

**State of Alaska  
FY2012 Governor's Operating Budget**

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

## Component: Marine Vessel Fuel

### Contribution to Department's Mission

Provide safe, reliable, and efficient transportation of people and vehicles between Alaskan communities, Canada and Bellingham, Washington

### Core Services

- Equipping 10 of the 11 vessels with fuel efficiency technology.

### Key Component Challenges

The AMHS operating plan must work within its budget and be developed on anticipated System revenues, general fund subsidies, and the AMHS fund balance. The AMHS will continue to provide year round, safe, reliable and efficient transportation of people, goods and vehicles on Alaska's Marine Highway.

It is anticipated in 2012 that AMHS will continue outfitting the fleet with fuel efficiency technology. The current capital plan has the following vessels: M/V Taku, M/V LeConte and M/V Malaspina scheduled for fuel efficiency modifications within the fiscal year. At that point 10 of the 11 vessels in the fleet will have this technology. AMHS has decided not to upgrade the M/V Lituya which provides service between Metlakatla and Ketchikan as due to the nature of the transport and vessel savings are not expected.

### Significant Changes in Results to be Delivered in FY2012

No changes in results delivered.

### Major Component Accomplishments in 2010

Commencing in June of 2008 the AMHS started equipping its fleet with modern fuel efficiency upgrades. These improvements act as a "cruise control" mechanism and fuel savings are expected in the 10-14% area. The M/V Aurora and the M/V Tustumena have been equipped with this system. The fast vehicle ferries, FVF Fairweather and FVF Chenega, were equipped with this infrastructure in their construction. In 2010, the power management fuel savings system was installed on the M/V Columbia and the M/V Kennicott.

### Statutory and Regulatory Authority

AS 19 Highways & Ferries  
AS 44 State Government

### Contact Information

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**Marine Vessel Fuel  
Component Financial Summary**

*All dollars shown in thousands*

	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	0.0	0.0
74000 Commodities	0.0	27,979.8	20,522.8
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>27,979.8</b>	<b>20,522.8</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	0.0	24,105.4	15,895.7
1076 Marine Highway System Fund	0.0	3,874.4	4,627.1
<b>Funding Totals</b>	<b>0.0</b>	<b>27,979.8</b>	<b>20,522.8</b>

**Summary of Component Budget Changes  
From FY2011 Management Plan to FY2012 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>
<b>FY2011 Management Plan</b>	<b>24,105.4</b>	<b>3,874.4</b>	<b>0.0</b>	<b>0.0</b>	<b>27,979.8</b>
<b>Adjustments which will continue current level of service:</b>					
-August FY2011 Fuel/Utility Cost Increase Funding Distribution from the Office of the Governor	-8,033.5	0.0	0.0	0.0	-8,033.5
-HB 326 Ch 13 SLA 10 Sec 11(b) Reappropriation Sec 17(a) Ch 12 SLA 09 for marine vessel operations add svc Unalaska	-978.2	0.0	0.0	0.0	-978.2
<b>Proposed budget increases:</b>					
-Add Bellingham to Whittier Express Run as Part of the Aleutian Island Chain Service	0.0	462.1	0.0	0.0	462.1
-Add Service to Unalaska and Other Communities Along The Aleutian Island Chain	802.0	290.6	0.0	0.0	1,092.6
<b>FY2012 Governor</b>	<b>15,895.7</b>	<b>4,627.1</b>	<b>0.0</b>	<b>0.0</b>	<b>20,522.8</b>

