

**State of Alaska  
FY2005 Governor's Operating Budget**

**Department of Transportation/Public Facilities  
Marine Vessel Operations  
Component Budget Summary**

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## Component: Marine Vessel Operations

### Contribution to Department's Mission

To provide safe, reliable and efficient transportation of people and vehicles between Alaskan communities, Canada and Bellingham, Washington.

### Core Services

The AMHS Marine Fleet Operations Component consistently meets the transportation needs of a diverse group of travelers. The multi-dimensional services offered by the AMHS, including cross-Gulf of Alaska sailings, provide a vital year round transportation link between road systems and many isolated Alaskan villages and towns. Moreover, this link allows for rapid delivery of perishable goods and products such as fresh produce and fresh Alaskan seafood. The transportation of essential construction equipment and materials plays a key role in supporting economic development. By the same token, transporting tourists to Alaskan communities injects revenue directly into local economies.

Operations services provided:

- Transport of people, goods and vehicles to and from 33 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 Alaskan peninsula and out the Aleutian Islands to Unalaska.
- Met U.S. Coast Guard (USCG) requirements by staffing AMHS ships with 800 shipboard employees.
- Provide quality service to every customer that is to become the industry standard for maritime travel.
- Certify all shipboard employees under the Standards for Training, Certification, and Watch-keeping for Seafarers (STCW) program.

### FY2005 Resources Allocated to Achieve Results

<b>FY2005 Component Budget: \$72,757,500</b>	<b>Personnel:</b>	
	Full time	598
	Part time	147
	<b>Total</b>	<b>745</b>

### Key Component Challenges

Additional component issues include completing basic safety training certification and specialized training for all new designated AMHS mariners and maintaining and updating Safety Management System (SMS) required by the ISM Code. AMHS will maintain cross-Gulf of Alaska service to match growing customer demand.

Many changes are occurring in the fleet of the AMHS. Construction has been completed on one new fast vehicle ferry and another continues with expected delivery dates in 2004 and 2005. Also, the new Metlakatla shuttle ferry, M/V Lituya, is expected to begin service in May of 2004. As a result of the addition of the M/V Fairweather in Southeast and the surplus of the M/V Bartlett, the Aurora will be transferred to the Prince William Sound for the spring and summer of 2004. The addition of the new ferries will require many changes in how we do business. Fast vehicle ferry (FVF) crews will need to be trained under the demanding High Speed Craft Code.

### Significant Changes in Results to be Delivered in FY2005

The Alaska Marine Highway System (AMHS) operating plan must be developed based on anticipated system revenues,

general fund subsidy and AMHS fund balance. Based upon the anticipated FY04 supplemental and FY05 budget requests, 5.1 weeks of mainline service will be removed from the FY05 operating plan. The impact of this winter service reduction will effect the communities of Sitka, Kake, Angoon, Tenakee and Hoonah. Demand will exceed capacity during this reduction period and 13 vehicles will be left behind each week. Pelican will have no ferry service from January 10, 2003 to March 17, 2003.

Cost saving measures have been pursued aggressively to decrease the impact of transportation service provided to Alaskans and visitors to the state.

Reductions of vessel crew size will occur specific to the stewards area. This will result in reduced staff devoted to cleaning vessel passenger areas.

Reductions in crew benefits will be achieved associated with seasonally-hired crew.

### Major Component Accomplishments in 2003

- Provided 295.4 total operating weeks of service in SE and SW Alaska including cross-Gulf of Alaska service connecting the two systems.
- Operated the M/V Taku 4 days/week, M/V Aurora 2 days/week and the M/V Columbia 1 day/week as a "dayboat" in North Lynn Canal during the summer season, adding greater vehicle and passenger capacity in the Northern Gateway.
- Maintained full service across the Gulf of Alaska and in Southeast with the M/V Kennicott and M/V Tustumena.
- Operated all other vessels with minimal loss of service due to breakdowns.
- All maritime employees were trained in mandatory basic safety training through computer based training and practical demonstration training.
- Introduced shipboard internet service for the crew in the ports of Juneau and Ketchikan.
- A fast vehicle ferry Port Captain was hired to draft training plans and oversee the introduction of the M/V Fairweather and M/V Chenega.

### Statutory and Regulatory Authority

AS 19  
AS 44

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### Marine Vessel Operations Component Financial Summary

*All dollars shown in thousands*

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	50,172.6	52,251.7	51,233.2
72000 Travel	732.0	455.8	448.8
73000 Contractual	7,483.8	7,021.6	7,007.6
74000 Supplies	14,852.6	14,242.9	14,067.9
75000 Equipment	83.3	0.0	0.0
76000 Land/Buildings	81.9	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>73,406.2</b>	<b>73,972.0</b>	<b>72,757.5</b>
<b>Funding Sources:</b>			
1007 Inter-Agency Receipts	95.8	0.0	0.0
1061 Capital Improvement Project Receipts	331.9	0.0	0.0
1076 Marine Highway System Fund	72,978.5	73,972.0	72,757.5
<b>Funding Totals</b>	<b>73,406.2</b>	<b>73,972.0</b>	<b>72,757.5</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Unrestricted Revenues</b>				
Unrestricted Fund	68515	41,185.6	42,500.0	40,930.0
<b>Unrestricted Total</b>		<b>41,185.6</b>	<b>42,500.0</b>	<b>40,930.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	95.8	0.0	0.0
Capital Improvement Project Receipts	51200	331.9	0.0	0.0
<b>Restricted Total</b>		<b>427.7</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Estimated Revenues</b>		<b>41,613.3</b>	<b>42,500.0</b>	<b>40,930.0</b>

**Summary of Component Budget Changes  
From FY2004 Authorized to FY2005 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2004 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>73,972.0</b>	<b>73,972.0</b>
<b>Adjustments which will continue current level of service:</b>				
-Changes to Retirement and Other Personal Services Benefits	0.0	0.0	2,435.5	2,435.5
-Transfer out AMHS \$ to Commissioner's Office for Special Assistant and support costs for AMHS Deputy Commissioner	0.0	0.0	-100.0	-100.0
<b>Proposed budget decreases:</b>				
-Reduce mainline vessel service	0.0	0.0	-700.0	-700.0
-Reduce crew size on mainline vessels	0.0	0.0	-2,000.0	-2,000.0
-Reduce benefit costs by laying off vessel crew at end of summer season	0.0	0.0	-850.0	-850.0
<b>FY2005 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>72,757.5</b>	<b>72,757.5</b>

**Marine Vessel Operations  
Personal Services Information**

<b>Authorized Positions</b>		<b>Personal Services Costs</b>		
	<u>FY2004</u>	<u>FY2005</u>		
	<u>Authorized</u>	<u>Governor</u>		
Full-time	646	598	Annual Salaries	213,451
Part-time	147	147	Premium Pay	27,048
Nonpermanent	0	0	Annual Benefits	109,777
			<i>Less 0.00% Vacancy Factor</i>	(0)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>793</b>	<b>745</b>	<b>Total Personal Services</b>	<b>350,276</b>

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Amhs Dispatcher	0	0	2	1	3
Stock & Parts Svcs Journey II	0	0	0	2	2
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>5</b>