

ALASKA MARINE HIGHWAY FUND



Annual Financial Report

2020

For the fiscal year ended June 30, 2020



Alaska Marine Highway System Fund

ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2020

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, 2020

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LETTER OF TRANSMITTAL



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Transportation and Public Facilities

OFFICE OF THE COMMISSIONER
John MacKinnon, Commissioner

PO Box 112500
Juneau, Alaska 99811-2500
Main: 907.465.3900
dot.alaska.gov

December 3, 2020

Dear Alaska State Legislator:

Enclosed is the Alaska Marine Highway System (AMHS) Annual Financial Report for Fiscal Year 2020 (ended June 30, 2020) as required by AS 19.65.070.

FY2020 was a very challenging year for the Alaska Marine Highway System. The Inlandboatmen's Union went on strike during one of the busiest weeks of the year causing AMHS to have to stop operations for eight days. Significant mechanical issues reduced vessel availability and then the COVID-19 global pandemic forced AMHS to drastically reduce operations for several months. These factors combined to result in lower annual operating revenues, lower operating weeks, and fewer port calls.

During FY2020, AMHS recorded \$28.3 million in operating revenues, which was a decrease of \$22.5 million from the previous year. Operating expenditures totaled \$94.6 million, \$46.3 million less than FY2019.

AMHS operated with an on-time departure rate of 90 percent. Port calls decreased during FY2020 to 3,244, down from 5,717 during FY2019. Service weeks provided by AMHS also decreased in 2020 to 203.0, down from the previous year's 329.1.

The Alaska Marine Highway System is continually finding innovative ways to meet the challenge of providing safe, efficient, reliable, and cost effective transportation for the traveling public. The system's customer satisfaction rating remains strong at 92 percent.

FY2020 was a year full of challenges and changes for the Alaska Marine Highway System. We look forward to discussing these with you during the upcoming legislative session.

Sincerely,

A handwritten signature in blue ink, appearing to read "John MacKinnon".

John MacKinnon
Commissioner

"Keep Alaska Moving through service and infrastructure."

MARINE TRANSPORTATION ADVISORY BOARD

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, 2020:

CHAIRMAN

Robert Venables

Northern Southeast Alaska (Haines, Juneau, Skagway)

DOT&PF STAFF SUPPORT

Captain John Falvey

General Manager

Tera Ollila

Administrative Assistant II

MEMBERS

Patricia Branson

South Central Alaska

Shannon Adamson

Labor Unions of the employees of the AMHS

Garry White

Central Southeast Alaska (Petersburg, Sitka, Wrangell)

Kerin Kramer

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

Ernie Weiss

Public / Not Directly Served by AMHS

Patty Mackey

Travel Agent / Tourism Specialist

Jack Jensen

Marine Captain / Engineer

Carlin Enlow

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

Frank Murkowski

Member At-Large

Norm Carson

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

Jeremy Miller

Business Owner

PORTS OF CALL

Alaska Marine Highway System Ports of Call

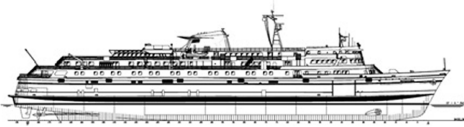
SOUTHEAST ALASKA

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

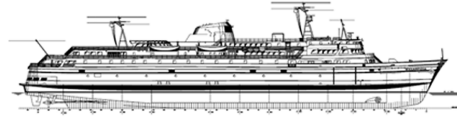
SOUTHWEST ALASKA

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

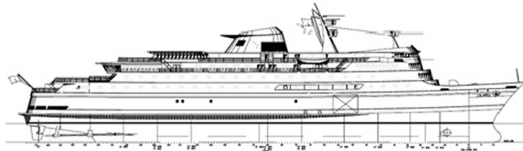
Alaska Marine Highway System Profile of the Fleet



