

# ALASKA MARINE HIGHWAY FUND

A photograph showing a person from behind, standing on the white railing of a boat's deck. The person is wearing a dark blue t-shirt and jeans. The boat is moving through bright blue water, creating a large, white, foamy wake that fills most of the frame. The sky is not visible, and the overall scene is bright and clear.

## Annual Financial Report

For the fiscal year ended June 30, 2016

2016



Alaska Marine Highway System Fund

# ANNUAL FINANCIAL REPORT

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For the fiscal year ended June 30, 2016

Prepared by: Alaska Marine Highway System,  
Department of Transportation and Public Facilities

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**Annual Financial Report**  
For the Fiscal Year Ended June 30, 2016

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# I



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

## Department of Transportation and Public Facilities

OFFICE OF THE COMMISSIONER  
Marc Luiken, Commissioner

3132 Channel Drive  
P.O. Box 112500  
Juneau, Alaska 99811-2500  
Main: 907.465.3900  
dot.state.ak.us

January 5, 2017

Dear Alaska State Legislator:

Enclosed is the Alaska Marine Highway System (AMHS) Annual Financial Report for Fiscal Year 2016 (ended June 30, 2016) as required by AS 19.65.070.

During FY2016, AMHS recorded \$47.2 million in operating revenues which was down \$6.7 million from the previous year. A portion of this decrease in revenue was expected due to service reductions as a result of the AMHS budget being cut in FY2016. Additionally, late deliveries of the M/V Columbia and vessel breakdowns also contributed to lower revenue. The planned and unplanned reductions in service, along with implemented cost savings measures and reduced fuel costs, resulted in a total operating expenditure of \$145.2 million, \$15.6 million less than FY2015.

AMHS operated with an on-time departure rate of 92 percent. Port calls increased slightly during FY2016, up from 6,495 in FY2015 to 6,504. Service weeks provided by AMHS decreased to 355.9, down from the previous year's 378.3. As with the revenues, this decrease was primarily due to the budget cuts and the late delivery of the M/V Columbia.

The Alaska Marine Highway System is meeting the challenge of providing safe, efficient, reliable, and cost effective transportation for the traveling public despite significant budgetary challenges. The system's customer satisfaction rating remains strong at 95 percent.

I look forward to the opportunity to share more AMHS successes with you in the coming year.

Sincerely,

A handwritten signature in black ink that reads "Marc Luiken".

Marc Luiken  
Commissioner

*"Keep Alaska Moving through service and infrastructure."*

# MARINE TRANSPORTATION ADVISORY BOARD

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## Alaska Marine Highway System Marine Transportation Advisory Board

Originally created under Administrative Order 204, a temporary interim Marine Transportation Advisory Board (MTAB) was established by Governor Murkowski on January 15, 2003. Administrative Order 233, signed by Governor Palin and dated March 28, 2007, permanently established the MTAB which was subsequently established in Alaska Statute by House Bill 294 on June 4, 2008. This bill established the Alaska Marine Transportation Advisory Board and set out its powers and duties in Alaska Statute AS 19.65.011 and AS 19.65.110-195, made conforming amendments, and provided an effective date of June 5, 2008. The board was expanded by one seat (from 11 members to 12) with the addition of a representative from the Southwest System under Senate Bill 24 effective September 1, 2013. The following are the MTAB Members as of June 30th, 2016:

### CHAIRMAN

Robert Venables

Northern Southeast (Haines, Juneau, Skagway)

### DOT&PF STAFF SUPPORT

Michael Neussl

Deputy Commissioner

Shannon Whistler

Administrative Assistant

### MEMBERS

Patricia Branson

South Central Alaska

Shannon Adamson

Labor Unions of the employees of the AMHS

Gerald Hope

Central Southeast (Petersburg, Sitka, Wrangell)

David Reggiani

Prince William Sound / Kenai Peninsula (Cordova, Valdez, Whittier, Yakutat, Chenega Bay, Tatitlek)

Daniel Kelly

Business owner with experience interacting with AMHS - Resident of Ketchikan Gateway Borough

