



# 2012 Annual Report

Maritime Administration





# Maritime Administration at a Glance

Established: 1950

Headquarters: 1200 New Jersey Avenue, SE  
Washington, DC 20590  
[www.MARAD.dot.gov](http://www.MARAD.dot.gov)

Fiscal Year 2012 Budget:<sup>1</sup> \$1.114 billion

Total Employees (2012):<sup>2</sup> 843  
Headquarters (Including Gateways and Regional Offices): 558  
U.S. Merchant Marine Academy (USMMA): 285

Mission: To foster, promote, and develop the merchant maritime industry of the United States.

Industry Outlook: The U.S. waterborne transportation industry has been in a period of renewal with major changes in trade, fleets, and employment.

*Front Cover – Cargo, Readiness, Advocacy and Infrastructure. Clockwise from upper left: concept drawing for Transportation Investments Generating Economic Recovery (TIGER) Grant-funded container yard improvements at the Port of Long Beach, CA; U.S. Agency for International Development (USAID) Food Aid is loaded aboard a U.S.-flag vessel; TS Kennedy, MARAD-owned schoolship for the Massachusetts Maritime Academy, and Ready Reserve Force vessel SS Wright docked at Staten Island in support of Hurricane Sandy recovery efforts; Cadets from Seafarers International Union’s (SIU) Paul Hall Center for Maritime Training and Education in Piney Point, MD, attend the 2012 National Maritime Day observance at the U.S. Department of Transportation Headquarters.*

*Back Cover – Virginia Pilot Association boat returns to Lynnhaven Inlet in Virginia Beach, VA, after guiding MV Cape Rise through Thimble Shoal Channel during her August 23 Turbo Activation.*

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<sup>1</sup> Includes funding provided by the Department of Defense (U.S. Navy), Federal Highway Administration, and others. See Appendix 2.

<sup>2</sup> Funding and staffing levels represent the actual data submitted in the President’s Budget for the Maritime Administration (MARAD) direct funding and staffing levels as well as funds administered by MARAD which were not directly appropriated to the agency and reimbursable staff. A comprehensive summary of all MARAD funding sources is provided in Appendix 2.

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## NOTABLE ACCOMPLISHMENTS AND MILESTONES

- November 2011 Secretary LaHood recognizes MARAD’s Emergency Response Team with the Agency’s highest award – the Gold Medal – for service during Hurricane Irene
- December 2011 With no U.S. vessels available, MARAD teams assist U.S. Coast Guard (USCG) in facilitating the use of the Russian icebreaking tanker RENDA to supply Nome, AK, with emergency diesel fuel
- January 2012 MARAD conveys 60 acres of former Navy property to the Port of Stockton, CA, bringing the total conveyed to the port to more than 1,400 acres
- February 2012 Secretary LaHood establishes a USMMA Capital Improvement Program (CIP) Senior Advisory Council to ensure progress on the current USMMA CIP projects
- January 2012 MARAD transfers Two high-speed “Superferries” to the U.S. Navy
- February 2012 MARAD holds Black History Month event for students onboard MV *Cape Washington*
- March 2012 MARAD awards \$35 million contract to upgrade shipping facilities on Neches River near Beaumont, TX
- The last military unit to depart Iraq was loaded onboard the OCEAN CRESCENT, a heavy lift vessel enrolled in the Maritime Security Program (MSP) Fleet
- May 2012 MARAD hosts National Maritime Day observance at DOT Headquarters
- June 2012 Former National Aeronautics and Space Administration (NASA) Astronaut Captain Mark Kelly accompanied by his wife, Congresswoman Gabrielle Giffords, gives commencement address at USMMA
- Computer-Aided Operations Research Facility (CAORF) Emergency Preparedness Generators installation completed to provide back-up power for USMMA’s information technology servers in the event of electrical power outage
- July 2012 USCG accepts Great Ships Initiative and Maritime Environmental Resource Center, both MARAD-funded facilities, as sub-laboratories for certification testing of ballast water management systems
- Paul “Chip” Jaenichen appointed as Deputy Administrator
- RADM (Dr.) James Helis, United States Maritime Service, appointed as USMMA Superintendent
- August 2012 Defense Logistics Agency (DLA) rules in favor of MARAD and assigns future DLA petroleum shipments to a contracting system that supports U.S.-flag tankers
- USMMA issues its “Strategic Plan 2012-2017”
- Renovations completed on USMMA’s Land Hall Student Center
- September 2012 MARAD takes possession of former NASA Solid Rocket Booster Recovery Vessel MV *Liberty Star* as new USMMA training vessel and renamed TV *Kings Pointer*
- USMMA awards contract to reconstruct Mallory Pier
- Participated in awarding the Congressional Sea Services Award to Senator Susan Collins
- Ship Recycling contracts awarded three obsolete ships to depart the Suisun Bay Reserve Fleet, bringing the total to 39 since the 2010 consent decree, placing MARAD 11 ships ahead of schedule
- MARAD awarded three cooperative agreements for vessel emissions reductions

# A MESSAGE FROM THE SECRETARY

Anthony R. Foxx

From the very start of this Administration in January 2009, the U.S. Department of Transportation has focused on transportation policy goals that improve public health and safety, foster livable communities, ensure that transportation assets are maintained in a state of good repair, support the Nation's long-term economic competitiveness, and work to achieve environmental sustainability. The Department also has historically been a strong advocate for a world-class Marine Transportation System, with well-maintained ports that are integrated into the Nation's overall system of freight movement.

In 2012, the U.S. Department of Transportation took further steps toward realizing the benefits of a truly intermodal transportation system. Additional funding for the America's Marine Highway Program brought the total since 2009 to \$179.3 million. The year also saw the successful completion of two Transportation Investments Generating Economic Recovery (TIGER) Grant-funded projects, one at the Port of Gulfport, MS, and the other at Honolulu Pier 29. The Gulfport project represents a true intermodal project, as the upgrades funded allow faster movement of container cargo via rail lines to and from the port, and the Pier 29 project returned the facility to commercial operation after having been unusable since 2008. Ongoing TIGER-funded projects supporting intermodal freight movement included the rehabilitation of 133 miles of rail under the Port of Coos Bay, OR, leading to a tenfold increase in the use of the rail line to move truck traffic off the local roads. Improving the Marine Transportation System and better connections to the other components of the transportation system lies at the heart of these efforts.

In 2012, we awarded a fourth round of funding for the successful TIGER Grant program, investing an additional \$500 million to our Nation's infrastructure, making our communities more livable and sustainable. Seven TIGER IV Grants were awarded to maritime projects, for a total of more than \$68 million, bringing the program total to \$350 million for 24 port projects.

These projects, as well as other Maritime Administration initiatives, will provide lasting improvements to our Marine Transportation System and to the Nation's transportation network as a whole.

# A MESSAGE FROM THE ACTING MARITIME ADMINISTRATOR

Paul N. Jaenichen

The mission of the Maritime Administration (MARAD), an Agency of the U.S. Department of Transportation, is “to foster, promote, and develop the merchant maritime industry of the United States,” in order to meet the economic, environmental, and security needs of the Nation. The MARAD’s oversight responsibilities encompass shipbuilding, government-owned port and vessel operations, as well as the ships and mariners of the U.S. Merchant Marine.

In fiscal year 2012, MARAD conducted large-scale studies into the expected effects of the Panama Canal expansion, the feasibility of using clean Liquefied Natural Gas (LNG) to power vessels, and the future of the Great Lakes commercial fleet. We continued to lead the global effort to improve our environment by having two of our ballast water technology test platforms approved by the U.S. Coast Guard as technology certification facilities, and by continuing large-scale testing of renewable fuels. We also continued to address the growing threat of piracy through education, training and international outreach.

Another major task faced during this administration was the lingering environmental challenge posed by the fleet of 57 obsolete government ships that had been moored for decades in Suisun Bay, CA. Our Agency is now more than 1 year ahead of the scheduled plan for removal of 30 vessels by September 2012, as agreed upon with the San Francisco Regional Water Quality Control Board. Thirty-six of these ships have been recycled and contracts awarded for another three, creating jobs in the ship recycling industry and providing ship sales proceeds (from ship recycling firms) for reinvestment in our maritime education and heritage programs.

This annual report outlines the activities of MARAD in these areas and highlights other major accomplishments. It also satisfies the statutory requirements for a report to Congress on the Cargo Preference Program, the Maritime Guaranteed Loan Program (Title XI), and admiralty suits.

## EXECUTIVE SUMMARY

The Maritime Administration (MARAD) is strengthening our Nation's maritime transportation system. MARAD employees:

- **Promote the maritime industry by making significant strides in new areas for industry growth such as America's Marine Highways and seaport infrastructure investment.**

The MARAD is actively engaged in providing consultation, technical assistance, and contractor performance oversight for several major port development and port expansion projects. The Administration promotes the efficient use of our waterways through the Marine Highway Grant Program and administers 24 TIGER grant projects that total more than \$350 million to improve seaport infrastructure, including seven port projects worth more than \$68 million awarded in FY 2012. Also, MARAD facilitates the development of innovative energy transportation projects such as licensing new deepwater ports off the Nation's coasts. At the same time, MARAD's nationwide system of Gateway Offices provides MARAD's leaders and policy makers with on-the-scene insight from mariners and stakeholder communities.

- **Support shipbuilding and repair in U.S. shipyards through Title XI Loan Guarantees and small shipyard grants.**

The MARAD helped to sustain the maritime industrial base by administering more than \$2.1 billion in Title XI loan guarantees in FY 2012, and awarding \$9.8 million in direct grants to foster efficiency, competitive operations, and quality ship construction, repair, and reconfiguration in small shipyards.

- **Improve the environment by recycling obsolete ships, combating invasive species and testing alternative fuels.**

In FY 2012, MARAD continued to recycle obsolete ships from the National Defense Reserve Fleet at Suisun Bay (SBRF). A total of 36 ships identified in the 2010 California Consent Decree were removed by the end of the fiscal year, resulting in MARAD being more than a year ahead of schedule. Two MARAD-sponsored ballast water testing facilities—the Maryland Environmental Resource Center in the Chesapeake Bay and the Great Ships Initiative on the Great Lakes—were upgraded and then accepted by the USCG to conduct certification testing of ballast water management systems (BWMS). During FY 2012, MARAD also conducted underway tests of renewable biofuel on board the *TV State of Michigan*, demonstrating the viability of biofuel for vessel propulsion while significantly reducing pollutant emissions.

- **Study current industry trends and upcoming changes to better prepare for the future.**

In FY 2012, MARAD completed the research and drafting on the "Status of the U.S.-Flag Great Lakes Water Transportation Industry," a study that assesses the economic health and outlook of the U.S.-flag Great Lakes water transportation industry, and continued its multi-year study of the effects on U.S. ports of the Panama Canal's upcoming expansion.

- **Assess ship security, and train crews to improve security and assist in the fight against piracy.**

In conjunction with The U.S. Navy's Military Sealift Command (MSC) and the Naval Criminal Investigative Service, MARAD deployed assistance teams to visit U.S.-flag merchant ships in port to assess physical security vulnerabilities and to recommend best practices to combat piracy. As of December 31, 2012, a total of 64 visits had been conducted since the program's inception in 2009.

