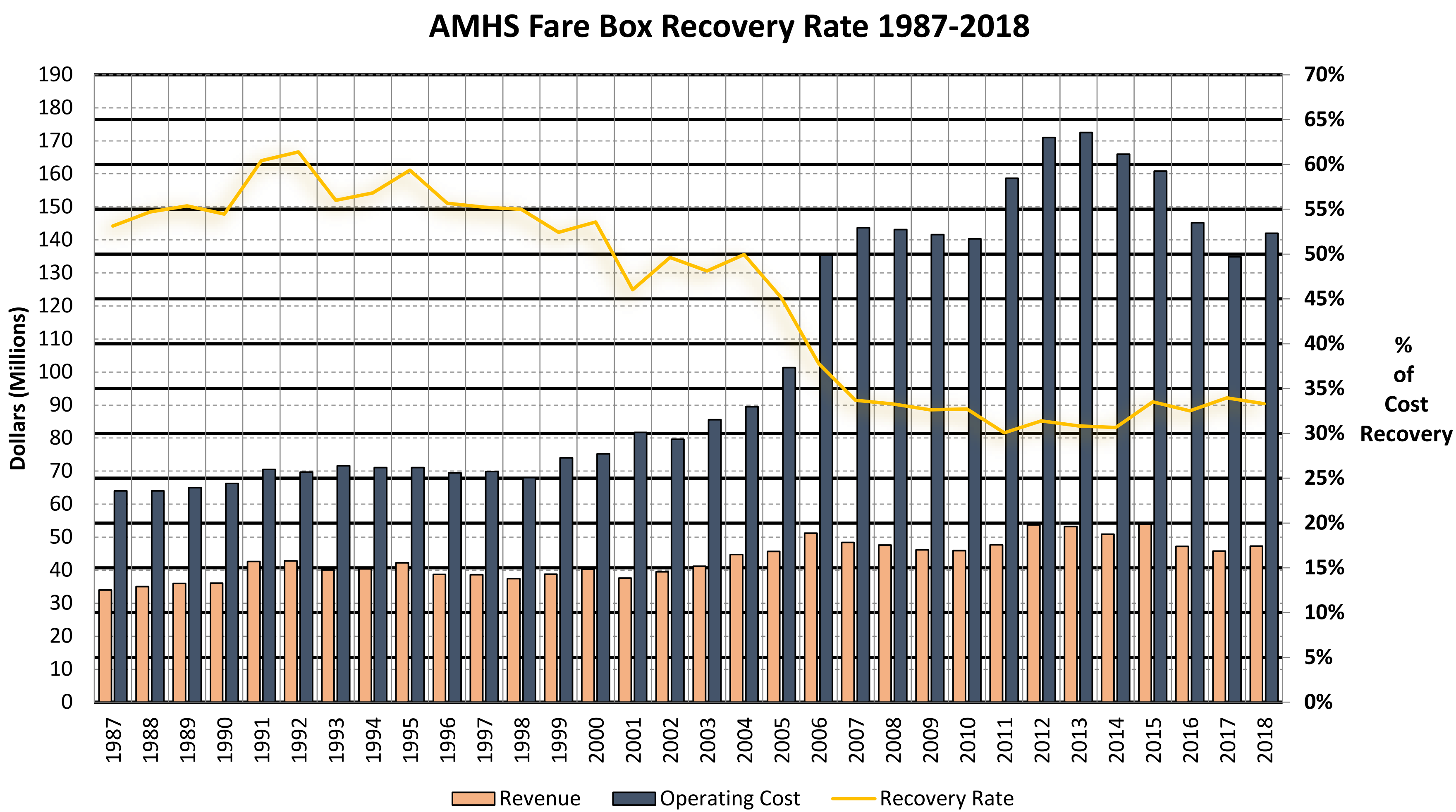
Historical Revenue & Operating Cost: Alaska Marine Highway System