Al Koch

Travel Agent / Tourism Specialist

Richard Knapp

Marine Captain / Engineer

Shirley Marquardt

Southwest Alaska / Aleutian Chain / Alaska Peninsula (Akutan, Chignik, Cold Bay, False Pass, Homer, King Cove, Kodiak, Port Lions, Sand Point, Seldovia, Unalaska / Dutch Harbor)

Cathie Roemmich

Member At-Large

Maxine Thompson

Southeast Alaska (Angoon, Hoonah, Kake, Pelican, Tenakee)

Greg Wakefield

Member At-Large / Not directly served by AMHS

# PORTS OF CALL

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## Alaska Marine Highway System Ports of Call

### SOUTHEAST ALASKA

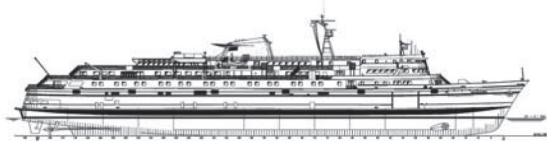
Angoon  
Bellingham, WA  
Gustavus  
Haines  
Hoonah  
Juneau (Auke Bay)  
Kake  
Ketchikan  
Metlakatla (Annette Bay)  
Pelican  
Petersburg  
Prince Rupert, BC, Canada  
Sitka  
Skagway  
Tenakee Springs  
Wrangell  
Yakutat

### SOUTHWEST ALASKA

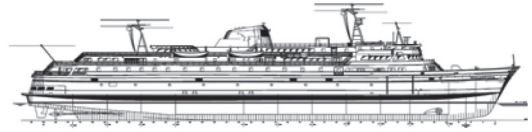
Akutan  
Chenega Bay  
Chignik  
Cold Bay  
Cordova  
False Pass  
Homer  
King Cove  
Kodiak  
Old Harbor  
Ouzinkie  
Port Lions  
Sand Point  
Seldovia  
Tatitlek  
Unalaska / Dutch Harbor  
Valdez  
Whittier



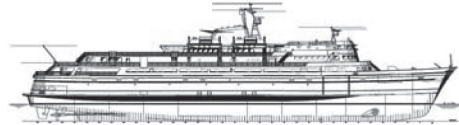
## Alaska Marine Highway System Profile of the Fleet



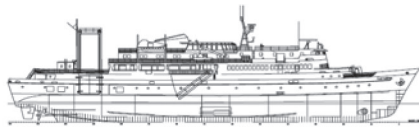
**M/V Matanuska**  
408 feet  
Built 1963



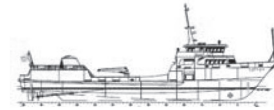
**M/V Malaspina**  
408 feet  
Built 1963



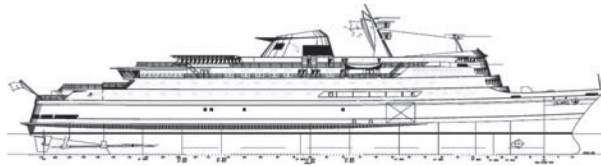
**M/V Taku**  
352 feet  
Built 1963



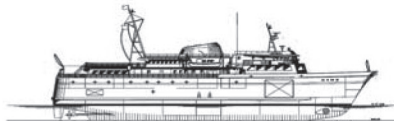
**M/V Tustumena**  
296 feet  
Built 1964



**M/V Lituya**  
181 feet  
Built 2004



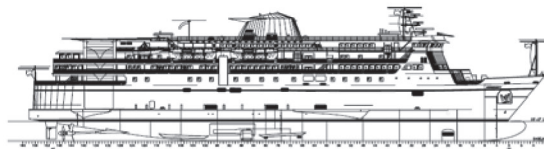
**M/V Columbia**  
418 feet  
Built 1974



