

Cruise Ship Head Tax Funds
Marine Exchange of Alaska Vessel Tracking System
October 2008

Request

The Marine Exchange of Alaska is requesting an annual appropriation of \$650,000 of restricted cruise ship funds to match federal and private funds for the operation of their vessel tracking system that provides a safety and security net and aids environmental protection by monitoring the locations of cruise ships and other vessels operating in Alaska waters .

Overview

Since 2001, over \$6 million in State, Coast Guard and marine industry capital funds have been allocated to build a vessel tracking system operated by the non-profit Marine Exchange of Alaska to aid safe, secure, efficient and environmentally sound maritime operations. The system uses both shore based network or Automatic Identification System (AIS) receivers and satellite communications to track cruise ships, ferries, tankers, cargo ships, fishing vessels, tugs, barges and oil research vessels operating on Alaska waters. The primary maritime segment benefiting from the operation of this system is the cruise industry during the tourist season.

To date, State, Coast Guard and marine industry funds have been used to build and operate the vessel tracking system comprised of over 60 AIS receiving stations extending from Prudhoe Bay, west to Adak and south to Ketchikan. Annually, operating and maintaining the system, including the maintenance of a 24 hour operations center would cost approximately \$1.8M. The Marine Exchange is seeking \$650k in annual state funding using a portion of cruise ship head tax revenues to pay approximately 1/3 of the operating costs.

To date this vessel tracking system has been used to aid the response to several serious maritime casualties some of which are noted below:

- The search for a "man overboard" from a cruise ship sailing in Clarence Strait with the tracking system providing the Coast Guard with the vessel's trackline and probable location of the passenger.
- The grounding and abandon ship of the *Empress of the North* and the follow on emergency response, salvage and oil spill response operations. The system was used by the Coast Guard to locate the AMHS ferry COLOMBIA which was requested to aid the abandon ship.
- The cargo ship *Selendang Ayu* grounding near Dutch Harbor and the follow on search and rescue and oil spill response operations.
- The tank vessel *Seabulk Pride* grounding and the follow on emergency response.

- The grounding and abandon ship of the AMHS ferry Le Conte in which the ferry and rescue vessels were all located and tracked by the system.

With respect to environmental compliance the system has also been used to:

- Monitor the safe speed of cruise ships operating in areas where whales are present (Glacier Bay) to minimize impacts.
- Monitor the locations, routes and operations of cruise ships to aid DEC validate compliance with State overboard discharge regulations.

The Alaska public and State agencies can benefit from the system as follows:

- Department of Transportation: Tracking of AMHS ferries
- DMVA (Homeland Security and Emergency Response to maritime events)
- Fish and Game: Tracking of F&G vessels, fishing operations monitoring
- Public Safety: Law Enforcement
- Department of Commerce: State pilotage of cruise ships and other vessels
- Environmental Conservation (Cruise Ship and environmental protection and response)
- Natural Resources: Monitoring Drilling Ops

Of course, not all of these purposes are cruise related but we estimate that cruise traffic comprises approximately 1/3 of the vessel tracking we perform. DEC currently has an RFP out for remotely monitoring cruise ship vessel discharges to supplement the Ocean Rangers program since the rangers cannot provide 24 hour a day coverage.

With respect to cruise ships, the nexus to vessel tracking is as follows:

Safety: The safety of cruise ship operations will be aided by the information provided by the expanded tracking system that is used by the Coast Guard to conduct emergency response operations, locating vessels in distress and vessels that are nearby able to assist.

Environmental Protection: The system aids the validation of compliance with environmental regulations, including overboard discharges and the reduced speed transits in areas where whales are present and ensuring safe distance from protected areas. Additionally, the system aids the response to oil spills by tracking response resources and is able to identify vessels that previously transited areas where oil spills are detected to determine the source of the release.

Security: The system provides information that aids DMVA and the Coast Guard in the execution of their security missions directed at protecting cruise ships, such as escorts.