M/V Matanuska
408 feet
Built 1963



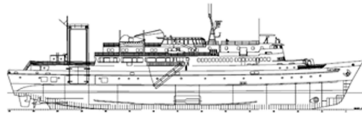
M/V Malaspina
408 feet
Built 1963



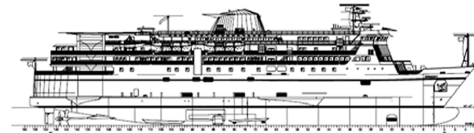
M/V Columbia
418 feet
Built 1974



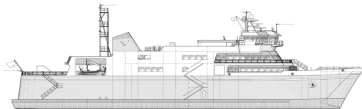
M/V Lituya
181 feet
Built 2004



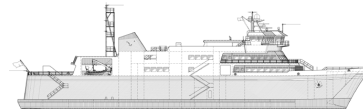
M/V Tustumena
296 feet
Built 1964



M/V Kennicott
382 feet
Built 1998



M/V Tazlina
280 feet
Built 2019



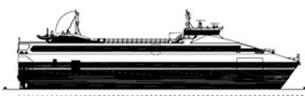
M/V Hubbard
280 feet
Built 2019



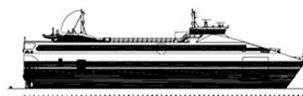
M/V LeConte
235 feet
Built 1974



M/V Aurora
235 feet
Built 1977



FVF Fairweather
235 feet
Built 2004



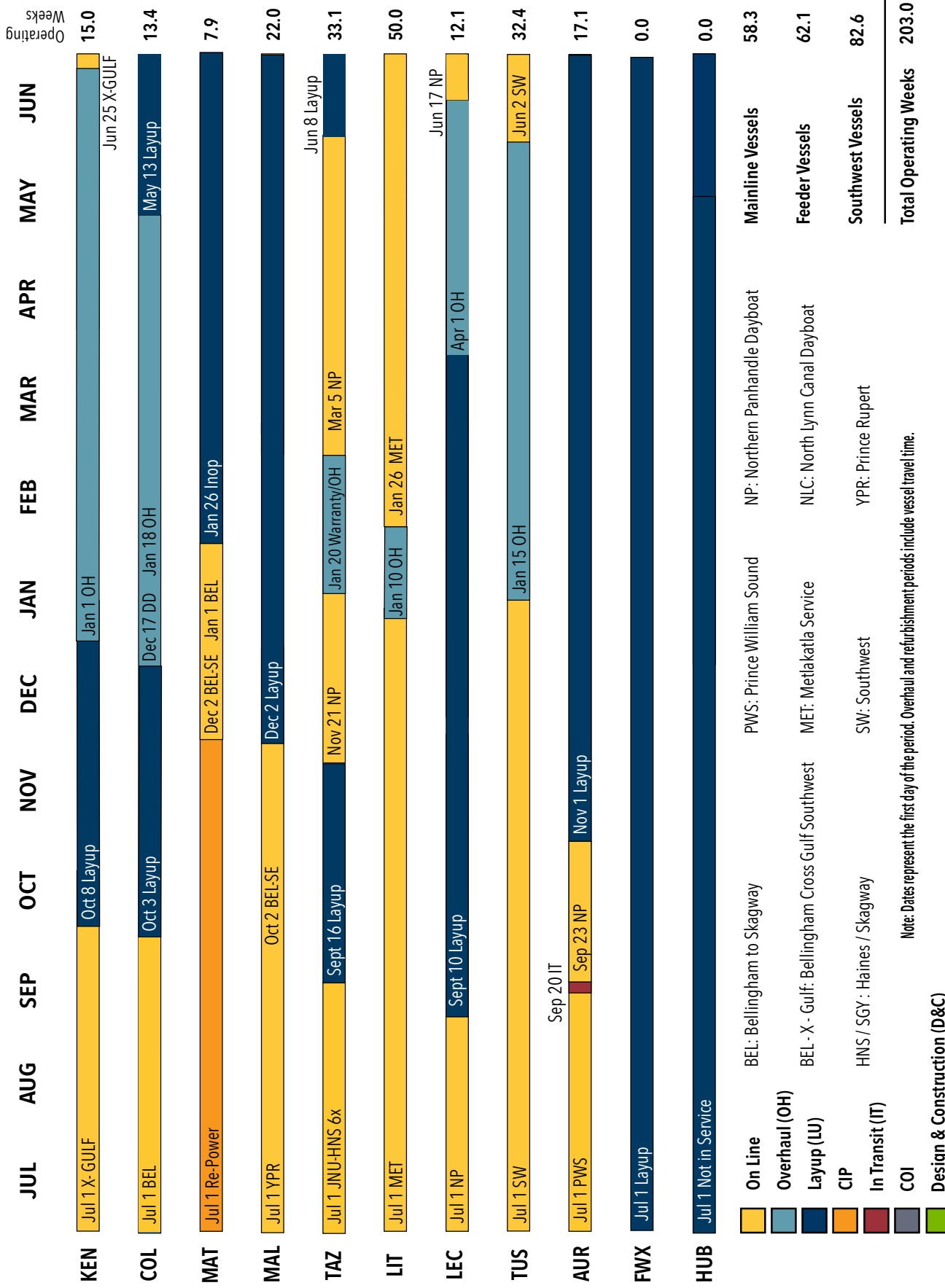
FVF Chenega
235 feet
Built 2005

VESSEL INFORMATION TABLE

Alaska Marine Highway System
Vessel Information Table

	Matanuska	Malaspina	Tustumena	Columbia	LeConte	Aurora	Kennicott	Lituya	Fairweather	Chenega	Tazlina	Hubbard
Year Built	1963	1963	1964	1974	1974	1977	1998	2004	2004	2005	2019	2019
Length (ft)	408	408	296	418	235	235	382	181	235	235	280	280
Beam (ft)	74	74	59	85	57	57	85	50	60	60	67	67
Displacement (LT)	5,569	5,994	3,081	7,684	2,132	2,132	7,504	647	787	787	3016	3016
Loaded Draft (ft-in)	16-11 5/8	16-10	14-4 1/2	17-6 1/8	13-8	13-8	17-6	12	8-6	8-6	13-11	13-11
<u>International Tonnage</u>												