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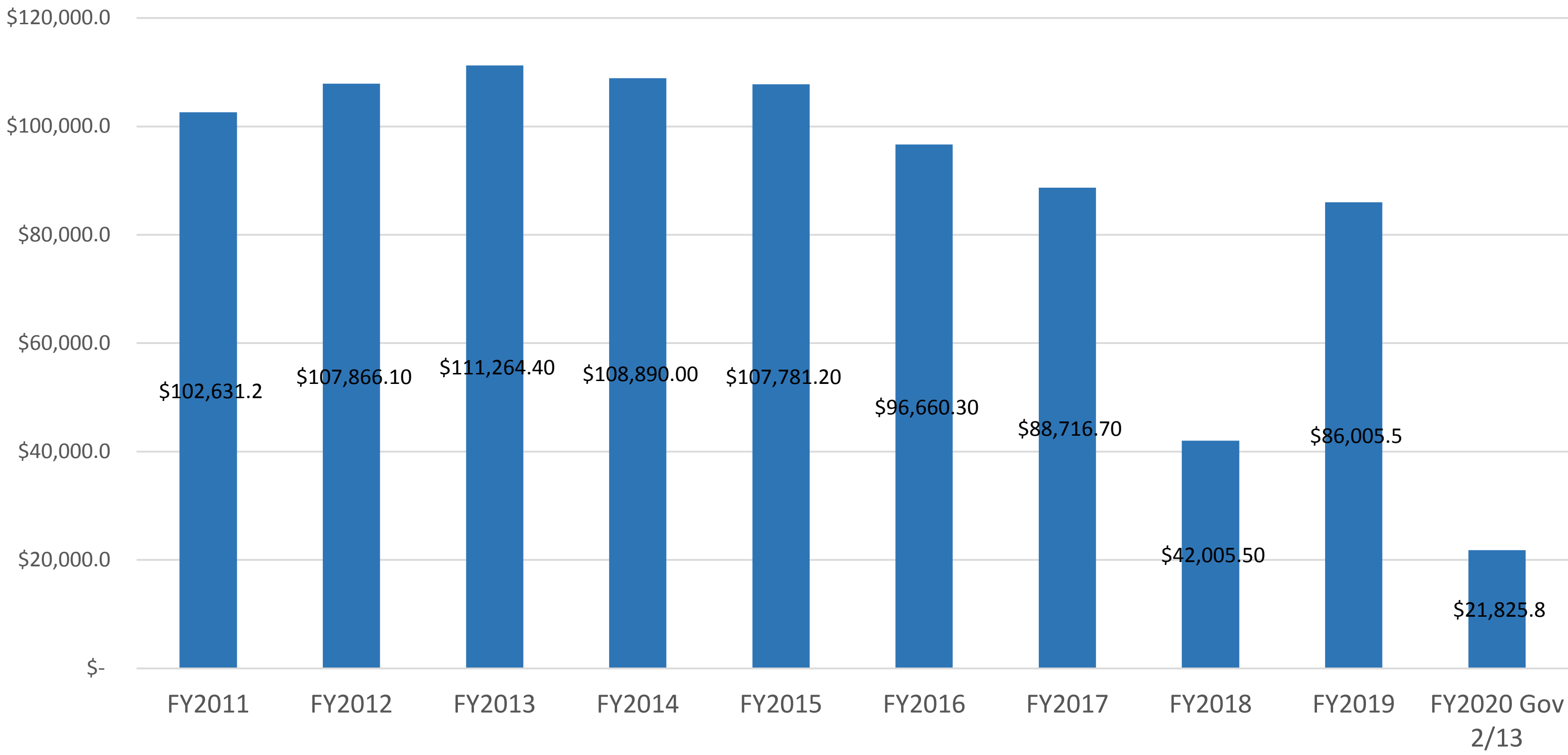
Unrestricted General Fund: 10 Year Authorization Look Back - Alaska Marine Highway System



($ Thousands)