Efficiency: The system is used to provide information to pilots, tug operators and others supporting cruise ship operations to aid the efficiency of operations.

The operation of cruise ships directly impacts over 17 Alaska port communities from Ketchikan to Nome through making port calls and have the potential to affect many other communities and state resources (fisheries) through their operation in nearby waters. Accordingly, many Alaskans are concerned with and impacted by cruise vessel operations. Partial funding of the Marine of Exchange of Alaska's vessel tracking system will benefit these communities, state agencies and the cruise industry.

Thank you for your consideration of our request.

Marine Exchange of Alaska Projected Annual CY 2009 Budget - Expenditures

| | <i>Monthly</i> | <i>Annual</i> |
|--|----------------|------------------|
| Rent and Utilities: Juneau Office and Operations Ctr | 5,000 | 60,000 |
| Vessel Tracking Software Fees | 2,000 | 24,000 |
| Vessel Tracking Software upgrades | 1,500 | 18,000 |
| Commercial Leases - AIS commercial sites | 4,000 | 48,000 |
| Vessel Tracking Hardware (Servers, Service & Replacement) | 350 | 4,200 |
| Satellite Transponder Equipment Procurement, Replacement & Servicing | 1,800 | 21,600 |
| Satellite comms fees | 3,000 | 36,000 |
| Operations Center Hardware Computers, Monitors - Recapitalization | 400 | 4,800 |
| Internet Fees Servers and Ops Center) | 1,600 | 19,200 |
| Operations Center Watchstanders and Supervisor (5 personnel-salary, benefits, payroll taxes)) | 26,000 | 312,000 |
| AIS Receivers: 65 receiver sites | | |
| Comms Fees | 165 x 65 | 10,725 |
| Equipt Servicing and Repair | 500 x 65 | 32,500 |
| Travel | 1,500 x 65 | 97,500 |
| Upgrades & Replacement | 2,500 x 65 | 162,500 |
| Contractors Repair and Installation of AIS Five Sites | 8,000 | 40,000 |
| AIS Expansion: 10 sites per year | | |
| New AIS sites - Equipment = \$8.5k per sitesX10 sites | | 85,000 |
| Travel and Installation = \$2,500 per site | | 25,000 |
| Admin Staff (4 personnel) - Salaries and taxes Executive Director, Asst. Director, Finance Officer, Compliance & Vessel Traffic Reports & Analysis | 26,000 | 312,000 |
| Technical Staff (3 personnel) | 18,000 | 320,000 |
| Overhead Costs: Insurance, Financial Audits | 3,000 | 36,000 |
| Office Supplies and Materials | 1,000 | 12,000 |
| | Total | 1,799,000 |

Marine Exchange of Alaska Projected Annual CY 09 Budget - Revenues

| | | |
|---|--------------|------------------|
| Coast Guard Headquarters - Payment for 11 AIS Sites | 42,000 | 504,000 |
| Coast Guard 17th District - Payment for 5 AIS Sites | 4,000 | 48,000 |
| Coast Guard 17th District - Payment for Tracking CG Vessels | 1,440 | 17,280 |
| Coast Guard Vessel Tracking Analysis | 500 | 6,000 |
| Maritime Information Service of N.A. Revenues | 3,500 | 42,000 |
| Maritime Administration Access to Data | 3,000 | 36,000 |
| Marine Exchange Compliance Revenues | 22,000 | 264,000 |
| Marine Industry | | |
| Commercial Maritime Vessel Tracking | 14,000 | 168,000 |
| Tugs, Tankers, Fishing Vessels, Cargo Ships | | |
| Ports and Harbors | | |
| Marine Industry Membership Fees | | 40,000 |
| State of Alaska Operating Funds | 56,500 | 678,000 |
| Tracking of Cruise Ships and Other vessels in AK | | |
| Support of AIS network - expansion | | |
| | Total | 1,803,280 |