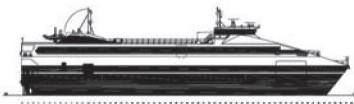
**M/V LeConte**  
235 feet  
Built 1974



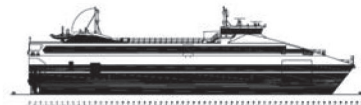
**M/V Aurora**  
235 feet  
Built 1977



**M/V Kennicott**  
382 feet  
Built 1998



**FVF Fairweather**  
235 feet  
Built 2004



**FVF Chenega**  
235 feet  
Built 2005

# VESSEL INFORMATION TABLE

## Alaska Marine Highway System Vessel Information Table

	Matanuska	Malaspina	Taku	Tustumena	Columbia	LeConte	Aurora	Kennicott	Lituya	Fairweather	Chenega
Year Built	1963	1963	1963	1964	1974	1974	1977	1998	2004	2004	2005
Length (ft)	408	408	352	296	418	235	235	382	181	235	235
Beam (ft)	74	74	74	59	59	57	57	59	50	60	60
Displacement (L/T)	5,569	5,994	4,319	3,067	7,684	2,132	2,132	7,503	647	787	787
Loaded Draft (ft-in)	16-11 5/8	16-10	17	14-4 1/2	17-6 1/8	13-8	13-8	17-6	12	8-6	8-6
<b>International Tonnage</b>											
Gross:	9,214	9,121	7,302	4,529	13,009	3,124	3,124	12,635	758	3,424	3,420
Net:	3,824	3,667	2,496	1,451	4,932	987	987	3,790	227	1,027	1,026
<b>Domestic Tonnage</b>											
Gross:	3,029	2,928	2,625	2,174	3,946	1,328	1,280	9,978	97	1,280	1,333
Net:	1,235	1,253	1,494	898	2,683	566	453	7,354	66	870	827
hp @ Service Speed	7,200	8,000	8,000	5,100	10,800	4,300	4,300	13,200	2,000	19,310	19,310
Service Speed (kts)	16.5	16.5	16.5	13.3	17.3	14.5	14.5	16.8	11.5	32.0	32.0
Fuel Use (gph)	234	270	253	151	397	188	190	354	55	600	600
Crew Capacity: COI	48	59	44	38	63	24	24	55	5	10	10
Passenger Capacity: COI	499	499	370	174	600	247	300	499	149	250	250
Passenger Capacity: Booking	450	450	350	160	499	225	250	450	125	210	210
<b>Staterooms</b>											
4 berth	5	45	6	6	45	0	0	48	0	0	0
3 berth	21	0	0	0	0	0	0	0	0	0	0
2 berth	79	26	32	17	56	0	0	58	0	0	0
4 berth ADA	0	0	0	0	0	0	0	3	0	0	0
2 berth ADA	1	1	2	1	3	0	0	0	0	0	0
Total Staterooms	106	72	40	24	104	0	0	109	0	0	0
Total Berths	243	234	92	60	298	0	0	320	0	0	0
<b>Vehicle Capacity (lane-ft.)</b>											
Quantity (20 foot vehicles)	1960	1960	1500	852	3200	720	720	1700	360	720	720
Vehicle Capacity: Booking	98	98	75	42	160	36	36	85	18	36	36
Van Capacity: Booking	1675	1675	1000	680	2660	660	660	1560	300	620	620
	10	10	5	6	16	8	7	17	2	2	3