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

**Component:** Marine Vessel Fuel (2979)  
**RDU:** Marine Highway System (334)

	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Management Plan	FY2012 Governor	FY2011 Management Plan vs FY2012 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
74000 Commodities	0.0	12,914.4	21,926.1	27,979.8	20,522.8	-7,457.0	-26.7%
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	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>0.0</b>	<b>12,914.4</b>	<b>21,926.1</b>	<b>27,979.8</b>	<b>20,522.8</b>	<b>-7,457.0</b>	<b>-26.7%</b>
<b>Fund Sources:</b>							
1004 Gen Fund	0.0	9,040.0	18,051.7	24,105.4	15,895.7	-8,209.7	-34.1%
1076 Marine Hwy	0.0	3,874.4	3,874.4	3,874.4	4,627.1	752.7	19.4%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>9,040.0</b>	<b>18,051.7</b>	<b>24,105.4</b>	<b>15,895.7</b>	<b>-8,209.7</b>	<b>-34.1%</b>
<b>Designated General (DGF)</b>	<b>0.0</b>	<b>3,874.4</b>	<b>3,874.4</b>	<b>3,874.4</b>	<b>4,627.1</b>	<b>752.7</b>	<b>19.4%</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>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</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:** Marine Vessel Fuel (2979)  
**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	
***** Changes From FY2011 Conference Committee (Final) To FY2011 Authorized *****												
<b>FY2011 Conference Committee</b>												
	ConfCom	12,914.4	0.0	0.0	0.0	12,914.4	0.0	0.0	0.0	0	0	0
1004 Gen Fund		9,040.0										
1076 Marine Hwy		3,874.4										
<b>HB 326 Ch 13 SLA 10 Sec 11(b) Reappropriation Sec 17(a) Ch 12 SLA 09 for marine vessel operations add svc Unalaska</b>												
	CarryFwd	978.2	0.0	0.0	0.0	978.2	0.0	0.0	0.0	0	0	0
1004 Gen Fund		978.2										
<p>The unexpended and unobligated balances, not to exceed \$3,600,000, remaining after the appropriation made in Sec 11(a) of this section (Ch. 13 SLA 10, Sec. 11(a) P 18 Ln 1-9), of the appropriations made in sec. 17(a), ch.12, SLA 2009, and allocated in sec. 17(e)(1), ch. 12, SLA 2009 (Department of Transportation and Public Facilities, offset the effects of higher fuel and utility costs) and sec. 17(b), ch. 12, SLA 2009, and allocated in sec. 17(e)(1), ch. 12, SLA 2009 (Department of Transportation and Public Facilities, offset the effects of higher fuel and utility costs) are reappropriated to the Department of Transportation and Public Facilities for marine vessel operations to provide additional service to Unalaska and other communities along the Aleutian Island chain for the fiscal year ending June 30, 2011.</p>												
<b>August FY2011 Fuel/Utility Cost Increase Funding Distribution from the Office of the Governor</b>												
	Atrin	8,033.5	0.0	0.0	0.0	8,033.5	0.0	0.0	0.0	0	0	0
1004 Gen Fund		8,033.5										
<p>Pursuant to Ch41 SLA10 Sec22 P82 L25 through P85 L3, \$13.5 million is distributed in August to State agencies from the Office of the Governor to offset the increased costs for fuel and utilities. Per the Department of Revenue (DOR), the fiscal year-to-date average price of Alaska North Slope crude as of August 1, 2010, was \$76.53 per barrel, which is \$1.12 (1.4%) below DOR's Spring 2010 FY2011 forecast amount of \$77.65.</p> <p>The amounts transferred to state agencies are as follows:  Administration, \$20.5; Corrections, \$540.0; DEED, \$51.5; DEC, \$67.7; Fish and Game, \$69.9; HSS, \$540.0; Labor, \$31.8; DMVA, \$294.6; DNR, \$61.2; DPS, \$246.5; Transportation, \$10,091.3; University, \$1,485.0.</p> <p>The \$10,091.3 transferred to DOT&amp;PF was further allocated as follows: Central Region Facilities, \$68.1; Northern Region Facilities, \$261.3; Central Region Highways and Aviation, \$614.1; Northern Region Highways and Aviation, \$1,105.1; Southeast Region Highways and Aviation, \$9.2, Marine Vessel Fuel, \$8,033.5.</p>												
	<b>Subtotal</b>	<b>21,926.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>21,926.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2011 Authorized To FY2011 Management Plan *****												
<b>ADN 25-1-7625 Transfer Fuel Trigger to new Marine Vessel Fuel component</b>												
	Trin	9,000.0	0.0	0.0	0.0	9,000.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		9,000.0										
<p>The legislature created a new Marine Vessel Fuel component in the FY11 operating budget. The \$9,000.0 fuel trigger was added to the old Marine Vessel</p>												