- **Educate the next generation of mariners.**

The MARAD continues to invest in the physical facilities and academic programs at the U. S. Merchant Marine Academy at Kings Point, NY, by addressing significant financial and infrastructure issues, enhancing oversight and governance, and streamlining the hiring of key personnel. Additionally, the Agency supports the six State Maritime Academies through our schoolship and Federal Student Incentive Payment (SIP) programs, as well as by distributing a portion of the funds accrued by recycling obsolete vessels from MARAD's National Defense Reserve Fleet (NDRF).

- **Collaborate internationally on trade and infrastructure development.**

In June 2012, MARAD hosted a meeting with the Consultative Shipping Group, representing the maritime administrations of 18 countries. Topics included global supply chain security; anti-piracy efforts; environmental standards; ballast water; alternative fuel and vessel design initiatives; and industry outlook for international shipping.



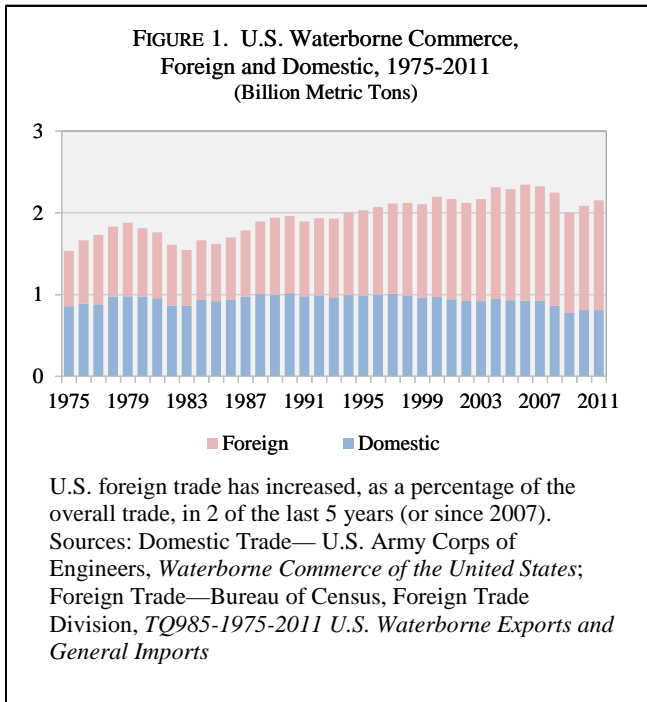
## HELPING AMERICAN COMMERCE

### Industry Overview

The U.S. water transportation industry serves the needs of both foreign and domestic commerce. It includes companies that carry freight or passengers on the open seas, Great Lakes, or inland waterways, offer towing services, charter vessels and operate locks, canals and terminals.

### Waterborne Trade and the U.S. Fleet

In 2011, U.S. waterborne commerce continued its recovery following the 2008-2009 recession, amounting to nearly 2.2 billion metric tons. Foreign commerce represented 62.3 percent of the total trade (FIGURE 1). In the mid-1990s, domestic and foreign trade were each about 1 billion metric tons. By 2011, foreign trade had increased to 1.34 billion metric tons while domestic trade had fallen to 0.81 billion metric tons due largely to import substitution in the oil trade.



The U.S.-flag fleet carries all of our domestic waterborne trade<sup>3</sup>, and about two percent of our foreign trade. Under the Jones Act, U.S. domestic trade is reserved for vessels registered under the U.S.-flag and built or reconstructed in the United States. As of 31 January 2011, 36,235 U.S.-flag, privately-owned vessels were available for operation in U.S. foreign and domestic trades. All inland and coastal vessels (tugs, barges, ferries and Great Lakes vessels) in the U.S.-flag fleet had Jones Act trading privileges. Of the U.S.-flagged oceangoing vessels, about 49 percent (103 vessels) had Jones Act trading privileges (TABLE 1).

Table 1. U.S.-Flag, Privately-Owned Merchant Fleet by Segment, 2011<sup>4</sup>

<sup>3</sup> The domestic trades include cargoes moved on the oceans (including trade between the 48 contiguous states and Alaska, Hawaii, Puerto Rico and Guam), along the coasts, on the inland waterways and the Great Lakes. These trades are protected by Section 27 of the Merchant Marine Act of 1920. Section 27, otherwise referred to as the “Jones Act,” reserves marine transportation of freight and passengers to U.S.-built, maintained, documented, owned, and crewed vessels.

<sup>4</sup> Previous versions of this table may have included additional vessels under U.S. ownership. However, true vessel ownership is becoming

	Barges							Total
	Ocean	Lakes*	Tugs	Dry	Tank	Offshore+	Ferries	
U.S.-Flag	212	56	5,348	25,531	4,234	298	556	36,235
Jones Act Eligible	103	56	5,348	25,531	4,234	298	556	36,126
Non-Jones Act Eligible	109	0	0	0	0	1	0	109

Notes: Fleet as of 31 Jan. Ocean/Lakes—vessels of 1,000 Gross Tons (GT) or greater. \*Lakes—includes 10 tug/barge units +Offshore—includes vessels of 1,000 GT or greater.  
Sources: Ocean/Lake and Offshore—IHS-Fairplay, [www.ihsfairplay.com](http://www.ihsfairplay.com); Tugs and barges—U.S. Army Corps of Engineers, Vessel Detail files, [www.iwr.usace.army.mil/ndc](http://www.iwr.usace.army.mil/ndc).<sup>5</sup>

## Contribution to Gross Domestic Product

For the period 2001-2011, the water transportation industry's contribution to gross domestic product or value added (gross output less the cost of intermediate inputs) was \$14.5 billion, up 77 percent from 10 years earlier (TABLE 2). The primary components of value added – labor compensation and gross operating surplus – increased by 83 percent and 80 percent, respectively. Over the same period, the return on assets (operating surplus/assets) increased from 11 percent to 17 percent, spurring investment in new vessels.

Table 2. U.S. Water Transportation Gross Output by Components, 2001-2011  
(Billion Dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gross Output	27.7	27.0	28.3	30.7	30.5	30.9	34.4	37.6	35.5	37.2	39.9
Value Added	8.2	7.4	8.2	8.3	8.9	11.7	12.8	14.3	13.9	13.8	14.5
Labor	3.6	3.7	3.9	4.2	4.7	5.1	5.5	6.4	6.0	6.3	6.6
Taxes Less Subsidies	0.6	0.5	0.7	0.1	0.5	0.5	0.7	0.9	0.5	0.7	0.7
Operating Surplus	4.0	3.3	3.7	4.0	3.7	6.1	6.6	7.0	7.4	6.8	7.2
Intermediate inputs	19.5	19.6	20.1	22.4	21.7	19.2	21.6	23.3	21.5	23.3	25.4
Energy inputs	3.9	4.3	5.3	7.7	9.1	7.3	10.1	11.1	6.9	9.9	12.7
Materials inputs	1.7	2.1	1.9	1.7	1.3	1.4	1.9	1.8	1.8	1.3	1.5
Purchased-services	13.9	13.2	12.9	13.0	11.2	10.5	9.7	10.4	12.8	12.1	11.2
Assets	36.2	36.4	36.4	37.1	37.7	39.5	40.0	41.0	40.8	41.0	41.3
Operating Surplus/Assets % <sup>6</sup>	11.0	9.1	10.2	10.8	9.8	15.4	16.5	17.1	18.7	18.2	17.4
Employment 000s	54.0	52.6	54.5	56.4	60.6	62.7	65.5	67.1	63.4	62.3	61.3
Seafarers <sup>7</sup>	23.1	20.0	22.5	22.7	29.4	32.4	34.5	31.7	32.8	32.3	33.7

Sources: Gross Output and Assets - Bureau of Economic Analysis, [www.bea.gov](http://www.bea.gov); Employment - Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov).

## Foreign Transfers

Under authority provided in 46 U.S.C. § 56101 and § 56103, MARAD reviews and approves the transfer to foreign ownership and/or registry of vessels 1,000 gross tons and over. During FY 2012, 49 transfers were approved. In FY 2011, 12 vessels were scrapped abroad: 10 were scrapped in India, one in China and one in Pakistan. For FY 2012, seven vessels were scrapped: three in India and one each in Canada, Dominican Republic, China and the United States. The Environmental Protection Agency is notified of vessel transfer requests prior to MARAD granting approval. Vessels of 3,000+ gross tons transferred to foreign ownership and/or registry are subject to MARAD approval for any subsequent transfer of ownership and/or registry; such vessels are required to remain available for U.S. Government requisitioning, if needed. In these reporting periods, MARAD collected a combined total of \$12,513 in fees for processing applications for foreign transfers and similar actions.

## Industry Investment

increasingly difficult to determine due to the complexity of corporate structures.

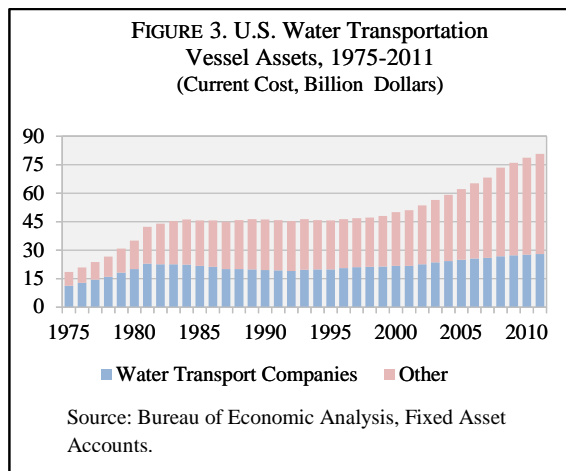
<sup>5</sup> Note: Annual Reports for the several years preceding this one counted vessels of 10,000 deadweight tons or more. The use of the 1,000 gross tons threshold in this report re-establishes vessel counts that are comparable with MARAD records dating back to 1946.

<sup>6</sup> Indicates the percentage profit generated for each \$1 in assets held by the water transportation service industry.

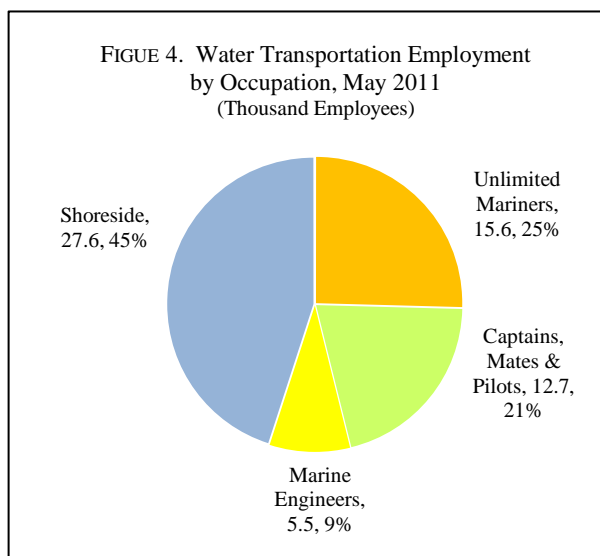
<sup>7</sup> The increase in seafarers, and in U.S. water transportation employment in general, from 2004 to 2006, was directly correlated to the growth in U.S. and global trade over the same period, and coincided with a growth in the U.S. privately-owned fleet. During the recession in 2007-2008, U. S. carriers began removing vessels from service, leading to a decline in seafarer employment.

For the period 2001-2011, the value of U.S.-flag water transportation vessel assets increased by 58.4 percent, the highest 10-year growth since 1978-1988 (FIGURE 3). Over this period, carriers invested in new U.S.-flag vessel assets including 33 ocean vessels, 741 tugs, 1,239 double-hull tank barges, 8,448 dry cargo barges, and 186 offshore supply vessels. The investments were largely to replace vessels built during the expansion of the late 1970s.

