

Alaska Marine Highway System - Construction of a New Ocean Going Vessel To Replace the F/V Tustumena **FY2018 Request: \$244,000,000**
Reference No: 57329

AP/AL: Appropriation **Project Type:** Construction
Category: Transportation
Location: Statewide **House District:** Statewide (HD 1-40)
Impact House District: Statewide (HD 1-40) **Contact:** Mike Vigue
Estimated Project Dates: 07/01/2017 - 06/30/2022 **Contact Phone:** (907)465-6971

Brief Summary and Statement of Need:

Construct a new ocean going vessel to replace the M/V Tustumena, the Alaska Marine Highway's oldest vessel.

Funding:	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	Total
1002 Fed Rcpts	\$222,000,000						\$222,000,000
1082 Vessel Rep	\$22,000,000						\$22,000,000
Total:	\$244,000,000	\$0	\$0	\$0	\$0	\$0	\$244,000,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input 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
Totals:	0	0

Prior Funding History / Additional Information:

Sec1 Ch16 SLA2013 P78 L16 SB18 \$10,000,000

Project Description/Justification:

The Tustumena is over 50 years old and has had a hard life servicing Kodiak and Aleutian communities for the past several decades. She provides year-round service to the Kodiak area, and journeys out the Aleutian Chain 10 times each year. The M/V Tustumena transports passengers and freight throughout Southwest Alaska, which has a major economic impact on all segments of coastal communities to which she sails.

As the vessel continues to age and is subjected to a hostile, corrosive salt-water environment, maintenance problems have created significant service reductions in Southwest Alaska as the vessel must be continually removed from revenue service for maintenance and repairs.

The operating and capital cost required to keep the M/V Tustumena operational and the shipyard time required to accomplish the maintenance work increase the longer the ship is operated. The risk of failures and deficiencies in vessel structure, machinery, and equipment will also increase the longer the Tustumena is operated. The loss of the service that the M/V Tustumena provides to Southwest Alaska continues to affect the health and welfare of those communities.

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Delaying construction of the new vessel will have cost and risk implications for the AMHS. Since the only other vessel capable of serving Homer, Kodiak and portions of the Aleutian Islands is the M/V Kennicott, the AMHS will be compelled to keep operating M/V Tustumena until the new replacement vessel is delivered.

In addition, the current economic conditions are favorable to Alaska for construction bids for the vessel now. Delaying the project until the economy rebounds will likely result in limited bidders and increased prices above expected inflation levels because shipyards have availability, prices are low, and the US dollar is strong.

The M/V Tustumena is at the top of the queue in the AMHS vessel replacement fund and the AMHS has received \$10,000,000 in Vessel Replacement Funds in FY2014 for the planning and design of a new ocean going vessel to replace the M/V Tustumena. The plans, specifications and estimate (PS&E) package for the Tustumena Replacement Vessel was delivered to the AMHS on January 15, 2016.

After funding is secured, the remainder of the process includes bidding, shipyard selection, detail design, and construction. Delivery of the replacement vessel is expected to take approximately four years.