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

**Component:** Marine Vessel Fuel (2979)  
**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	

Operations component and it should have been added to the new component. This transfer will consolidate all of the Marine Highway System's vessel fuel funding in one place as was the intent of the new component.

**ADN 25-1-3037 Transfer Authority to Marine Vessel Ops Commodities to Meet Expected Expenditures**

1004 Gen Fund	Trout	-2,946.3	0.0	0.0	0.0	-2,946.3	0.0	0.0	0.0	0	0	0
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A new base rate of \$1.78376 per gallon was established this year to budget fuel. Based on the AMHS FY11 Operating Plan, 11,182.2 gallons of fuel are expected to be purchased. This sets the fuel budget for FY11 at \$19,946.3, including the additional authorization received for the Unalaska/Aleutian Island chain service of \$978.2. Based on this price, too much authorization was transferred to the new Marine Vessel Fuel component. This transfer of \$2,946.3 to Marine Vessel Operations commodities will align the two budget components to meet expected expenditures.

<b>Subtotal</b>		<b>27,979.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>27,979.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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\*\*\*\*\* **Changes From FY2011 Management Plan To FY2012 Governor** \*\*\*\*\*

**August FY2011 Fuel/Utility Cost Increase Funding Distribution from the Office of the Governor**

1004 Gen Fund	OTI	-8,033.5	0.0	0.0	0.0	-8,033.5	0.0	0.0	0.0	0	0	0
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Pursuant to Ch41 SLA10 Sec22 P82 L25 through P85 L3, \$13.5 million is distributed in August to State agencies from the Office of the Governor to offset the increased costs for fuel and utilities. Per the Department of Revenue (DOR), the fiscal year-to-date average price of Alaska North Slope crude as of August 1, 2010, was \$76.53 per barrel, which is \$1.12 (1.4%) below DOR's Spring 2010 FY2011 forecast amount of \$77.65.

The amounts transferred to state agencies are as follows:

Administration, \$20.5; Corrections, \$540.0; DEED, \$51.5; DEC, \$67.7; Fish and Game, \$69.9; HSS, \$540.0; Labor, \$31.8; DMVA, \$294.6; DNR, \$61.2; DPS, \$246.5; Transportation, \$10,091.3; University, \$1,485.0.

The \$10,091.3 transferred to DOT&PF was further allocated as follows: Central Region Facilities, \$68.1; Northern Region Facilities, \$261.3; Central Region Highways and Aviation, \$614.1; Northern Region Highways and Aviation, \$1,105.1; Southeast Region Highways and Aviation, \$9.2, Marine Vessel Fuel, \$8,033.5.

**HB 326 Ch 13 SLA 10 Sec 11(b) Reappropriation Sec 17(a) Ch 12 SLA 09 for marine vessel operations add svc Unalaska**

1004 Gen Fund	OTI	-978.2	0.0	0.0	0.0	-978.2	0.0	0.0	0.0	0	0	0
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The unexpended and unobligated balances, not to exceed \$3,600,000, remaining after the appropriation made in Sec 11(a) of this section (Ch. 13 SLA 10, Sec. 11(a) P 18 Ln 1-9), of the appropriations made in sec. 17(a), ch.12, SLA 2009, and allocated in sec. 17(e)(1), ch. 12, SLA 2009 (Department of Transportation and Public Facilities, offset the effects of higher fuel and utility costs) and sec. 17(b), ch. 12, SLA 2009, and allocated in sec. 17(e)(1), ch. 12, SLA 2009 (Department of Transportation and Public Facilities, offset the effects of higher fuel and utility costs) are reappropriated to the Department of Transportation and Public Facilities for marine vessel operations to provide additional service to Unalaska and other communities along the Aleutian Island chain for the fiscal year ending June 30, 2011.