Gross:	9,214	9,121	4,529	13,009	3,124	3,124	12,635	758	3,424	3,420	5,304	5,304
Net:	3,824	3,667	1,451	4,932	987	987	3,790	227	1,027	1,026	1,591	1,591
<u>Domestic Tonnage</u>												
Gross:	3,029	2,928	2,174	3,946	1,328	1,280	9,978	97	1,280	1,333	3,217	3,217
Net:	1,235	1,253	898	2,683	566	453	7,354	66	870	827	2,188	2,188
hp @ Service Speed	7,200	8,000	5,100	14,000	4,300	4,300	13,200	2,000	19,310	19,310	6,000	6,000
Service Speed (kts)	16.50	16.50	13.30	17.30	14.50	14.50	16.75	11.50	32.00	32.00	16.50	16.50
Fuel Use (gph)	234	270	151	397	188	190	354	55	600	600	250	250
Crew Capacity: COI	48	47	38	63	24	24	55	5	10	10	14	14
Passenger Capacity: COI	499	499	174	600	247	300	499	149	250	250	297	297
Passenger Capacity: Booking	450	450	160	499	225	250	450	125	210	210	290	290
<u>Staterooms</u>												
4 berth	5	45	6	45	-	-	48	-	-	-	-	-
3 berth	21	-	-	-	-	-	-	-	-	-	-	-
2 berth	79	26	17	56	-	-	58	-	-	-	-	-
4 berth ADA	-	-	-	-	-	-	2	-	-	-	-	-
2 berth ADA	1	1	1	3	-	-	-	-	-	-	-	-
Total Staterooms	106	72	24	104	-	-	109	-	-	-	-	-
Total Berths	243	234	60	298	-	-	320	-	-	-	-	-
Vehicle Capacity (lane-ft.): COI	1,960	1,960	852	3,200	720	720	1,700	360	720	720	1,060	1,060
Quantity (20 foot vehicles): Bk	83	83	34	133	33	33	78	15	31	31	53	53
Vehicle Capacity: Booking	1,675	1,675	680	2,660	660	660	1,560	300	620	620	850	850
Van Capacity: Booking	10	10	6	16	8	7	17	2	3	3	4	4

