

**State of Alaska
FY2006 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 the fleet in a safe and reliable condition.

Core Services

AMHS vessels 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) and International Safety of Life at Sea (SOLAS), in addition to state vessel maintenance policies. A period of time (normally six weeks) 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 USCG 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, 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 with the private sector. Typical products and contracted services include:

- Fire system inspections
- Liferaft repacking
- Evacuation chute repacking
- Propulsion system on-site technician support
- Hull cathodic protection with on-site technician support
- Electronic systems technical support
- Equipment rentals
- Ship stores used during the overhaul period
- Supplies and parts used during the overhaul period

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$1,698,400	Personnel:	
	Full time	0
	Part time	0
	Total	0

Key Component Challenges

Bringing three new vessels on line and into scheduled service over a period of 18 months (two in FY2004, one in FY2005) has been and will continue to be a challenge. The two new fast vehicle ferries in particular have numerous unique systems and equipment requiring technical support from vendors and sources not currently under contract with the state. While these vessels will be under warranty for 18 months (Lituya for 12 months), periodic recertification of safety equipment and the cost of ship stores and routine consumable parts must be funded out of the existing overhaul and operating budgets. The new FVF (M/V Fairweather) and the Metlakatla shuttle ferry (M/V Lituya) will reach the end of their warranty periods in 2005, placing their operational maintenance costs within this AMHS 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.

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 short-fused 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.

An eighteen per cent reduction in overhaul funding for FY 2005 has challenged our ability to maintain our current fleet status.

Significant Changes in Results to be Delivered in FY2006

- Implementation of AMOS automated shipboard maintenance management system in the vessel deck departments to track vessel inspection records and certificates.
- Continued shifting of vessel maintenance workload to shore-based, back-shift AMHS crews as we implement true dayboat service in both Southeast and South Central vessel operations.

Major Component Accomplishments in 2004

- Successfully completed the major in-frame rebuilding of both main engines (approx. \$2 million) on the M/V Matanuska utilizing a blending of federal funding for parts support and on-site manufacturer's technical representatives. Skilled labor was provided by AMHS vessel engineering personnel. Overall cost savings as well as excellent crew training were realized using this approach, carried out under the direction of the manufacturer's technical representative.
- Accepted delivery and placed into service the M/V Lituya now providing five day per week service between Metlakatla and Ketchikan.
- Accepted and placed into service the M/V Fairweather now providing service between Juneau, Sitka, Haines and Skagway.
- Directed a major salvage effort to recover and safely deliver the M/V LeConte to Alaska Ship and Drydock in Ketchikan for repair.
- Successfully returned the M/V LeConte to service after grounding on Cozian Reef in Peril Straits. A very significant effort to stabilize, assess, design and engineer repairs was initially carried out. After the scope of damage was established, AMHS, in close cooperation with Alaska Ship and Drydock, led a major \$4.5 million effort to repair and return the LeConte to service. Repairs to the LeConte entailed the replacement of over 93,000 pounds of structural steel and hull plating; replacement of the bow thruster motor and associated controls; replacement of the ship's Marine Sanitation Device (MSD) system; and replacement of the vessel's hydraulic passenger elevator, other damaged systems and thousands of feet electrical cable submerged in salt water as a result of compartment flooding. Concurrently AMHS accomplished LeConte's annual overhaul and five-year ABS class condition survey. Effected repairs were completed in a manner that ensures the vessel's continued acceptance by flag (USCG) and class (ABS). This restoration was principally funded through Risk Management and our vessel insurance surety company.
- Completed timely and effective overhaul periods for all AMHS vessels within available funds.
- Achieved Certificates of Inspection for all AMHS vessels.
- Expanded the AMOS shipboard automated maintenance management system to interface with BuySpeed the DOT&PF automated spare parts and services procurement system.

Statutory and Regulatory Authority

AS 19
AS 44

Contact Information
<p>Contact: Tom Briggs, Director of Marine Operations Phone: (907) 465-3902 Fax: (907) 586-8365 E-mail: Tom_Briggs@dot.state.ak.us</p>

Overhaul Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	185.6	710.0	710.0
73000 Services	720.1	370.0	370.0
74000 Commodities	609.6	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	1,515.3	1,698.4	1,698.4
Funding Sources:			
1076 Marine Highway System Fund	1,515.3	1,698.4	1,698.4
Funding Totals	1,515.3	1,698.4	1,698.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	0.3	0.0	0.0
Unrestricted Total		0.3	0.0	0.0
Restricted Revenues				
None.		0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0
Total Estimated Revenues		0.3	0.0	0.0

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	0.0	1,698.4	1,698.4
FY2006 Governor	0.0	0.0	1,698.4	1,698.4