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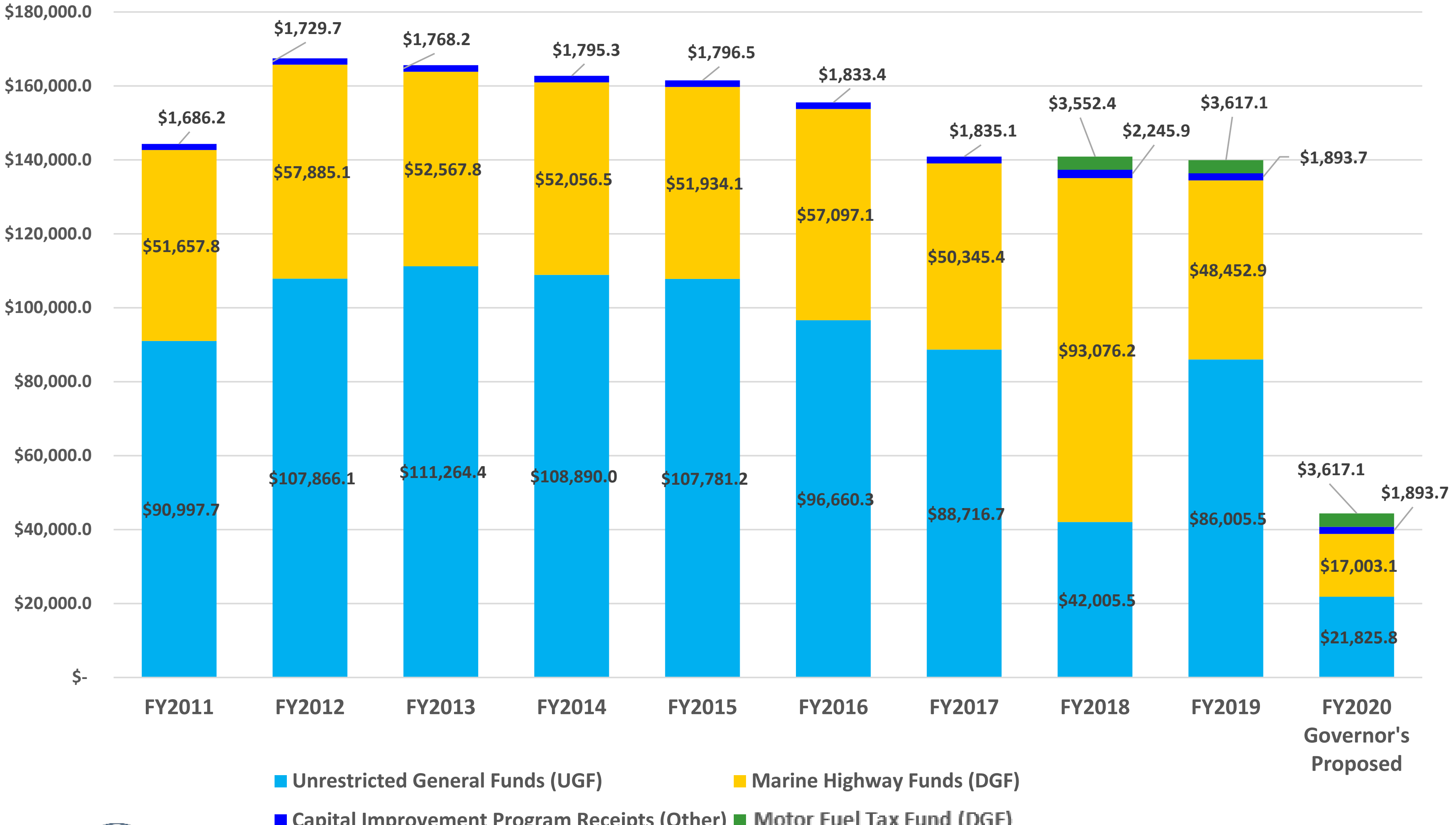
All Funds: 10 Year Authorization Look Back - Alaska Marine Highway System



($ Thousands)

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Governor's Directive Update: Alaska Marine Highway System

March 1	Issued Informal Request for Proposal
March 11	Deadline for Receipt of Proposals
March 18	SOA Issues Notice to Award
March 19	SOA Issues Contract and Performance Begins
May 15	Consultant Preliminary Recommendations
June 7	Consultant Preliminary Draft Report
June 14	DOT&PF Comments Due to Consultant
July 5	Consultant Final Draft Due
July 12	DOT&PF Final Comments Due to Consultant
July 31	Consultant Final Report to DOT&PF
Contract Budget	$60,000 - $90,000

IRFP Link: https://aws.state.ak.us/OnlinePublicNotices/Notices/View.aspx?id=193267

