

**Alaska Marine Highway System - Vessel and Terminal  
Overhaul and Rehabilitation**

**FY2007 Request: \$6,000,000  
Reference No: 30624**

**AP/AL:** Appropriation

**Project Type:** Renewal and Replacement

**Category:** Transportation

**Location:** Statewide

**Contact:** Robin Taylor

**House District:** Statewide (HD 1-40)

**Contact Phone:** (907)465-6977

**Estimated Project Dates:** 07/01/2006 - 12/31/2007

**Brief Summary and Statement of Need:**

Annual maintenance and overhaul on vessels and at terminals, particularly component or system failures which will impact service in the short term. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

<b>Funding:</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Total</b>
Gen Fund	\$6,000,000	\$5,500,000	\$5,500,000				\$17,000,000
<b>Total:</b>	<b>\$6,000,000</b>	<b>\$5,500,000</b>	<b>\$5,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,000,000</b>

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Additional Information / Prior Funding History:**

FY2006 - \$5,000,000; FY2005 - \$4,063,000; FY2004 - \$4,930,000; FY2003 - \$5,000,000; FY2002 - \$4,239,365; FY2001 - \$4,200,000; FY2000 - \$4,390,600; FY1999 - \$4,000,000. This has been an annual Capital Program.

**Project Description/Justification:**

The FY07 *Alaska Marine Highway System Overhaul and Rehabilitation* request will fund:

The required annual overhaul of each of the  
Eleven vessels in the fleet: \$5,700,000

Ongoing maintenance of the System's eighteen  
State-owned shore facilities: \$300,000

**Total request: \$6,00,000**

This request funds numerous recurring maintenance tasks and improvements we need to make to the vessels. These tasks and improvements are itemized by vessel. Please be aware that the majority of the funds being requested are spent in Alaska shipyards and with Alaska suppliers and vendors directly creating jobs for Alaskans.

**Vessel Overhaul - \$5,700,000**

Vessel overhaul uses the majority of the funds. Overhaul work consists of inspection, repair, and maintenance that cannot be performed while the vessels are operating. An overhaul period of approximately six weeks is set aside every

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year for each ship during which the ship is delivered to a shipyard for dry-docking and accomplishment of this scheduled work. This work is performed in Alaskan shipyards unless it is made part of a Federal Highway Administration aid project and competitively awarded to an out-of-state shipyard. In performing overhaul work, AMHS must meet the exacting inspection requirements and standards of safety and seaworthiness of two agencies, the American Bureau of Shipping (ABS) and the United States Coast Guard (USCG). None of this work is discretionary. At the end of the overhaul period, the vessel must pass a demanding USCG inspection in order to obtain a Certificate of Inspection. This certificate is mandatory to operate for the next year.

Overhaul work is costly. Putting a vessel into dry-dock, which must be done annually on almost all vessels to allow mandatory inspections and work to be performed, can cost over \$20,000 base cost plus \$1,000 for each day it remains in dry-dock. Dismantling a main propulsion engine solely to permit ABS inspections requires the work of several skilled engineers for several weeks. These are costs we incur simply to enable inspections to be made and routine maintenance to be done.

This capital appropriation must bear the added weight of additional vessels. Another continuing source of increased costs for required work is maintenance of new systems and equipment (primarily safety related) required to be added to the vessels by the International Maritime Organization's Safety of Life at Sea (SOLAS) regulations and similar U.S. Code of Federal Regulations Subchapter "W" provisions. While federal funds provide the systems and equipment, state CIP funds must be used to maintain them once installed. Perhaps the greatest cause of increased overhaul costs is the simplest: as vessels age, the amount and cost of required maintenance increases.

We operate steel and aluminum vessels in a hostile corrosive salt-water atmosphere. We must protect these expensive ships or suffer rapid deterioration and eventual major structural metal and expensive equipment replacement costs. Ignoring these maintenance and repair requirements will result in failure to maintain ABS classification and failure to pass USCG Certification of Inspection (COI) examinations. Taking vessel out of classification will result in higher annual Risk Management insurance rates. Without a COI we cannot sail our vessels for passenger service and accomplish our AMHS mission of providing safe, reliable public transportation.

**Shore Facilities - \$300,000**

Our 16 state-owned shore facilities, scattered from Homer to Ketchikan, consist of terminal buildings, transfer bridges (vehicle ramps), mooring structures, and staging areas. Like our vessels, our shore facilities are subjected to hostile weather and the corrosive effects of salt air and water. Maintenance of these complex facilities is necessary to ensure passenger and vehicle safety, protection of the state's assets, and compliance with the Americans with Disabilities Act.

The demand for shore facilities maintenance dollars has increased in the past few years. We have added new terminal buildings in Whittier and Valdez and a new dock in Cordova. Each of these improvements adds more complex heating, ventilation, alarm and emergency power, and electric systems and equipment to be maintained.