Alaska Marine Highway System FY 2020 Operating Plan

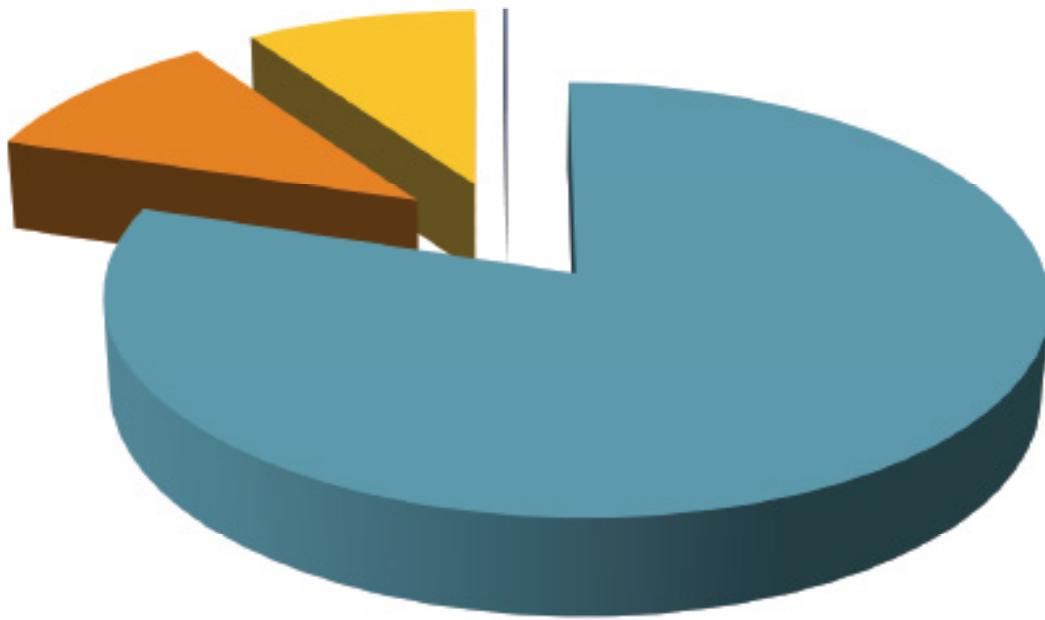






OPERATING REVENUES

Alaska Marine Highway System Fund
UNRESTRICTED OPERATING REVENUES

For the fiscal year ended June 30, 2020

\$28.3 MILLION

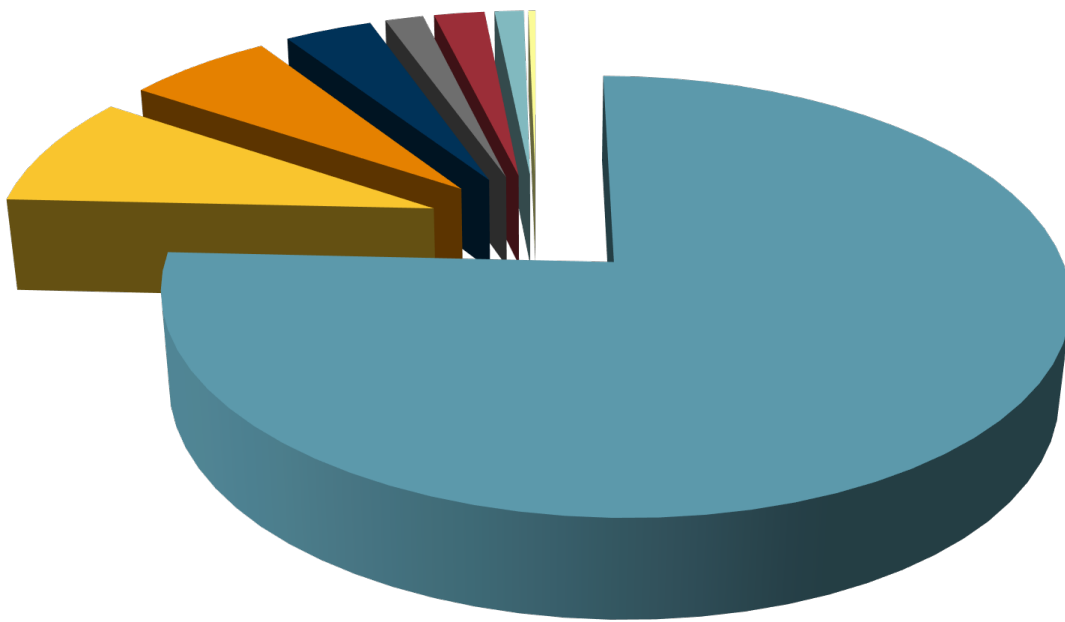










	Ticket Sales	81.3%
	Stateroom Sales	10.6%
	Passenger Services Sales	8.0%
	Other Unrestricted Revenue	0.1%