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

**Component:** Marine Vessel Fuel (2979)  
**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>Add Bellingham to Whittier Express Run as Part of the Aleutian Island Chain Service</b>												
	Inc	462.1	0.0	0.0	0.0	462.1	0.0	0.0	0.0	0	0	0
1076 Marine Hwy		462.1										
Adjust existing M/V Kennicott summer schedule to provide a Bellingham to Whittier express run, stopping in Ketchikan, Juneau and Yakutat before arriving in Whittier. This would provide an enhanced express run enabling passengers to continue from the Puget Sound area to the Prince William Sound area without transferring between vessels.												
The Bellingham to Whittier express route is a reconfiguration of the Kennicott's added service allowing double chain trips during the summer. Instead of the southern terminus being Prince Rupert the southern terminus was moved to Bellingham. It is the contention of management that this alteration of schedule will add approximately \$2.8M in revenue while providing 2 additional sailings per month during the summer season, while still providing the necessary Prince William Sound coverage allowing the Tustumena to service the chain twice monthly. This schedule alteration has been met with support from the traveling public and MTAB as it links the populous areas of the Puget Sound area with direct access to Anchorage on a more direct route: not requiring the change of vessel. The management of AMHS has had many conversations with "Independent Travelers Associations" who are behind this change.												
<b>Add Service to Unalaska and Other Communities Along The Aleutian Island Chain</b>												
	Inc	1,092.6	0.0	0.0	0.0	1,092.6	0.0	0.0	0.0	0	0	0
1004 Gen Fund		802.0										
1076 Marine Hwy		290.6										
Add funding to run the M/V Kennicott to service the Prince William Sound communities, thus allowing the M/V Tustumena to provide twice monthly service to the Aleutian Island chain communities.												
The communities of the Aleutian Chain have for many years requested twice monthly service out the chain during the summer months. In fiscal year 2011 this service was added into the budget during the legislative process. In fiscal year 2012 this added service which has been promoted by MTAB and other southwest Alaska community groups has been included into the fiscal year 2012 Governor's request.												
<b>Totals</b>		<b>20,522.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>20,522.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Line Item Detail**  
**Department of Transportation/Public Facilities**  
**Commodities**

**Component:** Marine Vessel Fuel (2979)  
**RDU:** Marine Highway System (334)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000	Commodities		0.0	27,979.8	20,522.8
<b>Expenditure Account</b>			<b>FY2010 Actuals</b>	<b>FY2011 Management Plan</b>	<b>FY2012 Governor</b>
<b>74000 Commodities Detail Totals</b>			<b>0.0</b>	<b>27,979.8</b>	<b>20,522.8</b>
74850	Equipment Fuel	FY11 vessel fuel price based on \$51 a barrel @ \$1.78376 a gallon.	0.0	19,946.3	20,522.8
		FY11 AMHS Operating Plan expected fuel purchases of 11,182.2 gallons @ an estimated average delivered fuel price of \$2.50 = \$27,955.5 ( the estimated gallons and cost include the Sec 11 (b) Repeal/Reapprop for the Unalaska and Aleutian Island Chain run).			
74850	Equipment Fuel	FY11 Need Above Base \$8,049.2 Pursuant to Ch41 SLA 10 Sec22(a) P82 L25 through P85 L3, funding was distributed from the Office of the Governor to offset the increased costs for fuel and utilities in FY11 - \$8,033.5 for marine vessel fuel. This authorization does not carry forward into the FY12 budget.	0.0	8,033.5	0.0