## Alaska Marine Highway System FY 2016 Operating Plan



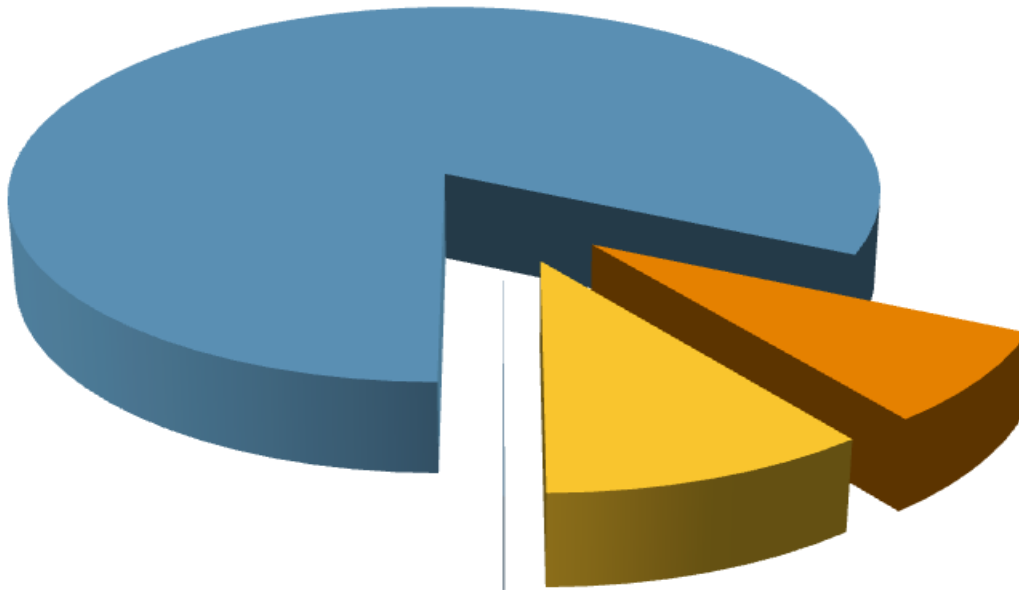
# OPERATING REVENUES





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Alaska Marine Highway System Fund  
**UNRESTRICTED OPERATING REVENUES**

For the fiscal year ended June 30, 2016

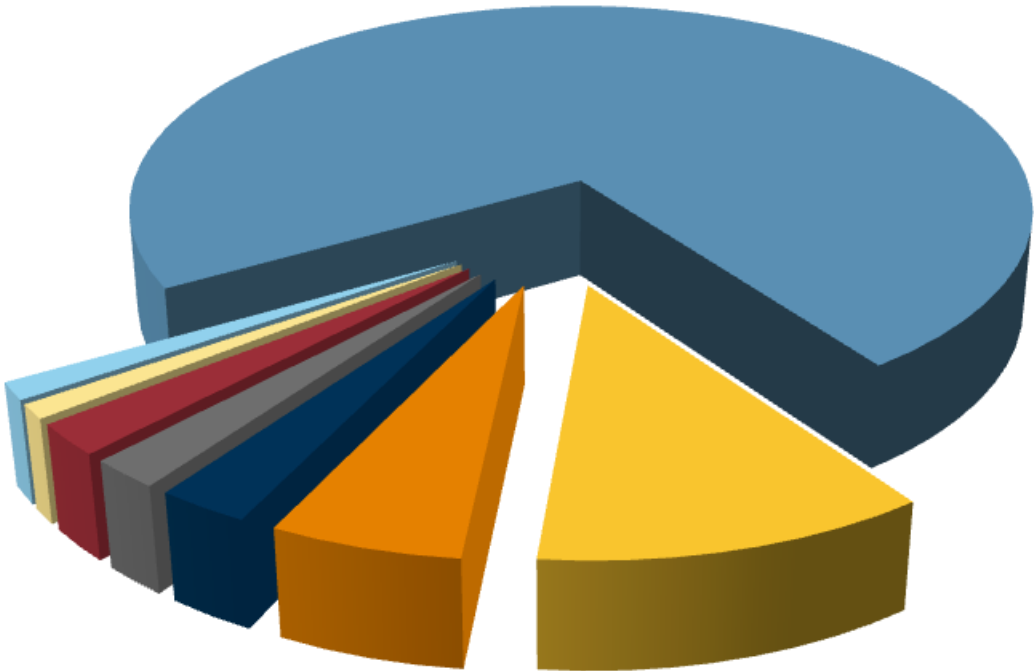
**\$47.2 MILLION**











	Ticket Sales	<b>81.9%</b>
	Stateroom Sales	<b>7.6%</b>
	Passenger Services Sales	<b>10.5%</b>
	Other Unrestricted Revenue	<b>0.0%</b>