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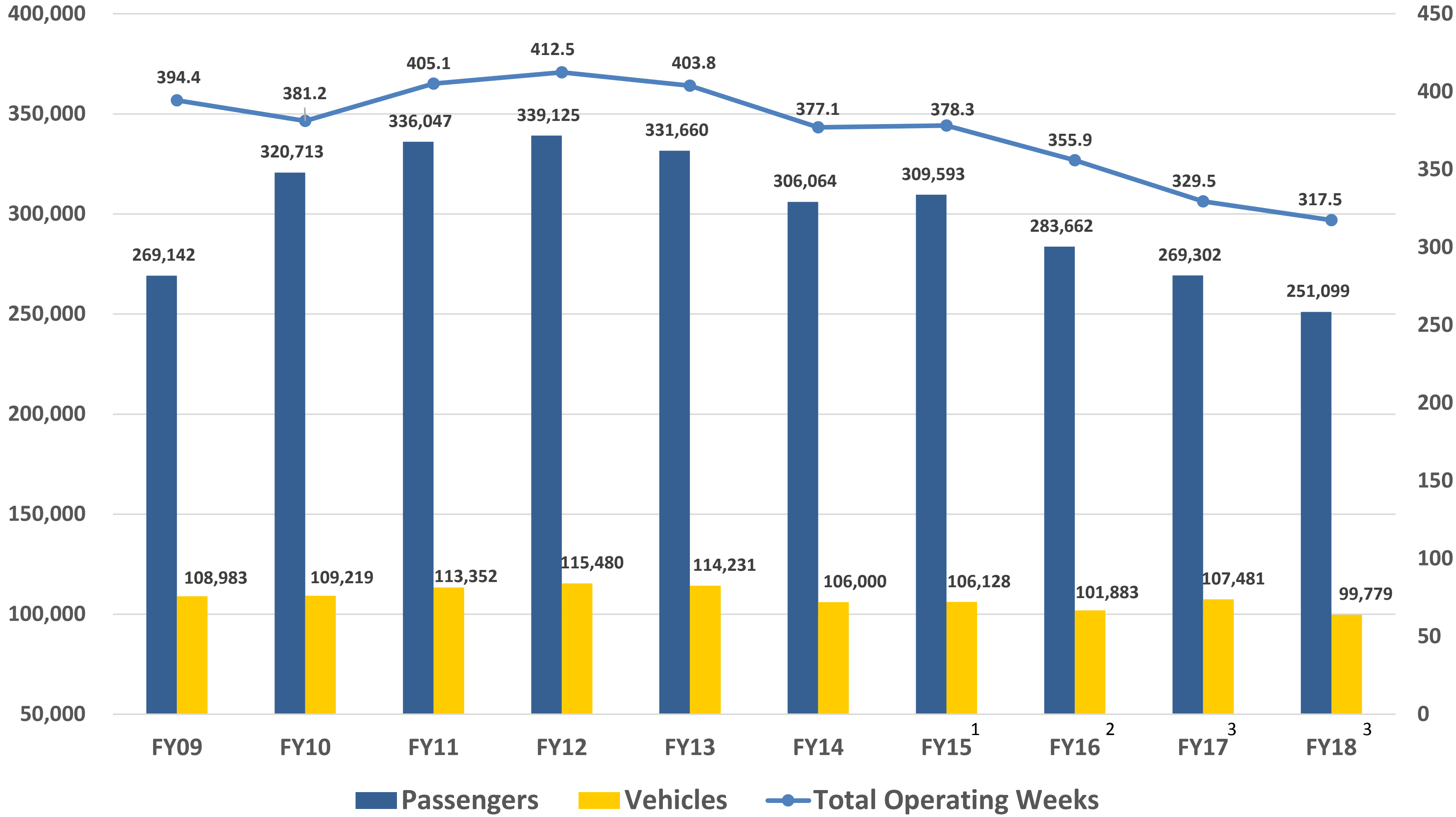
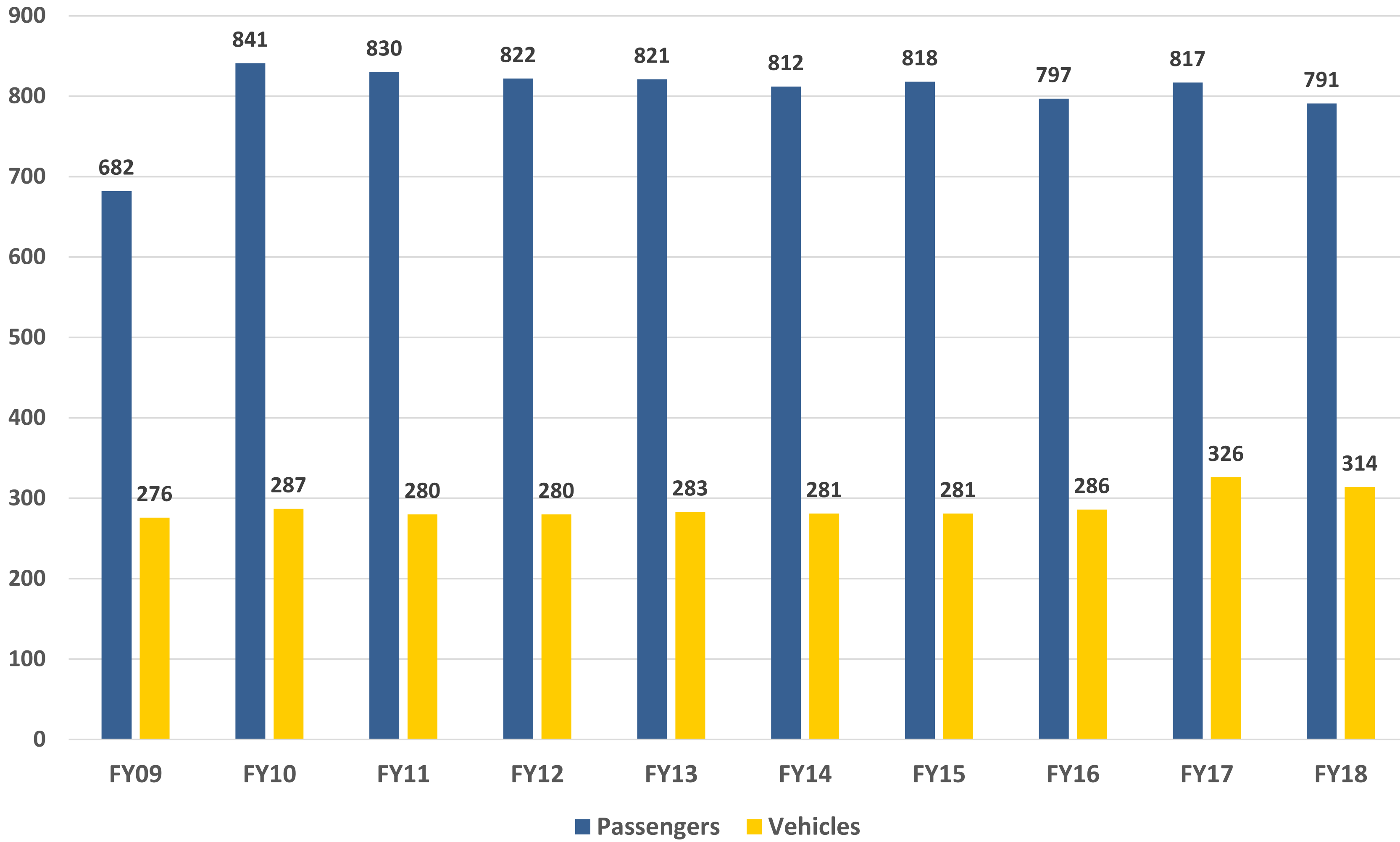
Annual Ridership Volume and Total Operating Weeks FY2009 – FY2018



