

State of Alaska FY2011 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 guidelines.

Core Services

- The 11 vessels of the Alaska Marine Highway System (AMHS) fleet 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 to eight 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 USCG, DNV and/or ABS inspection. Passing this rigorous inspection results in the issuance of a Certificate of Inspection (COI) by the USCG, permitting the vessel to operate for the following year.
- Unannounced quarterly USCG inspections ensure that AMHS continue to operate and maintain vessel mechanical and electrical systems and safety equipment to the standards required for COI and other certifications.
- Work accomplished during the overhaul period typically includes dry-docking, hull inspections, fire and lifesaving gear and equipment inspections, repairs, cleaning, painting, and machinery reconditioning. Some of those services are provided through contracts with private sector companies.
- Typical products and contracted services include inspections of installed fire fighting systems and shipboard safety equipment, repacking of life rafts, Marine Evacuation Chute/Slides (MEC-MES), and Means of Rescue (MOR) platforms, recertification of boat davits, and technical support of electronic, navigational, communications equipment, propulsion systems, auxiliary machinery, and hull cathodic protection.

Key Component Challenges

- As anticipated, the new Fast Vehicle Ferries (FVF) vessels have been, and will continue to be a challenge. The FVF's (M/V Fairweather and M/V Chenega) have unique systems and equipment that require technical support from vendors and sources not currently under contract with the State and are foreign based. For this reason, operational maintenance costs of the FVF's will impact this budget component and challenge the operational readiness of the vessels. Available crew shipboard maintenance hours are limited and it is expected that contracted technical support will be necessary. 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. Regulatory requirements of the USCG, American Bureau of Shipping (ABS), and Det Norske Veritas (DNV) have been satisfied to date, but it is anticipated that there will continue to be major challenges in keeping the AMHS fleet in compliance through 2010.
- The AMHS is continually seeking different ways to find efficiencies in doing business. 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 FY2011

No significant changes anticipated.

Major Component Accomplishments in 2009

- Successfully managed approximately \$8.2 million in overhauls for 11 vessels. The work was accomplished in both the Ketchikan and Seward shipyards.
- Completed timely and effective overhaul periods for all AMHS vessels.
- Received Certificates of Inspection for all AMHS vessels from USCG-American Bureau of Shipping-Det Norske Veritas (ABS-DNV).
- Selected Marine Engineering Consultants to commence research and accomplish fleet wide work on the following: Perform Corrosion, Electrolysis and Stray Current survey on AMHS Vessels, fleet wide basis. Installation of Power Management, fuel conservation program on vessels. SOLAS class vessels survey-identify required work for immediate compliance. Stability and damage control support for the entire fleet. AMHS Fleet wide survey of Marine Sanitation Device and overboard discharge compliance regulations. Activated EPA Air Emissions Inventory Research to promote meaningful and significant reduction in the level of air pollution. Commenced ADA survey on all of AMHS vessels to determine feasible modifications that can improve ADA access onboard AMHS Fleet.

Statutory and Regulatory Authority

AS 19

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Contact Information

Contact: Jim Beedle, Deputy Commissioner, Marine Operations
Phone: (907) 465-6977
Fax: (907) 586-8365
E-mail: James.Beedle@alaska.gov

**Overhaul
Component Financial Summary**

All dollars shown in thousands

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	506.8	600.0	600.0
73000 Services	774.4	670.0	670.0
74000 Commodities	407.1	428.4	428.4
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	1,688.3	1,698.4	1,698.4
Funding Sources:			
1076 Marine Highway System Fund	1,688.3	1,698.4	1,698.4
Funding Totals	1,688.3	1,698.4	1,698.4

**Summary of Component Budget Changes
From FY2010 Management Plan to FY2011 Governor***All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	0.0	0.0	1,698.4	1,698.4
FY2011 Governor	0.0	0.0	1,698.4	1,698.4

Component Detail All Funds
Department of Transportation/Public Facilities

Component: Overhaul (1212)
RDU: Marine Highway System (334)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	506.8	600.0	600.0	600.0	600.0	0.0	0.0%
73000 Services	774.4	670.0	670.0	670.0	670.0	0.0	0.0%
74000 Commodities	407.1	428.4	428.4	428.4	428.4	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	1,688.3	1,698.4	1,698.4	1,698.4	1,698.4	0.0	0.0%
Fund Sources:							
1076 Marine Hwy	1,688.3	1,698.4	1,698.4	1,698.4	1,698.4	0.0	0.0%
General Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	1,688.3	1,698.4	1,698.4	1,698.4	1,698.4	0.0	0.0%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Transportation/Public Facilities

