

**State of Alaska
FY2016 Governor Amended 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 eight of the 11 vessels with fuel efficiency technology.
- Examine the feasibility of using liquid natural gas to fuel the M/V Tustumena replacement vessel.

Major Component Accomplishments in 2014

All eight vessels have been equipped with the fuel efficiency technology. All vessels equipped with the Fuel Management System have achieved significant reductions in their daily fuel burn rates. Through fine tuning of the system, programming and engineering problems have also been significantly reduced.

Key Component Challenges

Continue to provide year round, safe, reliable, and efficient transportation of people, goods, and vehicles on Alaska's Marine Highway within budget.

Significant Changes in Results to be Delivered in FY2016

Fine tuning of the Fuel Management System will be continued on each vessel to ensure optimal fuel burn to minimize diesel fuel consumption while still meeting scheduled service levels. All applicable crew members will be properly trained in order to optimize the benefits of the fuel efficiency technology.

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

	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	0.0	-2,165.5
74000 Commodities	31,965.6	28,913.6	28,913.6
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
Expenditure Totals	31,965.6	28,913.6	26,748.1
Funding Sources:			
1004 General Fund Receipts	28,054.7	23,512.5	19,547.0
1076 Marine Highway System Fund	3,910.9	5,401.1	7,201.1
Funding Totals	31,965.6	28,913.6	26,748.1

**Summary of Component Budget Changes
From FY2015 Management Plan to FY2016 Governor Amended**

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>
FY2015 Management Plan	23,512.5	5,401.1	0.0	0.0	28,913.6
Adjustments which continue current level of service:					
-Transfer to Marine Vessel Operations to Continue Existing Alaska Marine Highway System Service Levels	-2,165.5	0.0	0.0	0.0	-2,165.5
-Fund Source Change Due to Fare Increase	-1,800.0	1,800.0	0.0	0.0	0.0
FY2016 Governor Amended	19,547.0	7,201.1	0.0	0.0	26,748.1

Component Detail All Funds
Department of Transportation/Public Facilities

Component: Marine Vessel Fuel (AR59107) (2979)
RDU: Marine Highway System (334)

	FY2014 Actuals	FY2015 Conference Committee	FY2015 Authorized	FY2015 Management Plan	FY2016 Governor Amended	FY2015 Management Plan vs FY2016 Governor Amended	
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	-2,165.5	-2,165.5	-100.0%
74000 Commodities	31,965.6	28,913.6	28,913.6	28,913.6	28,913.6	0.0	0.0%
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%
Totals	31,965.6	28,913.6	28,913.6	28,913.6	26,748.1	-2,165.5	-7.5%
Fund Sources:							
1004Gen Fund (UGF)	28,054.7	23,512.5	23,512.5	23,512.5	19,547.0	-3,965.5	-16.9%
1076Marine Hwy (DGF)	3,910.9	5,401.1	5,401.1	5,401.1	7,201.1	1,800.0	33.3%
Unrestricted General (UGF)	28,054.7	23,512.5	23,512.5	23,512.5	19,547.0	-3,965.5	-16.9%
Designated General (DGF)	3,910.9	5,401.1	5,401.1	5,401.1	7,201.1	1,800.0	33.3%
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
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 FY2015 Conference Committee To FY2015 Authorized *****												
FY2015 Conference Committee												
	ConfCom	28,913.6	0.0	0.0	0.0	28,913.6	0.0	0.0	0.0	0	0	0
1004 Gen Fund		23,512.5										
1076 Marine Hwy		5,401.1										
Subtotal		28,913.6	0.0	0.0	0.0	28,913.6	0.0	0.0	0.0	0	0	0
***** Changes From FY2015 Authorized To FY2015 Management Plan *****												
Subtotal		28,913.6	0.0	0.0	0.0	28,913.6	0.0	0.0	0.0	0	0	0
***** Changes From FY2015 Management Plan To FY2016 Governor Amended *****												
Transfer to Marine Vessel Operations to Continue Existing Alaska Marine Highway System Service Levels												
	Trout	-2,165.5	0.0	0.0	-2,165.5	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-2,165.5										

The intent of the FY2016 Governor's request is to mirror service levels of the FY2015 authorized budget to the best of the system's ability. In following this principle Alaska Marine Highway System has prepared a 2016 schedule totaling 403.3 weeks in comparison to the 398.9 weeks comprising the 2015 authorized budget. Although this is a slight increase in service, the additional operating costs are due to changes in wage rates and varying costs as a result of vessel availability and annual overhaul schedules. As part of the approved business plan, "Option A", the department will require an increment, transfer of authorization between components, a Line Item Transfer and an increase to fares in order to meet the system's need:

- Line Item Transfer: \$0.0

This transfer of authority between line items is necessary to full-fill the financial obligations of the FY2016 schedule.