[1] 4.5% Across the board tariff increase.
[2] 20.0% Commercial tariff increase, 5.0% leveling tariff increase, first annual tariff leveling , 10.0% Bellingham tariff premium implemented.
[3] Annual variable leveling tariff increase.

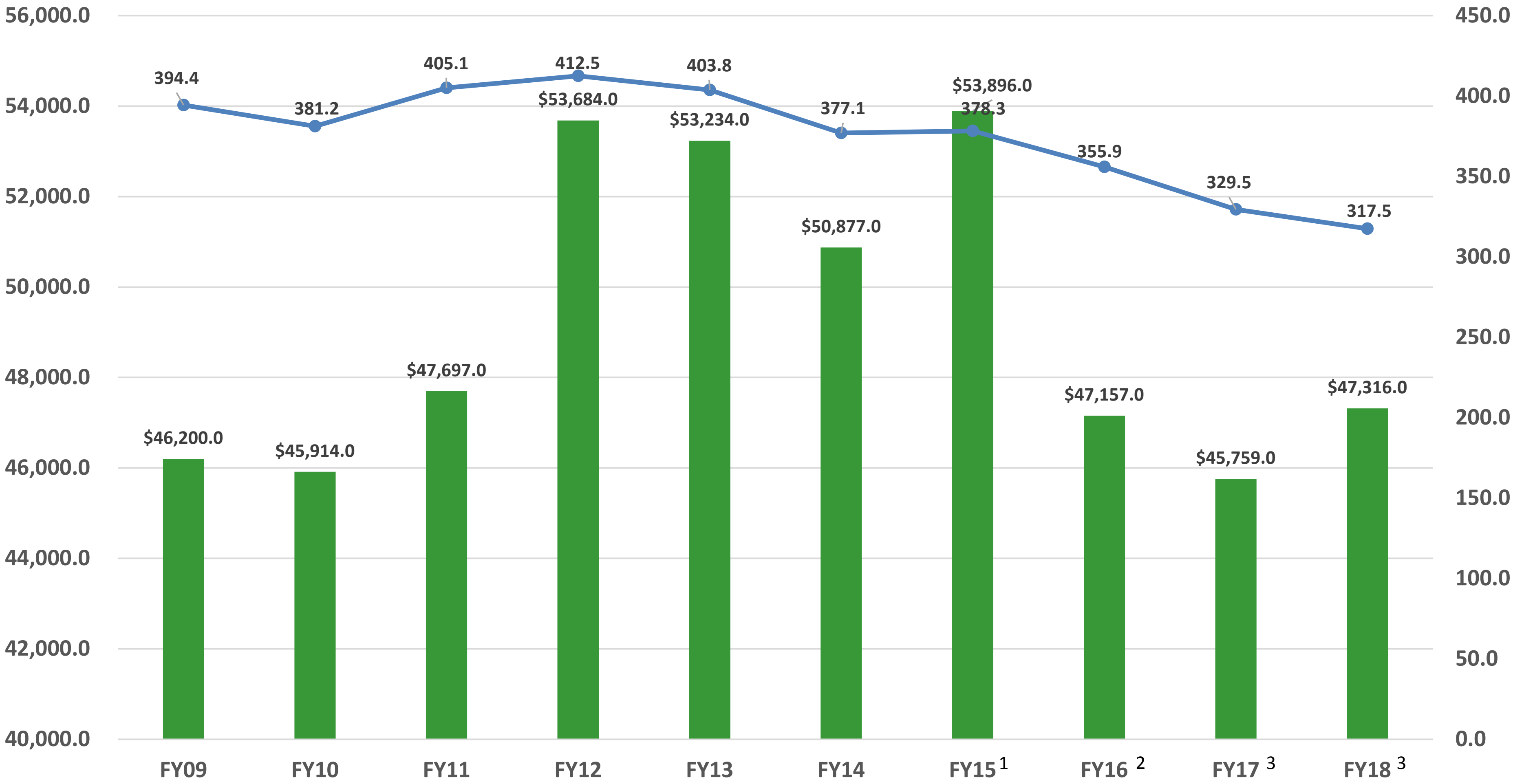
Average Ridership Per Operating Week FY2009 – FY2018