In 2011, water transportation companies accounted for 34.7 percent of the vessel fixed assets, compared to 42.4 percent 10 years ago. Other vessel-owning companies include oil companies, water transport support companies, financial intermediaries and leasing companies.



### Growing Employment



In 2010, seafarers accounted for over 50 percent of water transportation employment.  
 Source: Bureau of Labor Statistics, Current and Occupational Employment Statistics Survey  
[www.bls.gov](http://www.bls.gov).”

Although new vessel assets generally require less manpower than those they replace, the new technologies they employ have created new markets for marine transportation services. For example, dynamically-positioned supply vessels were built to service the expanding deepwater oil exploration sector, and the vessels they replaced are now used to move products in the coastwise trade. Furthermore, employment in water transportation extends beyond the vessel to shore-side logistics and support, port services, and shipbuilding and repair. In 2011, water transportation and related industries accounted for about 246,500 employees, comprised of roughly 61,300 for water transportation, 91,200 for port services, and 94,000 for shipbuilding and repair. Of those employed in water transportation, about 33,700 were seafarers (FIGURE 4). Another 37,800 seafarers were employed by government and other industry sectors such as offshore oil and gas drilling, and port services.

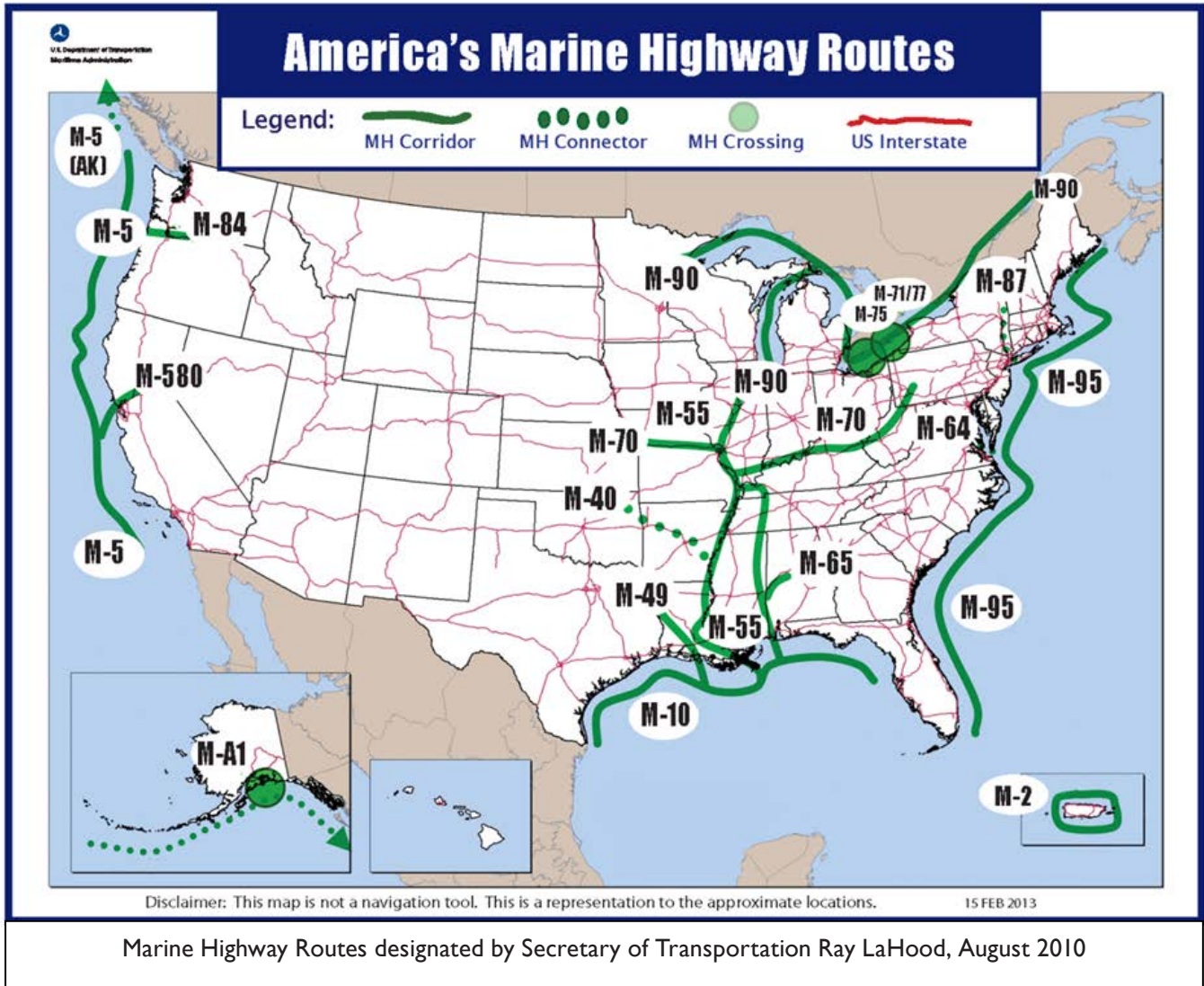
Despite a 4.3 percent growth in seafarer employment, the recession and slow recovery contributed to an overall decline of 2.3 percent since 2007. In contrast, U.S. domestic waterborne trade was down by 12.4 percent over the same period. This suggests that as demand for water transport services decreases, service providers would rather keep vessels in service (though underutilized) in the short-term than incur vessel lay-up and reactivation costs. Of course, if waterborne trade does not recover in the long-term, marginal vessels will eventually be laid up and/or scrapped and seafarer employment will likewise decline.

### Conclusion

The U.S. water transportation industry has been in a period of renewal with major changes in trade, fleets, and employment. Recent investments in water transportation assets have been tied to long-term customer commitments which have integrated water transportation with production and distribution processes, improved service to customers, and stabilized growth in seafarer employment and earnings.

## America's Marine Highway Program

On August 11 2010, U.S. Transportation Secretary Ray LaHood identified 18 marine corridors, eight projects, and six initiatives for further development as part of America's Marine Highway Program. The Maritime Administration made available \$7 million in grant funding for these projects through the Marine Highway Grant Program, and has funded an additional \$179.3 million in marine highway projects in fiscal years 2009-2012 through DOT's TIGER grant program. America's Marine Highway Program renews the Nation's awareness of the capacity of our waterways and develops ways that they can serve international and domestic freight and passenger transport needs.



Increased use of waterways that parallel congested land corridors inspires the creation of new jobs, as well as the design and construction of new vessels. It also provides resiliency and added safety to the transportation system and benefits the environment by reducing air emissions and the consumption of petroleum products, per ton mile of cargo moved. It is our goal to add marine highway services as a routine option in domestic supply chains.



## America's Ports

### Port Infrastructure Programs

MARAD's mission to foster, promote, and develop the merchant maritime industry of the United States includes the upkeep, maintenance, modernization, and repair of the Nation's Marine Transportation System infrastructure. Development issues, such as increased land value, competing land uses, funding challenges, and access in urban areas, can constrain economic growth if not addressed. The consequences of these delays include a slower supply chain, increased costs to consumers, and decreased transportation efficiency.

Marine transportation is an integrated network, not just within the United States, but globally, and as such, must operate seamlessly. Taking full advantage of America's wealth of waterways, the Marine Transportation System requires vessels of all kinds suited to all kinds of cargo. It requires an advanced network of ports and terminals, fleets of trucks, rail cars and barges to carry these goods to the customer. As part of the overall freight transportation system, our Nation's ports work in coordination with all other surface transportation modes to move goods for economic benefit and strategic needs. In order to ensure that ports meet requirements placed on them, a number of Federal assistance programs have been developed. These programs include assistance to ports and discretionary grant programs administered on a competitive basis.

### The Transportation Investment Generating Economic Recovery (TIGER) Grant Program

The TIGER grant program, started in FY 2009, is in its fourth year. Round I, announced by Secretary LaHood on February 17, 2010, provided \$1.5 billion for discretionary transportation grants, and funded 51 projects, including seven port projects—at a value of nearly \$129 million. Those initial grants to ports in Maine, Rhode Island, Illinois, Mississippi, California, Alaska, and Hawaii supported a number of modernization efforts. Since that time, three more rounds of TIGER grants were awarded in FY 2010, FY 2011 and FY 2012. The FY 2012 grants, announced on June 22, 2012, awarded nearly \$500 million to 47 transportation projects in 34 states and the District of Columbia. Announcing the awards, U.S. Transportation Secretary Ray LaHood said, "TIGER projects mean good transportation jobs today and a stronger economic future for the Nation."

The FY 2012 funds included awards for seven port projects worth more than \$68 million. To date, MARAD has been asked to administer 24 grants totaling nearly \$350 million. These grants are being used to improve seaport infrastructure and help obtain equipment. They are a significant source of assistance focused on improving efficiencies for the movement of freight on marine highways and will also help U.S. exporters compete in the world market.

MARAD is using both headquarters and Gateway Office staff to oversee and manage the successful completion of these projects. Several of the Round I grants have been completed and are already having a positive impact on the transportation system. In addition to the rehabilitation of 133 miles of rail under the Port of Coos Bay, OR and the addition of a new customer, Seneca Sawmill Company, as a direct result of the project, there has been a tenfold increase in the use of the rail line to move truck traffic off the local roads. The Hawaii Pier 29 project is now generating revenue, hosting ships' calls and moving thousands of tons of cargo each month. The Port of Oakland is reducing greenhouse gases through use of a cold-ironing project and the Port of Stockton reports that segments of the California Green Trade Corridor project already completed are contributing to revenue generation by assisting in moving and storing more cargo.



## TIGER GRANTS - FY 2009, 2010, 2011, and 2012



2009, 2010, 2011 and 2012 Federal Ports & Maritime TIGER Grants

### Expansion Programs: Alaska, Guam and Hawaii

During 2012, MARAD continued working with its port partners to improve and strengthen gateway port facilities. MARAD and Alaska's Port of Anchorage continued work to complete the north extension phase of the port's marine-terminal redevelopment, part of the facility's overall Intermodal Expansion and Modernization Project. This effort is vital to Alaska's economy given that 85 percent of all goods consumed by Alaskans move through the Port of Anchorage.



Apra Harbor, Guam

MARAD also is working on two other Pacific Rim port facility projects. In May 2008, MARAD signed a Memorandum of Understanding with the Government of Guam and the Port Authority of Guam to upgrade the port for the expected expansion in trade after the redeployment of military forces in the Pacific theater. The first phase of the port-improvement effort is being funded by the U.S. Department of Defense (\$50 million). This ongoing project will expand port capacity and provide much-needed upgrades for an aging port facility, thereby helping to stimulate Guam's economy.



Hawaii Harbors - Interior View of Pier 2 Facility Upgrade for Cruise Passenger Terminal Use.



Hawaii Harbors - Kawaihae Harbor on the "Big Island" of Hawaii.

In Hawaii, initial work on Pier 2A at Kawaihae Harbor on the "Big Island" of Hawaii has begun and a draft environmental assessment has been published. Developing the modern and efficient marine transportation system required to meet Hawaiian consumer needs is critical because the State's water-dependent nature.