- Increment to Maintain Current Service Levels: \$2,317.4

This increment is necessary to full-fill the financial obligations of the FY2016 schedule.

- Transfer Funding out of Marine Engineering into Reservations & Marketing: \$20.0

This transfer of authority is necessary in order to comply with vacancy factor guidelines. Authority is available to transfer from Marine Engineering due to turn over in long-term staff members in pay increment status and newly appointed staff being placed at a lower pay step.

- Transfer Funding out of Marine Engineering into Marine Shore Operations: \$60.0

This transfer of authority is necessary in order to comply with vacancy factor guidelines. Authority is available to transfer from Marine Engineering due to turn over in long-term staff members in pay increment status and newly appointed staff being placed at a lower pay step.

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	
<ul style="list-style-type: none"> •Transfer Funding out of Marine Engineering into Vessel Operations Management: \$47.0 <p>This transfer of authority is necessary in order to comply with vacancy factor guidelines. Authority is available to transfer from Marine Engineering due to turn over in long-term staff members in pay increment status and newly appointed staff being placed at a lower pay step.</p> <ul style="list-style-type: none"> •Transfer Funding out of Marine Fuel into Marine Vessel Operations: \$2,165.5 <p>This transfer of authority is necessary to full-fill the financial obligations of the FY2016 schedule. Authority is available to transfer from Marine Vessel Fuel due to the mix of vessels operating during FY2016.</p> <ul style="list-style-type: none"> •Fund Change From Unrestricted General Fund to Marine Highway System Receipts: 0 <p>There will be a fare increase effective in Fiscal Year 2016. Fares have not been increased since 2007 and this will reduce the system's dependence on state general funds.</p>												
Fund Source Change Due to Fare Increase												
	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund	-1,800.0											
1076 Marine Hwy	1,800.0											

The intent of the FY2016 Governor's request is to mirror service levels of the FY2015 authorized budget to the best of the system's ability. In following this principle Alaska Marine Highway System has prepared a 2016 schedule totaling 403.3 weeks in comparison to the 398.9 weeks comprising the 2015 authorized budget. Although this is a slight increase in service, the additional operating costs are due to changes in wage rates and varying costs as a result of vessel availability and annual overhaul schedules. As part of the approved business plan, "Option A", the department will require an increment, transfer of authorization between components, a Line Item Transfer and an increase to fares in order to meet the system's need:

- Line Item Transfer: \$0.0

This transfer of authority between line items is necessary to full-fill the financial obligations of the FY2016 schedule.

- Increment to Maintain Current Service Levels: \$2,317.4

This increment is necessary to full-fill the financial obligations of the FY2016 schedule.

- Transfer Funding out of Marine Engineering into Reservations & Marketing: \$20.0

This transfer of authority is necessary in order to comply with vacancy factor guidelines. Authority is available to transfer from Marine Engineering due to turn over in long-term staff members in pay increment status and newly appointed staff being placed at a lower pay step.

- Transfer Funding out of Marine Engineering into Marine Shore Operations: \$60.0

This transfer of authority is necessary in order to comply with vacancy factor guidelines. Authority is available to transfer from Marine Engineering due to turn over

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		
										PFT	PPT	NP
in long-term staff members in pay increment status and newly appointed staff being placed at a lower pay step.												
•Transfer Funding out of Marine Engineering into Vessel Operations Management: \$47.0												
This transfer of authority is necessary in order to comply with vacancy factor guidelines. Authority is available to transfer from Marine Engineering due to turn over in long-term staff members in pay increment status and newly appointed staff being placed at a lower pay step.												
•Transfer Funding out of Marine Fuel into Marine Vessel Operations: \$2,165.5												
This transfer of authority is necessary to full-fill the financial obligations of the FY2016 schedule. Authority is available to transfer from Marine Vessel Fuel due to the mix of vessels operating during FY2016.												
•Fund Change From Unrestricted General Fund to Marine Highway System Receipts: 0												
There will be a fare increase effective in Fiscal Year 2016. Fares have not been increased since 2007 and this will reduce the system's dependence on state general funds.												
	Totals	26,748.1	0.0	0.0	-2,165.5	28,913.6	0.0	0.0	0.0	0	0	0

Line Item Detail
Department of Transportation/Public Facilities
Services

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

Line Number	Line Name	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000	Services	0.0	0.0	-2,165.5

Line Item Detail
Department of Transportation/Public Facilities
Commodities

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

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
74000	Commodities		31,965.6	28,913.6	28,913.6
Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
74000 Commodities Detail Totals			31,965.6	28,913.6	26,748.1
74850	Equipment Fuel	FY2016 Alaska Marine Highway System estimated fuel based on 10,462.5 gallons at an estimated average fuel delivery price of \$2.56 per gallon = \$26,748.1.	31,965.6	28,913.6	26,748.1