**Alaska Marine Highway System Fund**  
**OPERATING EXPENDITURES**

For the fiscal year ended June 30, 2016  
**\$145.2 MILLION**



	Marine Vessel Operations	<b>73.5%</b>		Operations Management	<b>2.8%</b>
	Marine Fuel	<b>11.5%</b>		Overhaul	<b>1.3%</b>
	Shore Operations	<b>5.6%</b>		Marine Engineering	<b>2.1%</b>
	Reservations and Marketing	<b>1.1%</b>		Support Services	<b>2.3%</b>



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# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

**Alaska Marine Highway System Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
 For the Fiscal Year Ended June 30, 2016 (In Thousands)

<b>Revenues:</b>	<u>Capitalization</u>	<u>AMHS</u>	<u>Total</u>
Unrestricted Revenues:			
Ticket Sales	\$ -	\$ 38,600	\$ 38,600
Stateroom Sales	-	3,601	3,601
Passenger Services Sales	-	4,940	4,940
Facility Rental	-	2	2
Concession Fees	-	7	7
Other Unrestricted Revenue	-	7	7
Total Unrestricted Revenues	-	47,157	47,157
Restricted Revenues	-	23	23
Indirect Cost Recovery	-	580	580
<b>Total Revenues</b>	<u>-</u>	<u>47,760</u>	<u>47,760</u>
<b>Expenditures:</b>			
Current Operating:			
Support Services	-	3,281	3,281
Marine Engineering	-	3,073	3,073
Overhaul	-	1,847	1,847
Operations Management	-	4,001	4,001
Reservations & Marketing	-	1,534	1,534
Shore Operations	-	8,151	8,151
Marine Fuel	-	16,648	16,648
Marine Vessel Operations	-	106,629	106,629
AMHS RSA	-	23	23
<b>Total Expenditures</b>	<u>-</u>	<u>145,187</u>	<u>145,187</u>
Excess (Deficiency) of Revenues and Other Financing Sources			
Financing Uses from Operating	-	(97,427)	(97,427)
Fund Balance, Beginning of Year	2,644	20,908	23,552
Reserves and Year End Adjustments	(14)	-	(14)
Fund Transfer - General Fund	-	94,958	94,958
Additional Fuel Trigger Appropriation	-	-	-
<b>Fund Balance, End of Year; Undesignated</b>	<u>\$ 2,630</u>	<u>\$ 18,439</u>	<u>\$ 21,069</u>

The notes to the financial statement are an integral part of this statement.



# STATEMENT OF ACTUAL AND ESTIMATED REVENUES

## Alaska Marine Highway System Fund Statement of Actual and Estimated Revenues Budgetary Basis (In Thousands)

	Fiscal Year Ended June 30, 2016			Fiscal Year Ending June 30, 2017		Fiscal Year Ending June 30, 2018
	Estimated Revenues	Actual Revenues	Actual Over(Under) Estimated	Total Estimated Revenues	Estimated Revenues 12/31/2016	Estimated Revenues
<b>Restricted Revenues</b>						
Restricted Revenues	\$ 977	\$ 23	\$ (954)	\$ 55	\$ 0	\$ 435
Indirect Cost Recovery (ICAP)	598	580	(18)	1,450	306	1,415
<b>Total Restricted</b>	<b>1,575</b>	<b>603</b>	<b>(972)</b>	<b>1,505</b>	<b>306</b>	<b>1,850</b>
<b>Unrestricted AMHS Fund</b>						
Ticket Sales	41,920	38,600	(3,320)	43,845	21,801	42,363
Stateroom Sales	5,512	3,601	(1,911)	4,091	2,034	3,952
Passenger Service Sales	5,360	4,940	(420)	5,611	2,790	5,422
Facility Rental	10	2	(8)	4	2	2
Concession Fees	30	7	(23)	10	3	10
Other Unrestricted Revenue	50	7	(43)	65	62	10
<b>Total Unrestricted</b>	<b>52,882</b>	<b>47,157</b>	<b>(5,725)</b>	<b>53,626</b>	<b>26,692</b>	<b>51,759</b>
<b>Total Revenues</b>	<b>\$ 54,457</b>	<b>\$ 47,760</b>	<b>(6,697)</b>	<b>\$ 55,131</b>	<b>\$ 26,998</b>	<b>\$ 53,609</b>

The notes to the financial statement are an integral part of this statement  
Budgetary Presentation shows all budgeted and actual revenues including budgeted intergovernmental activity.