Alaska Marine Highway System Fund **OPERATING EXPENDITURES**

For the fiscal year ended June 30, 2020

\$94.6 MILLION



	Marine Vessel Operations	75.7%		Operations Management	3.8%
	Marine Fuel	8.6%		Overhaul	0.3%
	Shore Operations	6.3%		Marine Engineering	1.7%
	Reservations and Marketing	1.3%		Support Services	2.2%



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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, 2020 (In Thousands)

Revenues:	<u>Capitalization</u>	<u>AMHS</u>	<u>Total</u>
Unrestricted Revenues:			
Ticket Sales	\$ -	\$ 22,966	\$ 22,966
Stateroom Sales	-	3,004	3,004
Passenger Services Sales	-	2,248	2,248
Facility Rental	-	7	7
Concession Fees	-	16	16
Other Unrestricted Revenue	-	16	16
Total Unrestricted Revenues	-	28,257	28,257
Restricted Revenues	-	118	118
Indirect Cost Recovery	-	616	616
Total Revenues	-	28,991	28,991
Expenditures:			
Current Operating:			
Support Services	-	2,091	2,091
Marine Engineering	-	1,584	1,584
Overhaul	-	292	292
Operations Management	-	3,619	3,619
Reservations & Marketing	-	1,207	1,207
Shore Operations	-	6,000	6,000
Marine Fuel	-	8,175	8,175
Marine Vessel Operations	-	71,560	71,560
AMHS RSA	-	118	118
Total Expenditures	-	94,645	94,645
Excess (Deficiency) of Revenues and Other Financing Sources			
Financing Uses from Operating	-	(65,655)	(65,655)
Fund Balance, Beginning of Year	2,630	26,947	29,577
Reserves and Year End Adjustments	-	(6,400)	(6,400)
Fund Transfer - General Fund	-	45,821	45,821
Motor Fuel Tax	-	3,617	3,617
Fund Balance, End of Year; Undesignated	\$ 2,630	\$ 4,330	\$ 6,960

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, 2020			Fiscal Year Ending June 30, 2021		Fiscal Year Ending June 30, 2022
	Estimated Revenues	Actual Revenues	Actual Over (Under) Estimated	Total Estimated Revenues	Estimated Revenues 12/31/2020	Estimated Revenues
Restricted						
Restricted Revenues	\$ 200	\$ 118	\$ (82)	\$ 0	\$ 0	\$ 215
Indirect Cost Recovery (ICAP)	625	616	(10)	627	0	629
Total Restricted	825	733	(92)	627	0	844
Unrestricted AMHS Fund						
Ticket Sales	37,829	22,966	(14,862)	22,748	9,079	36,779
Stateroom Sales	4,991	3,004	(1,987)	2,976	1,188	4,811
Passenger Service Sales	4,386	2,248	(2,139)	2,227	889	3,600
Facility Rental	10	7	(3)	8	0	8
Concession Fees	12	16	4	10	1	10
Other Unrestricted Revenue	10	16	6	12	0	12
Total Unrestricted	47,238	28,257	(18,980)	27,980	11,157	45,221
Total Revenues	\$ 48,063	\$ 28,991	(19,072)	\$ 28,607	\$ 11,157	\$ 46,065

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

Alaska Marine Highway System Fund
Notes to the Financial Statement
For the Fiscal Year Ended June 30, 2020

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. Access to this funding will be restricted and will only occur with approval by the Legislative Budget and Audit Committee.

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 - Fund Transfers

\$3.62 million was also appropriated to the Marine Highway Fund from the Motor Fuel Tax Fund. The authority to use the Motor Fuel Tax Fund is part of the Marine Highway System's FY2020 Operating Budget.

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 FY2020, the Vessel Overhaul and Deferred Maintenance Capital Budgets totaled \$18.5 million.

NOTE 5 - Reserves and Year-End Adjustments

As part of the FY2019 Supplemental Budget, the Legislature appropriated \$1.4 million in authority from the Marine Highway Fund for unanticipated vessel overhaul costs (Chapter 3, SLA 19, Section 4). In FY2020, an additional \$5.0 million was appropriated from the Marine Highway Fund to cover the costs of unanticipated additional steel work needed on the vessels (Chapter 7, SLA 20, Section 4).