### **Port Conveyance Program: Capacity Expansion**

Surplus Federal properties, when made available to local port authorities for port development purposes, serve an important role in expanding the capacity of the Nation's Marine Transportation System and building our economy. Since the inception of the Port Conveyance Program, approximately 2,700 acres of surplus Federal property has been conveyed to eligible State and local governmental entities for the purposes of port infrastructure improvements, port expansion, and economic development.

During FY 2012, MARAD conveyed nearly 60 acres of the former Naval Computer and Telecommunications Station on Rough and Ready Island to the Port of Stockton in Stockton, CA to expand its port operations for handling additional cargoes. Transferring this former Federal land will assist the Port of Stockton's efforts to improve its current productivity by increasing its available area for dry bulk and liquid bulk storage; renovating and increasing the railroad capabilities located on the facility; replacing the obsolete dock cranes with modern equipment; and improving the docks at the port.

In FY 2013, MARAD expects to convey 23 acres of the former Long Beach Naval Complex to the Port of Los Angeles to expand the existing Terminal Island Container Transfer Facility. This intermodal on-dock rail facility allows cargo containers to be unloaded from maritime vessels and placed directly onto railcars for national and international distribution. The agency also plans to convey the former PFC Daniel L. Wagenaar U.S. Army Reserve Center in Pasco, WA. This two acre property will be added to the Port of Pasco's inventory to support local job creation.

These well-planned port development projects will aide in the economic development and improved productivity at our nation's ports and intermodal transfer stations.

### **Energy Development: Import and Export Deepwater Ports**

Under the Deepwater Port Act (33 U.S.C § 1504), MARAD is responsible for processing applications from private energy companies to own, construct, and operate offshore liquefied natural gas (LNG) receiving facilities.

During FY 2012, MARAD received one deepwater port license application for the construction and operation of an offshore LNG facility in the offshore waters of New York and New Jersey. The federal review and evaluation process for this proposal will continue into FY 2013.

Although MARAD has experienced a decline in the number of import applications over the past several years, recent developments in the exploration and production of domestic shale gas has raised significant interest among domestic energy producers in the development of new export facilities. Recognizing the importance of this opportunity, in December 2012, Congress passed the Fiscal Year 2014 Coast Guard Authorization Act, which amended the Deepwater Port Act (DWPA) to expand MARAD's authority to license the construction and operation of new offshore export oil and LNG facilities. This new authority is being implemented in accordance with existing licensing provisions set forth by the DWPA.

Over the next year, MARAD expects to receive at least one formal application for the construction and operation of an offshore export LNG terminal to be located in the Gulf of Mexico. Such facilities can enhance the Nation's overall energy portfolio and present opportunities to advance the Nation's competitive position within the global energy market.

### **Port Summary**

The marine transportation industry and its shore-side connections via ports have always been global in nature, and they remain critically important to sustaining the United States' economic competitiveness in peacetime and vital to national security in time of war or other national emergencies. MARAD is dedicated to the health of the American maritime industry – its ships, ports, and people.

## **Industry Advocacy and Outreach**

### **Gateways and Stakeholder Outreach**

MARAD has a staff presence in 10 of the largest ports on the West, East, and Gulf Coasts, as well as the Great Lakes and inland waterways: San Francisco and Long Beach, CA; New York, NY; Chicago, IL; Houston, TX; Norfolk, VA; Miami, FL; New Orleans, LA; St. Louis, MO; and Seattle, WA. MARAD's Gateway Offices use their local knowledge, experience, and stakeholder relationships to identify issues, best practices, and opportunities to advance the Marine Transportation System. The Gateway Offices also work with public- and private-sector participants to better understand the connections among improved cargo flow, economic vitality, community livability, and environmental sustainability. These offices also bring DOT and MARAD expertise to the table when working with local stakeholders. In addition, the Gateway offices are MARAD's on-site representatives for oversight of a total of 24 TIGER Grants, totaling nearly \$350 million over four rounds of grants. They are responsible for conducting site visits to grantees, including initial award visits, compliance/audit visits, validation of expenditures, and project close-outs. Further, they work closely with grant recipients to monitor and report on performance measures.

### **The Marine Transportation System National Advisory Council**

In FY 2012, the Marine Transportation System National Advisory Council (MTSNAC) adopted several recommendations from the Marine Highway and Ports subcommittees to integrate marine transportation more fully into State, regional and national transportation planning, and to develop a mechanism for a more predictable and steady funding stream for port infrastructure development projects. These recommendations will be presented to the Secretary of Transportation in FY 2013.

A Shipbuilding Subcommittee was also formed and the subcommittee developed recommendations to strengthen the U.S. commercial shipbuilding industrial base, improve the effectiveness and transparency of the Title XI loan guarantee program, and encourage the development of a comprehensive LNG bunkering terminal network to support the emerging LNG-powered U.S.-flag fleet.



The MTSNAC is designed to provide an industry stakeholder and academic perspective to USDOT policies that effect efficient and environmentally friendly waterborne freight and passenger movements. The Secretary will rely on the council to provide him with guidance on developing a national freight policy and integrating water into the overall transportation system.

### **National Ocean Council**

MARAD continues to have a significant role in representing DOT in the development of the National Ocean Policy Implementation Plan and the recommended action items. MARAD supports the work being done by action item teams covering six of the nine priority areas identified by the President's Ocean Policy Task Force in July 2010. In addition, MARAD meets regularly with the Office of the Secretary of Transportation and other operating administrations to ensure implementation of the Executive Order on a DOT-wide basis.

MARAD is also a contributor to the development of the Coastal and Marine Spatial Planning Handbook; the National Ocean Council (NOC) anticipates the release of this follow-on guidance shortly after the Implementation Plan is released. For the purposes of Coastal and Marine Spatial Planning, the President's Ocean Policy Task Force identified nine regions within the United States and its territories. The Ocean Policy Task Force recommended that each of the nine regions should establish a Regional Planning Body. MARAD's Gateway Directors, with support from headquarters staff represent DOT on each of the Regional Planning Bodies.

### **U.S.-Flag Waterborne Domestic Trade**

U.S.-flag vessels are an established mainstay of America's national transportation system, providing essential freight and passenger services to almost all States and territories.



To encourage a strong U.S. Merchant Marine for both national defense and economic security, the Jones Act (46 U.S.C. § 55101 and 46 U.S.C. § 55102) and the Passenger Vessel Services Act (46 U.S.C. § 55103) require that freight and passengers being transported by water between U.S. points (i.e. cabotage trade) must travel in U.S.-built and U.S.-citizen owned vessels that are registered in the United States. These “Jones Act vessels” handle a combined total of approximately one billion tons of cargo annually, mostly bulk products such as petroleum, coal, iron ore, grain, crushed rock and decorative stone, with high-value containerized products dominating the U.S.-flag domestic trade to Alaska, Hawaii, and Puerto Rico. The U.S.-flag domestic cargo fleet supporting this massive inland and coast-wise ocean trade is made up of over 36,000 vessels (mostly tugs and barges) that represented over \$41 billion in private investment in 2011.

Transportation of passengers is also an important component of domestic trade. In calendar year 2010 (the most recent data available), a total of 231 ferry operators based in 42 U.S. States and territories transported an estimated 53 million passengers.<sup>8</sup> Domestic waterborne transportation also contributes billions to the U.S. economy in the form of freight and passenger revenue, and millions of dollars of government revenue in the form of Federal, State, and local taxes.

### **Maritime Administration Assistance to Shippers**

MARAD helps the shipping public comply with the Jones Act by locating U.S.-flag vessels that can carry domestic cargo. MARAD also advises the U.S. Customs and Border Protection (Customs) — which has direct responsibility for enforcing the Jones Act — on the suitability of waivers.

In conjunction with the Departments of State and Homeland Security, MARAD also facilitates the Jones Act waiver process, and also maintains a public website on waiver procedures, and provides briefing material, record keeping, and analysis as required.



### **Small Passenger Vessel Waiver Program**

46 U.S.C. § 12121 authorizes MARAD to administratively waive the U.S.-build requirements of the Jones Act for foreign-built small passenger vessels carrying no more than 12 passengers for hire. To grant such waivers, MARAD must determine that employing the vessel in the coastwise trade will not adversely affect U.S. vessel builders or the coastwise trade business of any person who employs vessels built in the United States. MARAD granted 97 such waivers in FY 2012.



### **Launch Barge Program**

While the Administration supports the use of U.S.-flag qualified vessels in all circumstances, on rare occasions the launch of an exceptionally large oil rig or offshore platform may require the use of a foreign-built launch barge. Therefore, 46 U.S.C. § 55108 allows MARAD to review and make determinations allowing the use of foreign-built launch barges under very exacting circumstances, including timely requests (21 months in advance). There have been no waivers issued to date under the new program.



### **Anchor Handling Waiver Program**

As with the Launch Barge Program, MARAD is authorized to make determinations under 46 U.S.C. § 501 allowing the use of foreign anchor handling vessels, used to position mobile offshore drilling units. If no U.S.-flag vessels are available, and if the companies that want to use foreign vessels have contracts in place to bring in replacement U.S.-flag vessels, then MARAD may grant a waiver. This specialized program only applies to operations in the Beaufort Sea and Chukchi Sea adjacent to Alaska. Since the provision was passed in 2006, MARAD has issued decision letters allowing four foreign-flag vessels

<sup>8</sup> 2010 National Census of Ferry Operators, conducted by the Research and Innovative Technology Administration's Bureau of Transportation Statistics. Available at <http://www.bts.gov/programs/ncfo/>.



into service for a limited length of time. In FY 2012, MARAD authorized the foreign-flag vessel TOR VIKING II to assist Shell Energy North America in exploratory operations.

## **MARAD Studies**

### **U.S.-Flag Great Lakes Fleet Status Study**

In its role as advocate for America's maritime industry, MARAD took on the challenge of assessing the economic health and outlook of the U.S.-flag Great Lakes water transportation industry, with an emphasis on the large dry bulk vessel fleet that carries the great majority of domestic cargo moved on the Great Lakes. The fleet and its supporting infrastructure are a vital part of the region's economy, transporting an average of over 90 million tons of cargo annually over the last six years.

The study was completed in February 2013 with the issuance of the report, "Status of the U.S.-Flag Great Lakes Water Transportation Industry." Secretary of Transportation Ray LaHood presented the report at the Great Lakes Waterways Conference in Cleveland, OH, on February 12, 2013. The report concluded that the industry is generally healthy, provides efficient and environmentally sound transportation services, is competitive with other modes of freight transportation in the movement of dry bulk goods, and is adequately sized to meet market demands. Supported by responsible regulation and infrastructure maintenance, it will remain an essential part of the regional and national economy.

### **Panama Canal Expansion Study**

Over the past two years, USDOT and MARAD have been undertaking a comprehensive study of the Panama Canal Expansion project to assess the potential changes in trade patterns resulting from an expanded Panama Canal, formulate projected impacts on the Nation's ports, waterways, and intermodal freight systems, and present policy recommendations to optimize Federal investment decisions.

The study is being conducted in four clearly defined phases and includes a robust outreach program designed to guide and inform the study analysis and ultimately verify study results. The outreach program consists of a rigorous peer review process that will be applied to each phase of the study, one-on-one interviews to be conducted with key executives from the maritime and transportation industries, a shipper survey that will be distributed to thousands of international companies, and a series of nationwide listening sessions to engage Federal, State, and local government representatives and other stakeholders.

