

State of Alaska FY2007 Governor's Operating Budget

Department of Transportation/Public Facilities Overhaul Component Budget Summary

Component: Overhaul

Contribution to Department's Mission

Overhaul all vessels of the Alaska Marine Highway System (AMHS) annually in order to maintain operational readiness of the fleet in a safe, reliable condition and within regulatory authority guidelines.

Core Services

The Alaska Marine Highway System (AMHS) vessels (11) are required to be inspected and maintained according to regulatory requirements of the U.S. Coast Guard (USCG), the American Bureau of Shipping (ABS), U.S. Code of Federal Regulations (CFR), 2000 High Speed Code (HSC), Det Norske Veritas (DNV), Alaska Department of Environmental Conservation (ADEC) and International Safety of Life at Sea (SOLAS), in addition to state vessel maintenance policies. A period of time (normally six weeks for each vessel) is set aside each year to accomplish these tasks or overhauls at a shipyard. At the end of the overhaul period the vessel undergoes a detailed United States Coast Guard (USCG) and/or ABS inspection. Passing this rigorous inspection results in the issuance of a Certificate of Inspection (COI), which permits the vessel to operate for the following year. Unannounced visits, primarily quarterly, USCG re-inspections ensure that we continue to operate and maintain vessel mechanical, electrical, and electronic systems and safety equipment to the high standards required for COI and other certifications.

Work accomplished during the overhaul includes dry-docking, hull inspections, fire and lifesaving inspections, repairs, cleaning, painting, and machinery reconditioning. Some of those services are provided through contracts through the private sector. Typical products and contracted services include:

- Fire system and shipboard safety equipment inspections
- Life raft, Marine Evacuation Chute/Slide (MEC-MES), and Means of Rescue (MOR) Platform repacking
- Electronic navigational/communications equipment on site technical support
- Propulsion system on-site technician support
- Hull cathodic protection with on-site technician support
- Equipment rentals
- Ship stores used during the overhaul period
- Supplies and parts used during the overhaul period
- Damaged glass repair, or new installation
- Deck (carpet), upholstery (fabric) recovering tasks
- Recertification of boat davits

FY2007 Resources Allocated to Achieve Results

FY2007 Component Budget: \$1,698,400

Personnel:

Full time	0
Part time	0
Total	0

Key Component Challenges

As anticipated, the new Fast Vehicle Ferries (FVF) vessels have been, and will continue to be a challenge. Vessels have unique systems and equipment requiring technical support from vendors and sources not currently under contract with the state. The FVF's (M/V Fairweather and M/V Chenega) and the Metlakatla shuttle ferry (M/V Lituya) will reach the end of their warranty periods in 2006, placing their operational maintenance costs within this AMHS Capitol Improvement Project (CIP) budget component. Because the system is operating a true day-boat operations, the vessel

operating crews and available crew shipboard maintenance hours are greatly reduced. It is expected that we will be required to rely on contracted technical support to assist with those tasks where onboard crews or specific skill and experience is not available. Furthermore the construction of a required High Speed Craft (HSC Chapter 19) Maintenance Facility will be very challenging, because of the limited resources (engineering firms-construction companies) in Ketchikan, Alaska.

A continuing challenge has been to perform all overhaul work related to safety and reliability while minimizing and deferring non-essential repairs and preservation as long as possible. Costs associated with deferring long-term maintenance have begun to mount. Neglect of interior hull coatings has led to expensive steel deck and bulkhead replacements and repairs. Increased scrutiny by regulatory agencies on all aspects relating to vessel safety assures that corrosion control will remain a priority.

Meeting ever-stricter safety and environmental standards continues to be challenging. Compliance frequently requires immediate attention to engineering and installation of new equipment which is expensive to purchase and/or costly to maintain, i.e. newly required machinery space, local application fire suppression systems, Voyage Data Recorders (VDRs), Automated Information Systems (AIS), Global Maritime Distress and Safety System (GMDSS), and SOLAS life saving equipment. We have managed to satisfy the Regulatory Agencies (USCG, ABS, DNV) requirements to date, but anticipate major challenges in keeping AMHS Fleet in compliance through 2010.

The system is continually looking at different ways to find efficiencies in how we do business. An Automated Shipboard Maintenance Management System (AMOS) has been implemented in the vessel deck departments to track vessel inspection records and certificates. Vessel maintenance workloads are continually shifted as boat service is realigned to meet customer service needs. A Fleet Survey Program (FSP) is being introduced to identify potential vessel specific regulatory issues before they become operational obstacles.

Significant Changes in Results to be Delivered in FY2007

No significant change anticipated.

Major Component Accomplishments in 2005

Successfully managed approximately \$4.5 million in overhauls for nine vessels. Work was accomplished in both Ketchikan and Seward shipyards.

AMHS selected Marine Engineering Consultants to commence research and accomplish fleet wide work on the following:

- Cargo securing manuals-required on fleet wide by USCG
- Weight limitations Cordova Terminal and leconte, Aurora class stern ramp-required by ABS
- SOLAS class vessels survey-identify required work for immediate compliance
- Installation of Voyage Data Recorder on Taku - USCG required
- Installation of local application fire fighting system M/V Matanuska and M/V Taku -USCG required

Accepted delivery of the new FVF Chenega.

Successfully completed the major in-frame rebuilding of both main engines (approx. \$2.75 million) on the M/V Columbia funded by federal aid project and partial state Capital Improvement Project (CIP). This task was completed in conjunction with vessel scheduled annual overhaul and with crew participation.

Successfully completed the major structural modifications on the M/V Kennicott (approx. \$1.5 million) funded by federal aid project and partial state CIP. This task was completed in conjunction with vessel scheduled annual overhaul and with crew participation.

Accomplished on time delivery of M/V Taku, after extensive lay-up due to controllable pitch propeller casualty and regulatory deficiencies. This allowed SOLAS compliant vessel to sail to Prince Rupert, BC.

Completed timely and effective overhaul periods for all AMHS vessels within available funds.

Achieved Certificates of Inspection for all AMHS vessels.

Statutory and Regulatory Authority

AS 19
AS 44

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**Overhaul
Component Financial Summary**

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	366.9	710.0	710.0
73000 Services	653.3	370.0	370.0
74000 Commodities	665.7	618.4	618.4
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	1,685.9	1,698.4	1,698.4
Funding Sources:			
1076 Marine Highway System Fund	1,685.9	1,698.4	1,698.4
Funding Totals	1,685.9	1,698.4	1,698.4

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor***All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	0.0	0.0	1,698.4	1,698.4
FY2007 Governor	0.0	0.0	1,698.4	1,698.4