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OPERATING REVENUES BY VESSEL

Alaska Marine Highway System Unrestricted Revenue by Vessel*

Fiscal Years 2009 - 2020 (In Thousands)

VESSEL	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Aurora	2,191	3,115	2,522	1,898	2,679	2,421	4,059	2,721	3,228	3,458	3,359	2,325
Chenega	3,380	1,392	3,428	2,889	2,221	2,358	1,914	675	-	-	-	-
Columbia	9,713	7,924	8,939	13,014	16,635	6,682	11,778	7,471	5,500	10,929	15,060	6,118
Fairweather	1,015	1,945	1,805	1,659	1,537	1,415	1,684	2,049	2,418	2,516	2,024	-
Hubbard	-	-	-	-	-	-	-	-	-	-	-	-
Kennicott	5,182	3,125	7,154	8,151	9,195	8,425	8,265	7,705	11,198	9,873	11,296	4,193
Leconte	1,808	1,757	794	2,537	2,006	2,499	854	3,634	4,015	4,356	4,587	981
Lituya	639	620	724	822	774	769	848	812	1,117	1,069	1,159	1,067
Malaspina	10,980	11,446	10,520	5,765	3,133	12,051	11,036	11,316	7,481	7,785	8,355	5,580
Matanuska	3,094	6,211	6,100	9,003	9,217	7,154	3,989	7,192	7,863	4,329	-	2,586
Taku	5,156	4,755	2,265	4,001	3,839	4,789	5,474	-	-	-	-	-
Tazlina	-	-	-	-	-	-	-	-	-	-	782	2,504
Tustumena	2,992	3,525	3,318	3,755	1,875	2,106	3,828	3,566	2,865	2,981	4,133	2,863
Contract Vessels	2	54	39	12	2	-	-	-	-	-	-	3
Non Vessel Revenue	46	46	89	180	121	207	167	16	74	21	47	39
TOTAL	46,200	45,914	47,697	53,684	53,234	50,877	53,896	47,157	45,759	47,316	50,804	28,257

*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 2009 - 2020 (In Thousands)

VESSEL	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Aurora	7,649	7,720	8,065	5,380	8,104	7,013	6,446	6,264	7,051	8,569	8,031	3,807
Chenega	9,474	4,643	10,146	8,513	8,098	7,971	6,595	3,899	878	345	208	241
Columbia	11,231	9,587	11,861	17,292	20,380	9,706	15,757	14,312	13,297	19,131	20,341	8,605
Fairweather	4,949	7,356	7,824	9,539	7,774	6,586	7,739	6,894	8,248	6,433	4,944	242
Hubbard	-	-	-	-	-	-	-	-	-	-	229	1,181
Kennicott	15,091	10,557	18,022	17,341	21,170	16,468	15,031	17,074	18,121	20,549	18,270	9,121
LeConte	6,912	7,070	4,858	9,807	9,533	9,915	6,677	9,087	9,511	10,374	9,678	4,120
Lituya	1,189	1,114	1,415	1,381	1,367	1,195	1,224	963	1,065	1,197	1,155	1,068
Malaspina	14,065	14,558	16,147	11,843	8,573	16,929	15,313	14,794	8,215	12,185	17,006	8,377
Matanuska	7,260	12,611	16,246	17,390	17,669	14,644	10,683	17,078	15,909	7,729	2,380	8,455
Taku	13,583	13,458	8,853	15,880	16,020	17,810	16,768	3,414	1,261	203	-	-
Tazlina	-	-	-	-	-	-	-	-	-	-	2,713	5,964
Tustumena	6,642	9,114	10,068	10,978	6,527	9,966	10,569	10,884	10,644	11,316	10,986	8,372
Vessel Leave	14,268	14,375	15,949	16,605	16,695	17,234	9,006	13,339	13,350	13,478	13,845	11,375
All Vessels	12,231	10,240	10,379	9,591	10,178	9,725	18,298	7,145	8,347	11,252	12,603	9,216
TOTAL	124,542	122,404	139,834	151,540	152,087	145,162	140,106	125,147	115,897	122,759	122,389	80,145

* 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.



Alaska Marine Highway System Fund

FY 2020 ANNUAL FINANCIAL REPORT

State of Alaska, Department of Transportation and Public Facilities

Compiled December 4th, 2020