During late FY 2012, MARAD completed the Panama Canal Expansion Study Phase I Report, which is currently undergoing an extensive Federal inter-Agency review and approval process. Once released, the Phase I Report will include preliminary results of stakeholder feedback received from early outreach program activities and an identification of U.S. port capacity to accommodate potential market changes and receive post-Panamax vessels. Phases II-IV of the report are also undergoing extensive peer review. Once finalized, the report will provide an assessment of capacity needs for U.S. ports and inland infrastructure, present industry's assessments of likely impacts to multi-modal transportation systems, and provide an evaluation of potential investment opportunities for port development.

It is anticipated that the overall study effort will conclude in late FY 2013, with the official public release of the final report following interagency review.

### **Dual-Use Vessel Design Study**

A cooperative effort is under way between the U.S. Navy and MARAD. This three-phase project focuses on developing Dual-Use Vessels that will serve commercial marine highway markets and support national defense needs. Preliminary designs were completed in FY 2011. The next step is to socialize the designs among prospective ship owners, shipyards and investors in order to determine if there is sufficient support in the market to maximize the potential for ship construction. The final phase of the project will identify a series of options to finance, construct and operate Dual-Use Vessels as a public-private partnership. The study will also analyze the long and short-term benefits, costs, and associated risks for each party associated with each option.

## **Energy and Environmental Studies**

In 2012, MARAD completed a study demonstrating the feasibility of repowering Great Lakes vessels from coal or oil to natural gas as a propulsion fuel. Additional studies and demonstration projects are in progress, as discussed elsewhere in this report.

## **Cargo Preference**

Our cargo preference laws support a privately owned, commercial U.S.-flag fleet by requiring certain government-impelled, ocean-borne cargo in international trade to be transported by U.S.-flag vessels. The overall mission of the cargo preference program is to work with the other Federal agencies and with the commercial shipping industry to promote both U.S. Government impelled as well commercial cargo moves for our U.S.-flag fleet. By making this core block of cargo available to the U.S.-flag carriers, the cargo preference program provides revenue which the U.S.-flag owners can use to offset the higher cost of operating under the U.S.-flag.

In FY 2011 (the most recent data available), Department of Defense (DOD) cargoes represent about 90 percent of the cargo preference revenue, Food Aid represents about 6 percent, and other Civilian agencies – including the Export-Import Bank program – account for about 4 percent.

## **Marine War Risk Insurance Program**

MARAD is authorized to provide hull, liability, cargo and life insurance for vessel operations considered to be in the interest of the national defense or national economy and for which commercial insurance is not available on reasonable terms and conditions. MARAD may issue (1) insurance for which a risk-based premium is charged and (2) non-premium insurance for vessels under charter operations for MSC, and for which MARAD is indemnified for any losses by the U.S. Navy.

During FY 2012, MARAD did not write any premium-based war risk insurance and wrote a total of \$436.5 million in non-premium war risk coverage on six vessels for DOD. As of September 30, 2012, there were no pending marine war risk claims. There is approximately \$47 million in the Marine War Risk Insurance Fund to reimburse operators covered by premium insurance. DOD has indemnified MARAD for any claims arising under non-premium insurance.

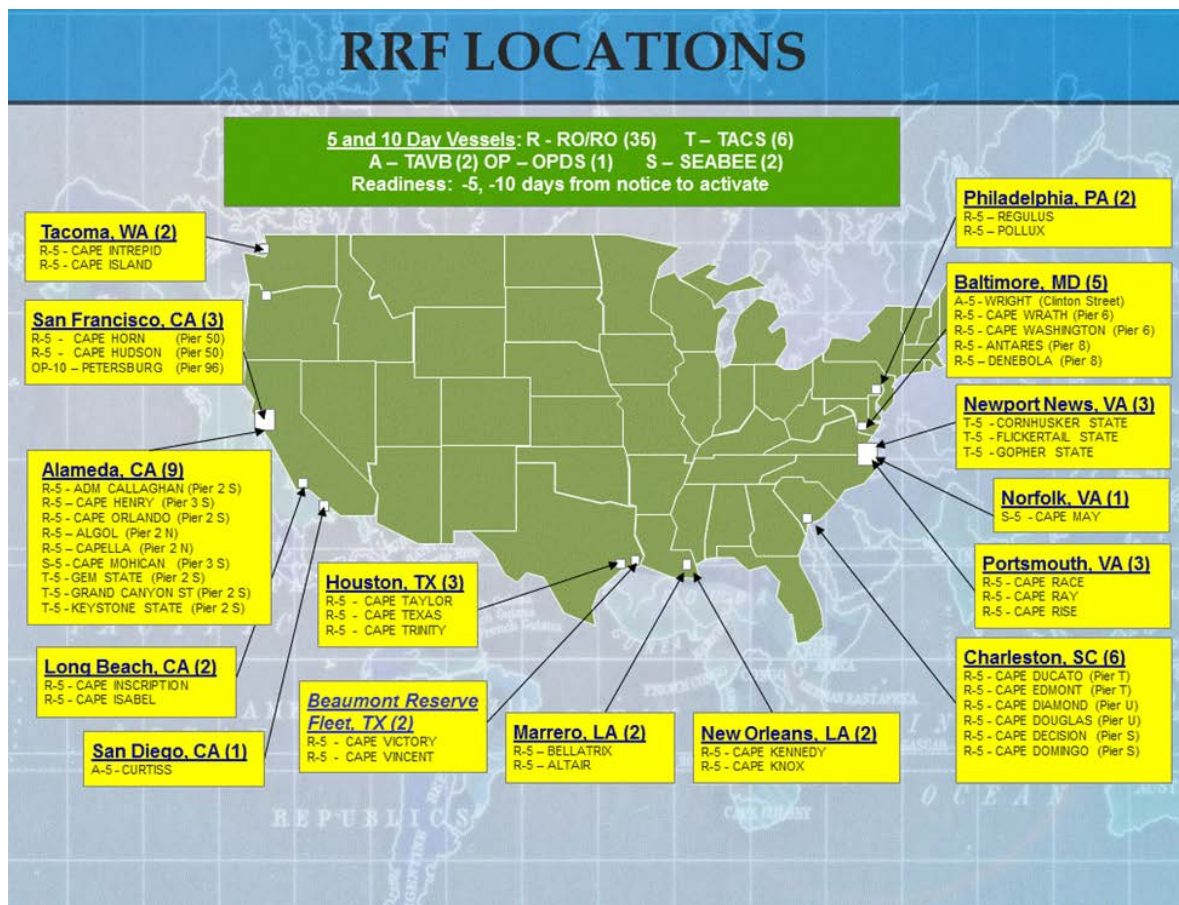
## STRENGTHENING SECURITY

### National Defense Reserve Fleet (NDRF)

The NDRF consists of 138 federally owned ships maintained and managed by MARAD. The Fleet contains vessels assigned to the Ready Reserve Force (RRF); vessels on loan to state maritime academies; and MARAD vessels held for future use. Also moored at NDRF fleet sites are vessels owned by other Federal agencies but maintained by MARAD on a reimbursable basis and vessels held for disposal. The majority of these vessels are moored at one of three NDRF anchorages located in Benicia, CA, Beaumont, TX, and James River, VA.

### Ready Reserve Force (RRF)

The RRF provides surge sealift capacity for the military to move equipment quickly in the event of a war or national emergency. Because the primary purpose of the RRF is to support DOD, the RRF is funded through the National Defense Sealift Fund. In 2012, DOD reviewed the 46-ship program and concluded that the RRF's commercial-defense character is the most efficient management model, and directed that additional DOD ships be transferred into the RRF.



### Activations

During FY 2012, three RRF vessels were under DOD operational control as part of MSC.

The vessel WRIGHT was activated in September 2011 at its layberth in Baltimore, MD, and was tendered to MSC on 22 September in support of the Canadian Special Operations Exercise CANFOFCOM, during which the ship served as a platform for Vessel Boarding Search and Seizure (VBSS) training off Halifax, Nova Scotia. The vessel returned to Baltimore and was redelivered to MARAD operational control in October 2011.

WRIGHT was activated again for Exercise BOLD ALLIGATOR, and operated for 26 days from 22 January to 16 February 2012, during which the vessel loaded military cargo in Norfolk, VA, and served as a training platform for U.S. Marine Corps personnel off the coast of North Carolina.

The vessel CAPE MOHICAN was activated and operated for nine days as part of a West Coast Joint Logistics Over-The-Shore (JLOTS) Exercise from 14 July to 22 July 2012. The vessel was activated at its layberth in Alameda, CA, and loaded cargo at the U.S. Naval Base in San Diego, CA. It then proceeded to an off-shore anchorage where it conducted in-stream discharge operations but was unable to complete its mission due to mechanical problems with the vessel’s generators. The vessel met most of the exercise objectives and returned to the pier to discharge its cargo. In total, the vessel had four non-mission-capable days, highlighting the need for additional funding to maintain older ships of this type.

The vessel CAPE MAY was operational for 17 days in an East Coast JLOTS Exercise from 2 August to 18 August 2012. The vessel was activated and loaded cargo at its layberth in the Norfolk International Terminals, Norfolk, VA. It then steamed to nearby Lynnhaven Anchorage to conduct in-stream operations. Upon successful completion of the exercise, the ship remained under MSC operational control another 18 days to load recently repaired barges in Beaumont, TX. The ship returned to Norfolk, VA with the barges and was tendered back to MARAD on 5 September 2012.

In addition to scheduled vessel activations, MARAD vessels are frequently “Turbo Activated” by DOD to test operational readiness. The following nine vessels were Turbo Activated, eight of them successfully met DOD’s five-day readiness standard.

Vessel	Turbo Activation	Date	On-time
CAPE TAYLOR	TA 12-1	14 February 2012	Yes (4 days, 18 hrs.)
CAPE ISLAND	TA 12-1	14 February 2012	No (5 days, 10 hrs.)
CAPE RISE	TA 12-2	23 August 2012	Yes (4 days, 14 hrs.)
CAPE KNOX	TA 12-2	23 August 2012	Yes (4 days, 16 hrs.)
ALGOL	TA 12-2	23 August 2012	Yes (4 days, 23 hrs.)
CAPE ORLANDO	TA 12-2	23 August 2012	Yes (4 days, 23 hrs.)
ANTARES	TA 12-3	20 September 2012	Yes (4 days, 22 hrs.)
DENEBOLA	TA 12-3	20 September 2012	Yes (4 days, 21 hrs.)
CAPE TEXAS	TA 12-3	20 September 2012	Yes (4 days, 20 hrs.)

Another 10 vessels were activated for post-drydock evaluations or maintenance sea trials. These inspections are used to evaluate the need for major maintenance work.

**BREAKOUT Exercise**

The 2012 BREAKOUT Exercise ran from 6 June to 15 June, and trained MARAD personnel, Merchant Marine Reservists, and ship managers. This exercise simulated the activation of MARAD’s 46 RRF ships, the MSC’s 10 Surge Large Medium Speed roll-on/roll-off (RO/RO) vessels, and two Missile Defense Agency (MDA) vessels. The goal of this exercise was to verify the ability of commercial mariners to fill crew billets on DOD sealift vessels.

Based on crew lists provided by maritime unions during the BREAKOUT Exercise, there are sufficient U.S. Merchant Mariners to meet surge sealift requirements. In a telephone survey, 91 percent of the mariners listed as available for the activations said they were willing and able to deploy. Two percent expressed an unwillingness to join a specific DOD vessel and seven percent did not respond.