# NOTES TO THE FINANCIAL STATEMENT

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## Alaska Marine Highway System Fund Notes to the Financial Statement For the Fiscal Year Ended June 30, 2016

### **NOTE 1 - Alaska Marine Highway System Fund**

The Alaska Marine Highway System Fund was established July 1, 1990. All gross revenues generated from the operation of the Alaska Marine Highway System are accounted for and remitted in accordance with AS 19.65.070 which mandates that the money shall be deposited in the Alaska Marine Highway System Fund.

#### **Marine Highway Capitalization Account**

The Marine Highway Capitalization account was established within the Alaska Marine Highway System Fund June 30, 2009. An estimated \$9 million in general funds was reappropriated to the new Capitalization Account. Access to this new funding will be restricted and will only occur with approval by the Legislative Budget and Audit Committee.

An unexpended and unobligated balance of funds for the off-set of higher fuel costs, estimated at \$1.25 million, were reallocated in Chapter 13, SLA 10, Sec 11(c) to the Marine Highway Capitalization Account.

In FY2012 and FY2013, a total of \$6.55 million of unexpended and unobligated balance of funds for the off-set of higher fuel costs were reallocated to the Marine Highway Capitalization Account.

In FY2014, \$11.0 million of funds were transferred to the AMHS FY15 Capital Fund for vessel overhaul projects and \$3.0 million in funds were transferred to the AMHS Deferred Maintenance capital fund.

### **NOTE 2 - CIP Program Component**

The Alaska Marine Highway System budget includes a component which authorizes positions directly related to capital projects. Beginning in FY2001, the salary cost of time charged directly to capital projects is not recorded in the Alaska Marine Highway Fund. The cost of time charged to administration or overhead is recorded in the Alaska Marine Highway Fund.

### **NOTE 3 - Interest Earned on the Fund**

In FY13, the Alaska Marine Highway Fund began receiving interest earned on its fund. This interest was recorded as unrestricted revenue and was reflected on the Combining Statement of Revenues, Expenditures and Changes in Fund Balance Statement in FY13-FY15. As of FY16, the Alaska Marine Highway Fund is no longer receiving this interest earned.

### **NOTE 4 - Operating Overhaul**

Overhaul expenditures that are included in the Operating Budget are limited to small maintenance items that arise while the vessels are operating and do not include capital overhaul expenditures. Large vessel overhaul and deferred maintenance items are included in the Capital Budget. In FY2016, the Vessel Overhaul and Deferred Maintenance Capital Budgets totalled \$12.6 million.

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# OPERATING REVENUES BY VESSEL

## Alaska Marine Highway System Unrestricted Revenue by Vessel\*

Fiscal Years 2005 - 2016 (In Thousands)