Annual ridership volume / total operating weeks = average ridership per operating week

Total Annual Revenue and Operating Weeks FY2009 – FY2018

($ Thousands)

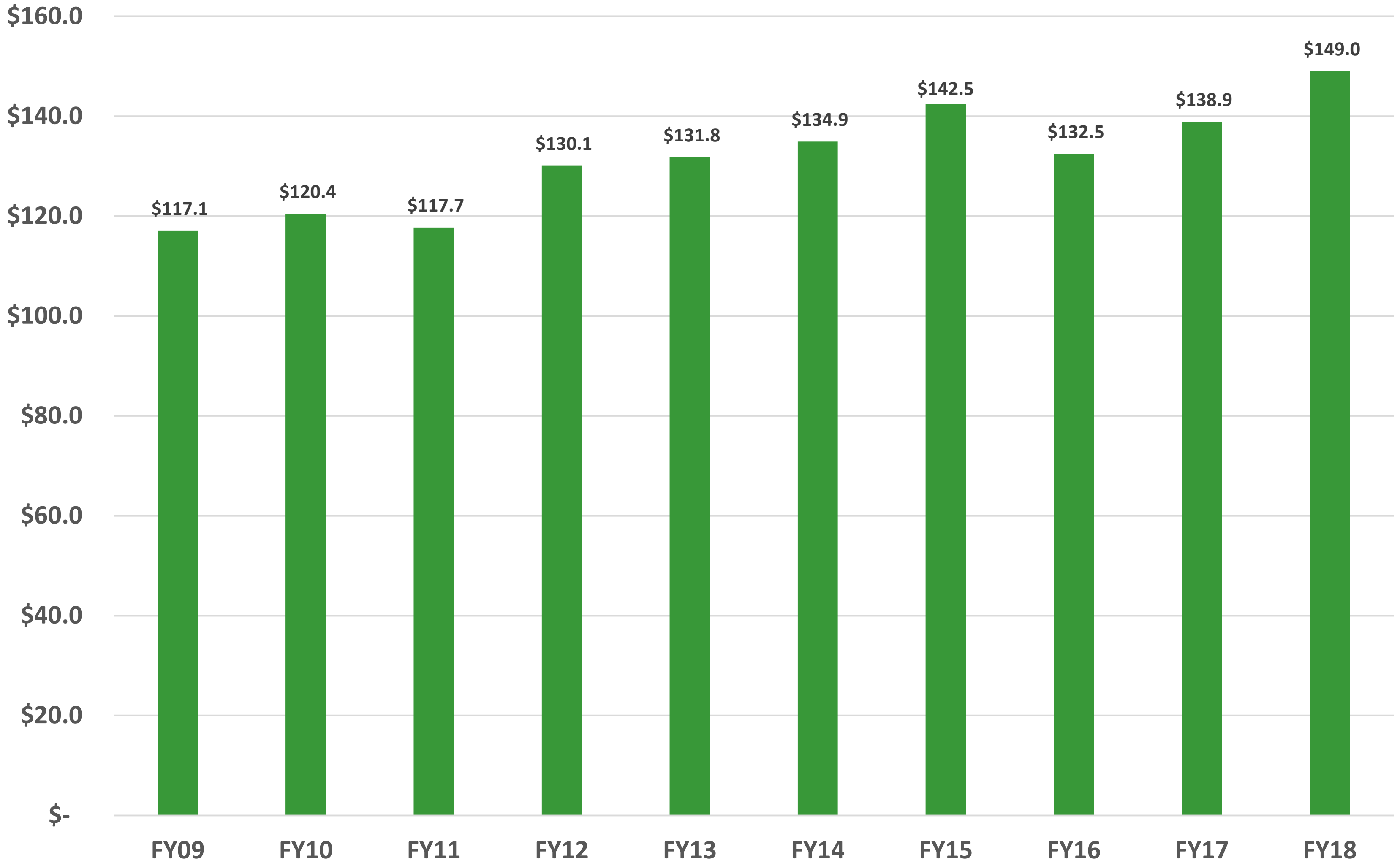


Revenue=DGF

[1] 4.5% Across the board tariff increase.
[2] 20.0% Commercial tariff increase, 5.0% leveling tariff increase, first annual tariff leveling , 10.0% Bellingham tariff premium implemented.
[3] Annual variable leveling tariff increase.