## **Maintenance**

Good maintenance is essential to reach the program goal of 85 percent readiness. In 2012, that goal was exceeded, achieving 95 percent. Readiness is measured in mission-ready ship-days, accumulating the readiness days of all the RRF ships. The 95 percent means that, overall, the 46 ships were available for 328.5 days each, or that 15,111 total ship-days were provided.

MARAD spent approximately \$108 million in FY 2012 to maintain and repair the fleet at U.S. ship repair facilities. Additional life cycle maintenance was also done to extend asset life, which provided another \$37 million to industrial facilities. These funds go directly to U.S. shipyards, marine repair companies, and associated industries. U.S. ship managers were funded with approximately \$28 million for maintenance and operations. The ships' commercial mariner crews were paid approximately \$66 million to provide further maintenance and oversight during the year.

## **Outporting**

At the end of FY 2012, 44 RRF vessels were kept in reduced operating status at 16 commercial layberth facilities in the U.S. (two at the Beaumont NDRF anchorage). Port facility operators received about \$23 million for their services. During the year, a contract was awarded for \$34.6 million to design and build a new layberth facility for eight large sealift vessels, referred to as the Beaumont Layberth Facility. It will open an area on the east bank of the Neches River to industrial support improvements and provide an economic boost to the local community.

## **Maritime Command Center**

The Maritime Command Center (MCC) maintains maritime domain situational awareness. MCC Exercises are conducted on a regular basis to maintain watchstander expertise, test communications with field offices, and coordinate the assistance needed from agency offices.

Exercise EAGLE HORIZON was held on 19 June 2012 during the final phase of the National Level Exercise (NLE 2012, Phase 4), an annual government-wide Continuity of Operations (COOP) exercise. The MCC participated, along with offices at MARAD's COOP facility at the Seafarer International Union's (SIU) Paul Hall Center for Maritime Training and Education in Piney Point, MD. Exercise participants were able to establish Video Teleconference communications and transfer watch capabilities to the alternate COOP site. The ability to carry out our essential functions in the midst of continuing cyber-attacks was also tested.

The MCC also participated in exercise LUCKY MARINER from 18 March to 28 April 2012. This Navy Cooperation and Guidance to Shipping exercise included participation from coalition partners, Joint Forces, and commercial U.S. and foreign flag shipping fleets, and additional coordination with the United Kingdom Maritime Trade Office and Maritime Liaison Office. The primary objective was to test emergency response capability of MARAD, the Crisis Response Team of ship managers, and the military's reaction to a damaged and distressed ship in a conflict between two fictitious states. Through integrating multiple aspects of real world scenarios, the U.S. Central Command sponsor identified and completed valuable training objectives that enhanced the interface between the Departments of Transportation, Defense, and State during a crisis situation.

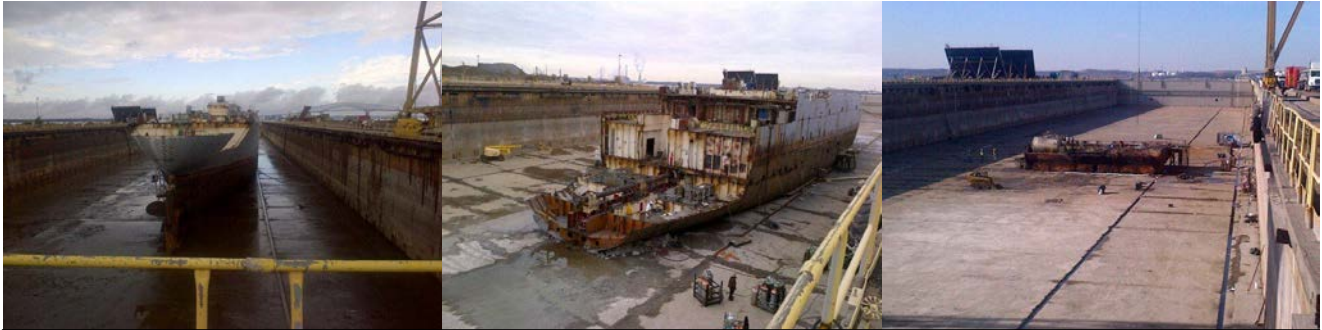
## **Missile Defense Agency Support**

Two converted RRF ships – PACIFIC COLLECTOR and PACIFIC TRACKER – are funded by the DOD Missile Defense Agency (MDA) via interagency agreement. While the vessels are part of the NDRF, all costs for maintenance, repair, operation, and management oversight are paid for by MDA. In



FY 2012, MDA vessels were activated four times to track missiles and high altitude aircraft flights. During the year, the vessels were on station for 144 days.

## Ship Disposal



The former USNS Range Sentinel, a Missile Range Instrumentation Ship, being dismantled at the Sparrows Point Shipyard in Sparrows Point, Maryland.

MARAD is committed to disposing of obsolete vessels in its NDRF anchorages. In FY 2012, the total inventory of ships shrank from 163 to 138 vessels, with the fleet anchorage inventory reduced from 101 to 81 ships, largely due to disposal. At year's end, 39 vessels were maintained in a retention status for emergency sealift, interim hold, fleet support, and logistic support because the ships were needed for those purposes. MARAD also maintained 15 vessels in a custody status for other government organizations such as the U.S. Army, U.S. Navy, and the U.S. Coast Guard (USCG).<sup>9</sup> The disposal actions, combined with appropriate ship maintenance practices, have reduced the number of vessels rated as poor condition from 23 in 2010 down to just one at the end of FY 2012, and have increased the average vessel condition (3.66 to 3.83 on a 5-point scale in that same time period).

## Training Support

Benefits were generated from promotional use, touring, and maritime training on assigned NDRF and RRF vessels. Various organizations were trained on MARAD vessels, ranging from educational institutions, Federal Government, State Government, and most often U.S. military organizations by the three field office Area Divisions: Division of Atlantic Operations; Division of Gulf Operations; and Division of Pacific Operations. The training is funded by the organization requesting the ship platform to support their training objectives and MARAD is reimbursed for expenses to the degree that costs are incurred.

In 2012, 211 event requests were accepted, and 398 days of support for 6,103 personnel were provided. Some significant examples are:

CAPE CHALMERS is an NDRF ship positioned for use as a Maritime Law Enforcement and Port Security Training platform with the Federal Law Enforcement Training Center (FLETC) in Charleston, SC. During FY 2012, FLETC had 3,611 students trained aboard the ship.

<sup>9</sup> As of 30 September, 2012, MARAD maintained 138 vessels: 123 NDRF ships, including 46 RRF ships, 39 ships in retention status, and 38 ships in non-retention status; plus 15 custodial vessels belonging to other agencies. 27 retention, 38 non-retention, 14 custodial and two RRF ships were berthed at the three NDRF Fleet sites, for a Fleet-site total of 81 ships. 44 other RRF ships were outported, as were 12 retention vessels – including the seven Schoolships – and one custodial vessel.

On April 19, the Military Surface Deployment and Distribution Command (SDDC) Commander, Major General Richardson, expressed his appreciation for supporting the Vessel Boarding Search and Seizure (VBSS) training of 60 emergency response personnel onboard the RRF ship GTS ADMIRAL CALLAGHAN. He said, “By providing an RRF vessel as a training platform, MARAD has contributed significantly to fulfilling the national maritime security mission.”

### **National Historic Preservation Act Compliance**

In FY 2012, the History Program evaluated nine vessels for listing on the National Register of Historic Places and subsequently cleared them for disposal. MARAD entered into a Memorandum of Agreement with the California State Historic Preservation Office regarding the treatment of the ex-USS VANCOUVER, which was determined eligible for listing. The National Park Service’s (NPS) Historic American Engineering Record program completed 26 vessel surveys and submitted final reports to MARAD.

### **Heritage Asset Management**

During FY 2012, MARAD supervised the inventory and cataloging of 3,581 heritage assets and 702 linear feet of archival material at USMMA. Of these, 1,860 items had not previously been accounted for as heritage assets. MARAD also completed an inventory of 1,595 heritage assets at the Suisun Bay Reserve Fleet (SBRF), where 315 items were determined to be excess and tagged for disposal. Staff transferred 66 heritage assets from the SBRF to memorial ships throughout the U.S. to support their museum programs.

At the end of the fiscal year, the agency’s heritage assets totaled 7,542 items: 700 on loan to maritime museums; 3,645 in storage or on display at USMMA; and 3,197 in storage or exhibited at Cheatham Annex, VA, the SBRF, NS SAVANNAH in Baltimore, MD, and MARAD Headquarters and regional offices.

### **The Fight Against Piracy**

There were a reduced number of pirate attacks in FY 2012.<sup>10</sup> The primary contributors to this downward trend are the actions taken by industry to implement Best Management Practices – which MARAD assisted in development and distribution to U.S. Flag carriers to include employment of armed security teams and naval protection. Since 2009, MARAD has obligated between 2.5 and 3 Full-time Equivalents towards anti-piracy efforts. Despite these improvements, piracy continues to plague maritime transportation in parts of the world and MARAD continues to work with U.S.-flag carriers in anti-piracy efforts and updates the carriers by issuing Advisories.

#### **Anti-Piracy Assistance Teams (APAT)**

With assistance from MSC and the Naval Criminal Investigative Service (NCIS), MARAD developed the APAT concept during FY 2009. Under APAT, U.S.-flag commercial ship owners can voluntarily contact MARAD to conduct in-port visits. NICS and MARAD experts assess physical security vulnerabilities to piracy and provide guidance to ship crews on “best practices” to combat piracy prior to transiting piracy danger areas. During FY 2012, 14 APAT visits were conducted. As of December 31, 2012, a total of 64 visits had been conducted since the program’s inception in 2009.

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<sup>10</sup> Attacks off Somalia declined by 45 percent from 2011. Attacks in the Gulf of Guinea, though, increased by 13 percent. Source: *Piracy and Armed Robbery Against Ships Report*, International Maritime Bureau. Available at <http://icc-ccs.org/piracy-reporting-centre/request-piracy-report>.

## **Mariner Counter-Piracy Training**

As required by the Piracy Suppression Act of 2012, MARAD is leading an interagency effort to certify a training curriculum for U.S. mariners on the use of force against pirates and survival in the event of capture by pirates. The curriculum is expected to be completed in early FY 2014.

## **Maritime Security Program and Voluntary Intermodal Sealift Agreement**

The security of our Nation continues to rely heavily on U.S. commercial sealift capacity. The National Security Sealift Policy of October 5, 1989, states that a vital objective of the Nation is to ensure that sufficient military and civil maritime resources will be available to meet defense deployment and essential economic requirements.

One way MARAD meets this objective is by administering the Maritime Security Program (MSP) and Voluntary Intermodal Sealift Agreement (VISA) program. MSP vessel operators receive financial support to partially offset the higher operating costs of keeping these vessels registered under the U.S.-flag, and receive priority consideration for DOD peacetime cargoes. VISA is a sealift readiness program approved by the Secretary of Defense which compliments the MSP.

The MSP and VISA programs are designed to provide a coordinated seamless transition from peace to war or national emergency while these vessels continue serving in the commerce of the United States. More than 90 percent of all U.S.-flag dry cargo ships are enrolled, obligating more than two-thirds of the carrying capacity of the entire commercial U.S.-flag dry cargo fleet to meet national security needs when necessary. As of September 30, 2012, there were 60 ships enrolled in the MSP fleet, including 37 containerships, 18 RO/RO vessels, three heavy lift vessels, and two tankers.