Vessel	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Aurora	2,333	2,327	2,003	1,347	2,191	3,115	2,522	1,898	2,679	2,421	4,059	2,721
Cherega	-	1,128	1,963	3,093	3,380	1,392	3,428	2,889	2,221	2,358	1,914	675
Columbia	7,917	15,530	12,439	6,463	9,713	7,924	8,939	13,014	16,635	6,682	11,778	7,471
Fairweather	3,003	2,257	2,913	2,605	1,015	1,945	1,805	1,659	1,537	1,415	1,684	2,049
Kennicott	5,662	6,209	5,831	3,414	5,182	3,125	7,154	8,151	9,195	8,425	8,265	7,705
Leconte	1,396	1,638	916	1,514	1,808	1,757	794	2,537	2,006	2,499	854	3,634
Lituya	593	593	593	721	639	620	724	822	774	769	848	812
Malaspina	11,975	7,832	7,552	11,659	10,980	11,446	10,520	5,765	3,133	12,051	11,036	11,316
Matanuska	8,762	7,418	8,146	8,841	3,094	6,211	6,100	9,003	9,217	7,154	3,989	7,192
Taku	761	3,292	2,833	4,480	5,156	4,755	2,265	4,001	3,839	4,789	5,474	-
Tustumena	3,196	2,849	3,060	3,376	2,992	3,525	3,318	3,755	1,875	2,106	3,828	3,566
Contract Vessels	-	76	127	-	2	54	39	12	2	-	-	-
Non Vessel Revenue	64	53	32	135	46	46	89	180	121	207	167	16
<b>TOTAL</b>	<b>45,662</b>	<b>51,202</b>	<b>48,407</b>	<b>47,647</b>	<b>46,200</b>	<b>45,914</b>	<b>47,697</b>	<b>53,684</b>	<b>53,234</b>	<b>50,877</b>	<b>53,896</b>	<b>47,157</b>

\*These figures are close approximations based on reservations and ticketing information. They may be used to show relative magnitude of different vessel operations. They are not accounting figures. Therefore, attempts to reconcile the figures with accounting documents may yield small discrepancies.

# OPERATING EXPENDITURES BY VESSEL

**Alaska Marine Highway System  
Operating Expenditures by Vessel\***  
Fiscal Years 2005 - 2016 (In Thousands)

Vessel	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Aurora	3,533	6,434	6,264	3,649	7,649	7,720	8,065	5,380	8,104	7,013	6,446	6,264
Chenega	314	7,778	6,360	8,845	9,474	4,643	10,146	8,513	8,098	7,971	6,595	3,899
Columbia	7,336	17,205	16,735	8,892	11,231	9,587	11,861	17,292	20,380	9,706	15,757	14,312
Fairweather	5,635	5,887	7,762	8,154	4,949	7,356	7,824	9,539	7,774	6,586	7,739	6,894
Kennicott	9,535	15,624	16,300	11,853	15,091	10,557	18,022	17,341	21,170	16,468	15,031	17,074
LeConte	5,869	8,129	5,485	7,141	6,912	7,070	4,858	9,807	9,533	9,915	6,677	9,087
Lituya	629	961	1,008	1,170	1,189	1,114	1,415	1,381	1,367	1,195	1,224	963
Malaspina	11,492	9,219	9,089	14,664	14,065	14,558	16,147	11,843	8,573	16,929	15,313	14,794
Matanuska	11,202	11,456	14,814	14,160	7,260	12,611	16,246	17,390	17,669	14,644	10,683	17,078
Taku	4,107	9,436	9,452	13,745	13,583	13,458	8,853	15,880	16,020	17,810	16,768	3,414
Tustumena	6,269	6,378	8,744	9,612	6,642	9,114	10,068	10,978	6,527	9,966	10,569	10,884
Vessel Leave	9,204	11,571	14,576	15,164	14,268	14,375	15,949	16,605	16,695	17,234	9,006	13,339
All Vessels**	13,904	10,123	11,024	9,709	12,231	10,240	10,379	9,591	10,178	9,725	18,298	7,145
<b>TOTAL</b>	<b>89,028</b>	<b>120,201</b>	<b>127,613</b>	<b>126,757</b>	<b>124,542</b>	<b>122,404</b>	<b>139,834</b>	<b>151,540</b>	<b>152,087</b>	<b>145,162</b>	<b>140,106</b>	<b>125,147</b>

\*Expenditures by vessel include the following operating components: Marine Vessel Operations, Overhaul, Fuel and unbudgeted AMHS Reimbursable. Service Agreements (RSA). Not included are the budget components for Marine Engineering, Operations Management, Reservations and Marketing, and Shore Operations.

\*\*This consists of expenditures that benefit all vessels equally rather than specific vessel expenditures.



**Alaska Marine Highway System Fund**

**FY 2016 ANNUAL FINANCIAL REPORT**

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State of Alaska, Department of Transportation and Public Facilities

Compiled December 30th, 2016