Revenue Per Operating Week FY2009 – FY2018

($ Thousands)



Revenue=DGF

Total annual revenue / total operating weeks = revenue per operating week

FY2020 Governor's 2/13 Budget

Published summer schedule remains intact through the end of August

September 1, 2019 through September 30, 2019, operate:

- Matanuska and Malaspina on their Bellingham and SE Alaska runs
- Tazlina in Northern Lynn Canal
- Lituya from Ketchikan – Annette Bay
- No service to Homer, Kodiak, Aleutian Chain, Whittier, Cordova, Valdez, Chenega Bay, Tatitlek, Yakutat, Prince Rupert, Angoon, Tenakee, Pelican, Hoonah, and Gustavus

October 1, 2019, through June 30, 2020:

- No Service

This schedule provides 84.8 weeks of service with a potential fare box recovery rate of 40%.

UGF: $21,825.8
DGF*: $17,869.3 (Revenues)
Motor Fuel Tax Fund: $3,617.1
CIP Receipts: $1,893.7

*Includes DOT&PF Support Services

Expenditure Authorization:	**$45,205.9**
Generated Revenue:	**$17,869.3**
Net Deficit Amount:	**($27,336.6)**

FY2020 AMHS Scenario 1
Add Oct-June not Servicing all Ports

Published summer schedule remains intact through the end of August

September 1, 2019 through September 30, 2019, operate:

- Matanuska and Malaspina on their Bellingham and SE Alaska runs
- Kennicott on the Bellingham – Whittier Cross-gulf run
- Tustumena on the Homer-Kodiak/Aleutian Chain run
- Tazlina in Northern Lynn Canal
- Lituya from Ketchikan – Annette Bay
- No service to Angoon, Tenakee, and Pelican

October 1, 2019 through March 31, 2020, operate:

- Matanuska on the Bellingham run
- Tustumena on the Homer – Kodiak and Prince William Sound (further vetting needed)
- Tazlina in Northern Lynn Canal
- Lituya from Ketchikan – Annette Bay
- No service to Prince Rupert, Angoon, Tenakee, and Pelican

April 1, 2020, through June 30, 2020:

- Matanuska and Malaspina on the Bellingham run
- Kennicott on the Juneau – Whittier Cross-gulf run
- Tustumena on the Homer-Kodiak/Aleutian Chain run
- Hubbard in Prince William Sound
- Tazlina in Northern Lynn Canal
- Lituya from Ketchikan – Annette Bay
- No Service to Prince Rupert, Angoon, Tenakee, and Pelican

This schedule provides 268.8 weeks of service with a potential fare box recovery rate of 50%. The Kennicott, Aurora, and Malaspina will not be operating during the winter. The Matanuska will operate in the place of the Columbia after her repower project.

Note: There will be gaps in service while the vessels undergo their required annual COI overhauls.

UGF: $40,883.9
DGF*: $46,958.9 (Revenues)
Motor Fuel Tax Fund: $3,617.1
CIP Receipts: $1,893.7

*Includes DOT&PF Support Services

Expenditure Authorization:	**$93,353.6**
Generated Revenue:	**$46,958.9**
Net Deficit Amount:	**($46,394.7)**

FY2020 AMHS Scenario 2
Add Oct-June Servicing all Alaska Ports

Published summer schedule remains intact through the end of August

September 1, 2019 through September 30, 2019, operate:

- Matanuska and Malaspina on their Bellingham and SE Alaska runs
- Kennicott on the Bellingham – Whittier Cross-gulf run
- Tustumena on the Homer-Kodiak/Aleutian Chain run
- LeConte on the SE Alaska Panhandle run
- Tazlina in Northern Lynn Canal
- Lituya from Ketchikan – Annette Bay

October 1, 2019 through March 31, 2020, operate:

- Matanuska on the Bellingham run
- Tustumena on the Homer – Kodiak and Prince William Sound (further vetting needed)
- LeConte in Northern Lynn Canal and SE Panhandle
- Lituya from Ketchikan – Annette Bay
- No service to Prince Rupert

April 1, 2020, through June 30, 2020:

- Matanuska and Malaspina on the Bellingham run
- Kennicott on the Juneau – Whittier Cross-gulf run
- Tustumena on the Homer-Kodiak/Aleutian Chain run
- LeConte on the SE Panhandle run
- Hubbard in Prince William Sound
- Tazlina in Northern Lynn Canal
- Lituya from Ketchikan – Annette Bay
- No service to Prince Rupert

This schedule provides 281.8 weeks of service with a potential fare box recovery rate of 45%. The Kennicott, Aurora, and Malaspina will not be operating during the winter. The Matanuska will operate in the place of the Columbia after her repower project.

Note: There will be gaps in service while the vessels undergo their required annual COI overhauls.