Component: Overhaul (1212)
RDU: Marine Highway System (334)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
FY2010 Conference Committee	ConfCom	1,698.4	0.0	600.0	670.0	428.4	0.0	0.0	0.0	0	0	0
1076 Marine Hwy		1,698.4										
Subtotal		1,698.4	0.0	600.0	670.0	428.4	0.0	0.0	0.0	0	0	0
***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
Subtotal		1,698.4	0.0	600.0	670.0	428.4	0.0	0.0	0.0	0	0	0
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
Totals		1,698.4	0.0	600.0	670.0	428.4	0.0	0.0	0.0	0	0	0

Line Item Detail
Department of Transportation/Public Facilities
Travel

Component: Overhaul (1212)
RDU: Marine Highway System (334)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000	Travel		506.8	600.0	600.0
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000 Travel Detail Totals			506.8	600.0	600.0
72100	Instate Travel	Travel for vessel crews during annual overhaul of vessels.	274.2	300.0	300.0
72400	Out Of State Travel	Out of State travel for vessel crews during annual overhaul of vessels.	232.6	300.0	300.0

Line Item Detail
Department of Transportation/Public Facilities
Services

Component: Overhaul (1212)
RDU: Marine Highway System (334)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000	Services		774.4	670.0	670.0
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000 Services Detail Totals			774.4	670.0	670.0
73025		Education Services	0.4	0.0	0.0
73150		Information Technlgy Represents a broad range of data processing, telecommunications and communications services.	0.0	0.0	5.8
73156		Telecommunication Local phone service, long distance charges, cellular phones, satellite and internet services.	0.2	0.5	0.5
73225		Delivery Services Freight for parts shipments.	3.1	3.2	5.0
73525		Utilities Public utilities consumed while vessels are in shipyard undergoing overhaul.	0.0	1.0	1.0
73650		Struc/Infstruct/Land Costs related to engineering, surveying and inspections during the annual overhauls for vessels.	68.3	82.3	80.0
73675		Equipment/Machinery Repair and inspection of vessels in shipyard including all forms of USCG and ABS required repairs to obtain Certificate of Inspection. Various services are provided for dry docking, shaft/rudder measurements, sea valves, underbody cleaning and painting, bow thrusters, ballast tanks and voids, cathodic protection, fire extinguishing systems, life raft recertification, HVAC system cleaning, deck equipment, superstructure painting, steel and piping repairs, electrical and galley repairs, regulatory inspection work, and main and auxiliary engine repairs.	694.4	575.0	569.6
73750		Other Services (Non IA Svcs) Costs of equipment and vehicle rentals during the vessels annual overhaul.	7.9	7.9	8.0
73819	State Travel Office	Commission Sales (IA Svcs) Processing fees charged by the State Travel Office.	0.1	0.1	0.1

Line Item Detail
Department of Transportation/Public Facilities
Commodities

Component: Overhaul (1212)
RDU: Marine Highway System (334)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000	Commodities		407.1	428.4	428.4
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000 Commodities Detail Totals			407.1	428.4	428.4
74200	Business	General business supplies, furniture and equipment.	11.4	28.0	44.9
74480	Household & Instit.	General cleaning supplies.	3.1	3.1	10.5
74520	Scientific & Medical	Industrial chemicals and testing supplies.	0.5	0.5	0.4
74600	Safety (Commodities)	First aid and search and rescue supplies.	6.8	7.0	5.1
74650	Repair/Maintenance (Commodities)	Engine parts, paint and other supplies required to complete annual vessel overhauls.	385.3	389.8	342.5
74858	Other Equipment Fuel	Fuel to produce shore steam used to heat the vessel while the vessel boiler is being overhauled.	0.0	0.0	25.0

Inter-Agency Services
Department of Transportation/Public Facilities

Component: Overhaul (1212)
RDU: Marine Highway System (334)

<u>Expenditure Account</u>	<u>Service Description</u>	<u>Service Type</u>	<u>Servicing Agency</u>	<u>FY2009 Actuals</u>	<u>FY2010 Management Plan</u>	<u>FY2011 Governor</u>	
73819	Commission Sales (IA Svcs)	Processing fees charged by the State Travel Office.	Inter-dept	State Travel Office	0.1	0.1	0.1
73819 Commission Sales (IA Svcs) subtotal:				0.1	0.1	0.1	
Overhaul total:				0.1	0.1	0.1	
Grand Total:				0.1	0.1	0.1	