During FY 2012, the MSP fleet's militarily-useful RO/RO capacity increased by approximately 85,218 square feet. MSP ships continued to support U.S. troops in Afghanistan by transporting military cargoes. To date, 83 current and former MSP ships have contributed to this effort. MSP ships also continued to employ approximately 2,700 mariners, maintaining the labor pool that is critical to national security crewing requirements.

The MSP also provides support for U.S.-flag tankers operating in international trade. These tankers, as well as others, participate in the Voluntary Tanker Agreement (VTA). Like VISA, the VTA is designed to make commercial vessels available to support DOD contingency operations.

Enrolling in the VISA program satisfies the requirement for MSP operators to enroll in a DOD-approved Emergency Preparedness Program. MSP participants commit 100 percent of MSP vessel capacity to the VISA program. MSP participation represents more than 75 percent of VISA capacity commitments. The remaining commitments are provided by other U.S.-flag vessels operating in U.S. domestic trade, international trade, or in carriage of commercial and DOD preference cargoes. As of September 30, 2012, there were 126 ships enrolled in the VISA program.

Together, MSP and VISA have modernized the U.S.-flag commercial sealift fleet, increased sealift capacity, and improved the mix of vessels that are readily available for military use.

## **Cruise Vessel Security and Safety Act of 2010**

In accordance with the Cruise Vessel Security and Safety Act 2010 (CVSSA), MARAD (including USMMA) collaborated with USCG and Federal Bureau of Investigation (FBI) to develop the model course "Crime Prevention, Detection, Evidence Preservation and Reporting on Cruise Vessels."

Interim requirements for training went into effect on July 27, 2011. MARAD has developed a program for the certification of training providers that will be ready for implementation in late 2013.

## **Maritime Domain Awareness**

Commercial mobility begins with situational awareness of the Marine Transportation System. In support of the national maritime domain awareness effort, MARAD serves as the Executive Agent for DOT on Interagency Maritime Security Initiatives and coordinator for Maritime Domain Awareness (MDA) issues and related outreach.

## **Maritime Security Training Program**

MARAD has contracted with a U.S. subsidiary of Det Norske Veritas (DNV), a USCG-accepted Quality Standards System (QSS) organization, to evaluate and certify maritime security training courses submitted for approval under the joint Maritime Transportation Security Act (MTSA) 109 program. DNV reviews applications and issues approvals on behalf of MARAD, USCG, or both, depending on the specific training involved. The goal of this voluntary certification program is to promote high quality, uniform training of maritime security professionals.

## IMPROVING THE ENVIRONMENT

Over the past year, MARAD has continued to expand its efforts to address major environmental challenges in marine transportation, such as aquatic invasive species in ships' ballast water, marine applications of renewable energy, and vessel air emissions. At the same time, the evolution of MARAD's role in port infrastructure redevelopment and promotion of marine highways brought new opportunities to advance environmental sustainability. In addition to external achievements, MARAD responded to the Administration's challenge to address environmental sustainability in its own activities, by focusing on energy use and environmental management in its fleets and facilities, and developing environmental management systems (EMS) at the appropriate facilities.

### **Ship Recycling**

Over the past three years, MARAD has dramatically improved the performance of one of its most visible missions: the storage and final disposal of America's aging ships. Over the preceding decade, the agency had successfully removed and disposed of scores of vessels at reserve fleet sites in Texas and Virginia, but progress in California was stalled until 2009, with 57 obsolete ships awaiting disposal in MARAD's reserve fleet at Suisun Bay near Benicia, CA. These ships posed environmental threats because of peeling paint and discharge of petroleum products and other polluting substances contained aboard. The best way to remediate the situation was to remove the ships from the site, but full compliance with environmental regulations had prevented MARAD from disposing of these ships since January 2007. The issues included the use of best available in-water hull cleaning technology to control the transfer of non-indigenous marine species, the cleaning of exfoliating paint from ships awaiting disposal, and the Federal Clean Water Act that regulates discharges into State waters.

MARAD focused on a solution that would preserve the environment, allow for the disposal of the ships, and not be solely reactionary. After reviewing the history of the case, MARAD began efforts to improve the environmental impact of the fleet by requesting a settlement conference with a coalition of local environmental groups, which took place in San Francisco, CA, in February 2009. In July 2009, they proposed a consent decree which was approved on April, 14, 2010.

By then, MARAD had already removed five SBRF vessels for disposal. Under the consent decree, MARAD agreed to remove 10 more ships in FY 2010. MARAD showed good faith by removing for disposal 11 obsolete vessels by September 30, 2010, followed by the removal of 15 vessels in FY 2011 and an additional 10 vessels in FY 2012. By the end of FY 2012, MARAD was more than a year ahead of the consent decree schedule, with 36 of the 57 SBRF non-retention vessels cited in the consent decree removed for disposal.

### **Ready Reserve Force/National Defense Reserve Fleet Environmental Compliance**

National Pollution Discharge Elimination System (NPDES) permit compliance, Storm Water Pollution Prevention Plan (SWPPP) execution, and Resource Conservation and Recovery Act (RCRA)-compliant 90-day sweeping marked its third successful year at SBRF. Implementation of NPDES permits and SWPPPs in the James River Reserve Fleet (JRRF) and Beaumont Reserve Fleet (BRF) was finalized in early 2012.

The FY 2012 environment-related workload increased slightly at BRF and JRRF due to SWPPP implementation, while SBRF workload decreased due to the substantial downsizing of the non-retention fleet. Cost tracking and metrics reporting continues to improve and will improve more when automated with implementation of the Nautical Systems-5 management system in FY 2013.



## Ballast Water Treatment Technology and Invasive Species

In order to ensure that the U.S. maritime industry has access to domestic ballast water management system (BWMS) testing facilities, MARAD developed three fully functioning test platforms – one each on the East Coast (Maritime Environmental Resource Center (MERC), in the Port of Baltimore, MD), the West Coast (Golden Bear Facility (GBF), in the Carquinez Strait, CA) and in the Great Lakes (Great Ships Initiative (GSI), in the Port of Superior, WI). These three facilities are designed to serve as the backbone of independent ballast water treatment technology testing in the United States and have been instrumental in the timely implementation of USCG's ballast water discharge final rule.

The process of establishing each facility occurred between FYs 2010-2011. Initial efforts were directed toward completing infrastructure and operating plans for achieving International Maritime Organization (IMO) compliance testing. The USCG established in their ballast water discharge standard final rule requirements that testing facilities must meet to be accepted as Independent Laboratories (ILs) for the purpose of testing ballast water management systems for type approval. The USCG does not provide financial assistance to facilities to stand up the capacity and capability to test to USCG requirements and MARAD's assistance to facilities has been critically important in facilitating the ability of two different test organizations to be accepted as ILs sooner than would otherwise have been possible (all three of the test facilities that MARAD has funded are associated with one or more ILs). In FY 2012, efforts were focused on upgrades of the facilities to accomplish the more rigorous USCG certification testing.

As a result of these efforts, in July 2012, two of the facilities (GSI and MERC) were accepted by the USCG to conduct certification testing of BWMS. During 2012, GSI and MERC conducted six bench-scale tests of promising ballast water treatments, four land-based tests of BWMS, two shipboard tests of BWMS, and five research experiments associated with ballast water. The GBF upgrades continued, and the facility engaged in Research and Development testing of a single BWMS for most of FY 2012.

During FY 2012, MARAD received over \$2.4 million for ballast-water technology verification in support of the Environmental Protection Agency's (EPA) Great Lakes Restoration Initiative. This resulted in the following fresh-water verification testing of BWMS by the GSI.

- Verification testing of a type-approved ballast treatment process (Evonik) and proposed improved versions, which revealed continued residual toxicity in fresh water;
- Proof of concept tests on proposed deoxygenation, ultrasound and electrostatic charge processes which revealed limited treatment efficacy speeding research into any possible improvements;
- Land-based trials of a range of at least six BWMS filter systems to determine operational and biological efficacy in fresh water;
- Bench studies on the nature of and dose response dynamics of Ultraviolet (UV) effects on cultured freshwater organisms to validate industry claims that UV treatment can reliably interrupt reproductive capacity of treated organisms.

The land-based testing of several BWMS, performed by MERC in accordance with the EPA's Environmental Technology Verification (ETV) protocol, found that systems did not perform successfully.

Hull bio-fouling is another potentially significant vector for the introduction of nonindigenous aquatic species. The urgency of this issue is evidenced by the rapid development of the *Guidelines for the Control and Management of Ships' Biofouling to Minimize the Transfer of Invasive Aquatic Species*, which was approved by the IMO MEPC 62 (July 2011). As a result of this and other U.S. activity, MARAD began to expand its efforts related to aquatic invasive species to address this issue.

The process of developing methods to quantify fouling levels on active ships and to determine the effectiveness of various hull husbandry techniques began in 2011 and continued through 2012. A comparative analysis of fouling survey efficacy between divers and Remotely Operated Vehicles is

underway using different vessel types with a particular emphasis on niche areas, often the most susceptible to fouling.

In 2012, a desk-top survey of niche areas associated with various vessel types in the world commercial fleet was initiated. The goals are to: (a) determine the frequency and fouling intensity of various routes and vessels; (b) estimate the surface area for various vessel types; and (c) combine the two pieces of information to predict vessel types and routes that present the greatest risk of transporting invasive species (e.g., large niche areas, most heavily fouled, and operating between ports with similar environments).

## **Future Technologies**

Like aquatic invasive species, port and vessel air emissions have emerged as serious challenges for marine transportation. MARAD's efforts to encourage technological solutions saw great progress in FY 2012.

### **Air Emissions and Energy**

In 2012, MARAD completed a natural gas feasibility and conceptual engineering design study. The study, completed by the Great Lakes Maritime Research Institute (GLMRI) looked at several parameters associated with using liquefied or compressed natural gas (LNG or CNG) as a main propulsion fuel for marine vessels transiting the Great Lakes. Results showed that natural gas has great potential as a marine fuel, but a number of challenges lay ahead and additional research is needed.

Following on the Great Lakes study, MARAD tasked GLMRI to extend natural gas research to include the inland waterway system, specifically the Ohio River. The research will look at similar parameters identified in the Great Lakes study and is scheduled to be completed by June of 2014.

In late 2012, MARAD established an intra-agency task force to work on LNG issues. The taskforce has been partnering with other government agencies to identify and find solutions to issues surrounding the use of LNG as a marine propulsion fuel. A study that identifies critical issues related to bunkering and infrastructure will be funded in FY 2013.

In 2012, MARAD funded three vessel emission reduction projects through a competitive request for proposals (RFP) process. The goal of the RFP was to support emission reductions and collect real-time emissions data to assist with determining the public benefits of reduction efforts. Two of the projects focus on the conversion of existing engines to more emission-compliant engines. The third project focuses on engine conversion to a state-of-the-art hybrid system. All three projects highlighted excellent partnerships with local and State agencies. The projects are scheduled to be completed in 2015.

MARAD also continued development of WebGIFT in 2012. WebGIFT is the web-based version of the Geospatial Intermodal Freight Transport (GIFT) tool, which allows users to determine optimal multimodal freight pathways based on energy consumption and emissions. When released, WebGIFT will be the first public tool of its kind, geared toward transportation planners and government agencies. Additional enhancements will be funded in FY 2013 to improve user interface and modal analyses, with public release in 2014.