UGF: $48,749.9
DGF*: $44,055.6 (Revenues)
Motor Fuel Tax Fund: $3,617.1
CIP Receipts: $1,893.7

*Includes DOT&PF Support Services

Expenditure Authorization:	**$98,316.3**
Generated Revenue:	**$44,055.6**
Net Deficit Amount:	**($54,260.7)**

FY20XX AMHS Scenario 3
Full Year Servicing all Alaska Ports
UGF=DGF

July 1 through September 30, and April 1 through June 30, operate:

- Matanuska and Malaspina on the Bellingham run
- Kennicott on the Juneau – Whittier Cross-gulf run
- Tustumena on the Homer-Kodiak/Aleutian Chain run
- LeConte on the SE Alaska Panhandle run
- Tazlina in Northern Lynn Canal
- Hubbard in Prince William Sound
- Lituya from Ketchikan – Annette Bay
- No service to Prince Rupert

October 1 through March 31, operate:

- Matanuska on the Bellingham run
- Tustumena on the Homer – Kodiak and Prince William Sound (further vetting needed)
- LeConte in Northern Lynn Canal and SE Panhandle
- Lituya from Ketchikan – Annette Bay
- No service to Prince Rupert

This schedule provides 286.6 weeks of service with a potential fare box recovery rate of 47%. The Kennicott, Aurora, and Malaspina will not be operating during the winter. The Matanuska will operate in the place of the Columbia after her repower project.

Note: There will be gaps in service while the vessels undergo their required annual COI overhauls.

UGF: $48,729.4
DGF*: $48,938.2 (Revenues)
Motor Fuel Tax Fund: $3,617.1
CIP Receipts: $1,893.7

*Includes DOT&PF Support Services

Expenditure Authorization:	**$103,178.4**
Generated Revenue:	**$48,938.2**
Net Deficit Amount:	**($54,240.2)**

Scenario Comparison

	FY2020 Governor 2/13 Budget	FY2020 Scenario 1 Add Oct-June Not Servicing all Ports	FY2020 Scenario 2 Add Oct-June Servicing all AK Ports	FY20XX Scenario 3 Full Year Servicing all AK Ports
July - August	Operate current published schedule	Operate current published schedule	Operate current published schedule	Operate revised schedule
September	No service in SW Alaska, Prince William Sound, Prince Rupert, and SE Alaska Villages	No service to Angoon, Tenakee, and Pelican	Some service to all ports	Some service to all ports except Prince Rupert
October - March	No service	No service to Prince Rupert, Angoon, Tenakee, and Pelican	Some service to all ports except Prince Rupert	Some service to all ports except Prince Rupert
April - June	No service	No service to Prince Rupert, Angoon, Tenakee, and Pelican	Some service to all ports except Prince Rupert	Some service to all ports except Prince Rupert
Service Weeks	84.8	268.8	281.8	286.6
Fare Box Recovery	40%	50%	45%	47%
Funding Sources	UGF: $ 21,825.8 DGF: 17,869.3 Motor Fuel Tax: 3,617.1 CIP Rcpts: 1,893.7 Total: $ 45,205.9	UGF: $ 40,883.9 DGF: 46,958.9 Motor Fuel Tax: 3,617.1 CIP Rcpts: 1,893.7 Total: $ 93,353.6	UGF: $ 48,749.9 DGF: 44,055.6 Motor Fuel Tax: 3,617.1 CIP Rcpts: 1,893.7 Total: $ 98,316.3	UGF: $ 48,729.4 DGF: 48,938.2 Motor Fuel Tax: 3,617.1 CIP Rcpts: 1,893.7 Total: $ 103,178.4
Net Deficit Amount	($27,336.6)	($46,394.7)	($54,260.7)	($54,240.2)

Tariff Increase History

AMHS made multiple tariff changes in the past few years for two main purposes

- Formulize, level, and make tariffs equitable and logical
- Generate additional revenue to offset UGF funding reduction

Authorized by 17 AAC 70.040 under DOT&PF Commissioner's Authority

May 1, 2015: 4.5% across the board tariff increase

Nov 1, 2015: 20.0% increase in commercial traffic tariffs

Jan 1, 2016: 5.0% leveling tariff to fund FVF operation to fill service gaps

May 1, 2016: First of five annual variable leveling tariff increase and
10% Bellingham traffic premium tariff (Dynamic Pricing)

Jan 26, 2017: Lituya Metlakatla tariff policy change (double one way, zero back)

May 1, 2017: Second of five annual variable leveling tariff increase

May 1, 2018: Third of five annual variable leveling tariff increase

May 1, 2019: Implemented fourth and fifth variable leveling tariff increases

Thank You

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Clear day aboard M/V Aurora crossing the Prince William Sound. Photo by Alex Surnin, Alaska DOT&PF