### **Alternative Fuels**

During FY 2011, MARAD in cooperation with the U. S. Navy, USCG, U.S. Army Corps of Engineers, and EPA, began testing a new generation of renewable fuel produced from algae. The tests were conducted aboard the Agency's school ship *State of Michigan*. This was the first such test on a large marine engine and was designed to look at potential emissions reductions as well as vessel operational issues that have been identified with earlier renewable fuels. MARAD concluded, based on this testing, that the algae-based fuel appears to be an acceptable drop-in replacement fuel for the ultra-low sulfur

diesel fuel currently used on the *State of Michigan* and similar commercial vessels. The testing also demonstrated that the algae-based fuel resulted in air emissions of NOx, CO and CO2 that were 10, 18 and 5 percent less than ultra-low sulfur diesel fuel.

Building upon the success of the 2011 testing, during FY 2012 MARAD conducted underway tests onboard the *TV State of Michigan* of another hydrotreated renewable fuel produced from fermentation of sugar. The tests included operational and emission tests, and underwater radiated sound measurements. The data is currently being analyzed.

During FY 2012, MARAD and the Department of Energy (DOE) began collaborating on the potential for using fuel cells for marine applications. MARAD and DOE are planning to conduct a demonstration project in which hydrogen fuel cells would be used for vessel “cold ironing,” to reduce or eliminate hazardous air emissions in port. MARAD and DOE will design the demonstration during FY13, with the actual demonstration to take place in early FY14.

Recognizing the international implications of maritime related air emissions, MARAD has also provided technical support to the IMO as part of the U.S. delegation to the Maritime Environmental Protection Committee (MEPC).

## **Greening Government**

In support of Executive Order 13514, Federal Leadership in Environmental, Energy, and Economic Performance, in 2012, MARAD drafted a Strategic Sustainability Performance Plan (SSPP) for the Agency. The SSPP establishes agency performance metrics, including goals for greenhouse gas reduction, renewable energy use, fuel reduction, waste prevention, acquisition and recycling.

MARAD is on track in meeting the goals set forth in the SSPP:

- 30 percent reduction in vehicle fleet petroleum use by 2020
- 26 percent improvement in water efficiency by 2020
- 50 percent recycling and waste diversion by 2015
- 95 percent of all applicable contracts meeting sustainability requirements
- Implementing storm water provisions
- Adopting EMS as the primary management approach for addressing environmental aspects

## **National Environmental Policy Act (NEPA)**

As a member of DOT’s environmental review team, MARAD’s Office of Environment continues to evaluate TIGER grant applications, and to review small shipyard grant applications. In the process, the Office of Environment completed NEPA reviews for seven grant awards.

In 2012, MARAD completed the Port of Guam Modernization environmental assessment. NEPA evaluation continues for the Beaumont Layberth Facility construction project. Enhancements to the project design have resulted in several supplemental environmental assessments being conducted since 2010.

## **Arctic Transportation Issues**

MARAD provided high-level technical support to the Interagency Ocean Policy Task Force, as it examined the President’s 2012 and 2013 revised Arctic Region Policy Directive, and the National Security Policy Directive/Homeland Security Policy Directive 66/25 on Arctic policy.

In 2012, MARAD continued to work with the Department of State's Office of Polar Affairs on building a maritime infrastructure database for the Arctic region. This was a recommendation set forth in the Arctic Council's Arctic Marine Shipping Assessment (AMSA). AMSA is used by the Arctic Council and other federal agencies as a guide for building the transportation system in the Arctic region.

MARAD is also partnering with the International Organization for Standardization (ISO) and the IMO to comprehensively review the Polar Ice Code. The code covers not only safety-related matters addressing design, construction, operation of vessels, and search and rescue issues, but also affects critical environmental issues. This work will continue for several years.

Environmental successes such as those showcased here demand expert analysis of current conditions and related legal ramifications, a clear vision for the future, and cohesive organizational plans to keep moving the Agency, its programs, and its people forward.

## ENHANCING MARITIME SAFETY

### **International Maritime Safety Rules, Regulations and Guidelines**

MARAD supports consistent, uniform international and national laws, regulations and policies necessary for maritime safety by involvement with relevant IMO committees. With its expertise in ship design and engineering, vessel operations, maintenance and repair experience, and its relationship with the marine transportation community, MARAD has an important role in advising the U.S. Delegation to the IMO. MARAD staff members serve on the U.S. delegation to the IMO Maritime Safety Committee (MSC) to ensure that U.S. commercial maritime interests are represented and appropriate expertise provided to the Delegation. In addition, MARAD participated on the U.S. Delegation to the IMO Flag State Implementation (FSI) Committee to provide casualty analysis of maritime safety incidents/accidents and investigations, and to recommend possible improvements to safety related guidance and regulations. MARAD also participated on the U.S. Delegation to the IMO “Facilitation Committee” (FAL) providing advice and expertise to improve safety by working together with Member States to reduce unnecessary delays by simplifying and reducing paper work and formalities during port calls on international voyages.

### **International and Domestic Standards**

MARAD participated and lead development and maintenance of international and domestic standards to promote and foster maritime safety. This was accomplished by direct participation in the ISO Technical Committee 8 (TC-8) on Ships and Marine Technology, and American Society for Testing and Materials (ASTM-International) Committee on Ships and Marine Technology (F25). These efforts have resulted in development of new standards critical to maritime operations that include ASTM F25 standards for Doubler Plates, Marine Sanitation Devices, and Oily Water Separators as well as the maintenance and update of existing standards. Under ISO TC-8, Sub-Committee 8 (SC8) Working Group 4 (WG4), the international standards for manufacturing air bags for ship launching and the methodology for using air bags to launch ships were developed.

### **Student Design Competition**

MARAD plays a leading role in the development of future generations of naval architects and marine engineers dedicated to the design and development of vessels and marine equipment that is safe, secure and environmentally friendly. In order to achieve this goal, MARAD, in conjunction with the Society of Naval Architects and Marine Engineers (SNAME), annually oversees a competitive student ship design project. The purpose is to consider emerging issues in marine design and engineering, and to encourage and develop engineering and naval architecture expertise in students from U.S. and international colleges and universities. MARAD completed the student design competition for the years 2010-2012 and awarded the winners at the SNAME annual conference at Newport, RI, in November 2012.

In 2012, first place went to Scott Ammon, David Forrest, Chris Johnson, Greg Koch, Sam Linder and Josh Reinhart of The University of Michigan, advised by Professor Matthew D. Collette. Second place was awarded to Liwei Yu, Liang Zhang, Wei Lu, Cong Li, Youngpeng Shi, Junhui Wang, and Yiping Ouyang of Shanghai Jiao Tong University, advised by Professors Shilian Zhang and Lei Wang. Third place went to Cadets Daniel Mishler, Matthew Faha, and Sean Stadig of the United States Coast Guard Academy, advised by CDR Michael J. Corl, USCG.



## Collaborative Safety Efforts

As a member of the DOT Safety Council, MARAD participated at meetings to share information regarding transportation safety with other modes, and provided maritime perspectives of safety management systems, hours of service requirements and safety culture.

MARAD participated at the National Academy of Sciences' Transportation Research Board (TRB) and Marine Board events that have multimodal and multi-agency sponsored research activities, including safety and health related research. This included participation in the TRB Annual Meeting that focused on Deploying Transportation Research and had over 10,000 attendees, and Marine Board projects that included Inland Waterways Study, Critical Issues in Maritime Transportation, Arctic Navigation Workshop, Evaluating the Effectiveness of Offshore Safety and Environmental Systems, Responding to Oil Spills in Arctic Marine Environments, Panama Canal Report Review, Aleutian Islands Risk Assessment, and Offshore Windfarm Worker Safety.

As a member of the Ship Operations Cooperative Program (SOCP) that includes dozens of U.S. vessel operating companies, government agencies, union organizations and other industry representatives, MARAD has helped address and promote safe commercial operations through the development of a number of training products and safety guidelines. These items include Guide for Avoiding Distracted Maritime Operations, Electrical Safety Training digital versatile disc (DVD), Line Handling Safety DVD, and Safety Culture DVD.

MARAD staff participates as a member of Maritime Advisory Committee on Occupational Safety and Health (MACOSH), a Federal advisory committee established by the Department of Labor's Occupational Safety and Health Administration (OSHA) that provides guidance on a variety of safety related subjects in the marine terminal and shipyard industries. The Committee may also be asked to provide advice on rulemaking to update regulatory safety requirements in order to help focus actions in the industry to reduce work related deaths, injuries and illnesses. The MARAD/MACOSH relationship has resulted in beneficial exchanges of information, materials, and tools in 2012, such as 500 OSHA quick safety reference cards that MARAD obtained and distributed to maritime operators to promote industry safety.

MARAD also serves as a principal on the interagency Ship Structures Committee (SSC) which is an international, inter-governmental research and development program dedicated to enhancing the safety of life at sea, promoting technology and education advancements in marine transportation, and protecting the marine environment. These goals are accomplished through advocating, participating in, and supporting cooperative research and development in structural design, life cycle risk management of ship structures, and production technologies. In 2011, MARAD sponsored and chaired the research project Development of a Structural Health Monitoring Prototype for Ship Structures (SR-1468). This 18-month, \$50,000 project to develop the prototype for finding and forecasting potential structural deterioration was completed in December 2012, and will be published in the SSC website once cleared by USCG and the U.S. Navy.

## EDUCATING THE NEXT GENERATION AND WORKFORCE DEVELOPMENT

The Secretary of Transportation has a statutory mission to provide education and training for the safe and efficient operation of the U.S. Merchant Marine. This mission is fulfilled through MARAD's educational programs offered at USMMA and the six state-operated maritime academies.

### **The United States Merchant Marine Academy**

A major point of pride for DOT has always been its flagship for maritime education and leadership training, USMMA. Established by Congress in 1936, the USMMA occupies an 82-acre campus on Long Island Sound at Kings Point, NY.

The academy arose in prominence during World War II and has since been globally recognized as one of the world's foremost institutions of maritime education for licensed merchant marine officers.



The U.S. Merchant Marine Academy's infrastructure includes six midshipman dormitories, seven academic buildings, science and engineering laboratories, high-tech ship's bridge and engine room simulators, athletics facilities, and extensive waterfront training resources.

USMMA is a Federally funded, regimented, institution of higher education that offers a four-year undergraduate program that includes nearly one full year of sea time working aboard merchant and/or military cargo vessels. In addition to the baccalaureate degree in one of five maritime undergraduate majors<sup>11</sup>, each graduate also earns a license to sail as a third mate and/or third assistant engineer in the U.S. Merchant Marine, and a commission as an ensign in the Strategic Sealift Officer Program of the U.S. Navy Reserve if not accepting an active duty commission.

Graduates are required to work in the U.S. maritime industry for a minimum of five years, and to maintain their commission in the Navy Reserve for a minimum of eight years after graduation. Some graduates choose instead to serve on active duty in the U.S. Armed Forces or in the uniformed service of the National Oceanic and Atmospheric Administration (NOAA) for five years, which satisfies both commitments.

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<sup>11</sup> USMMA majors include Marine Transportation, Logistics and Intermodal Transportation, Marine Engineering, Marine Engineering Systems, and Marine Engineering and Shipyard Management

The Class of 2012 graduated on June 18, 2012, with 26 women and 193 men. The 219 graduates hailed from 37 U.S. States, Malaysia, Panama, Philippines, Singapore, and South Korea. One hundred and six members of the class earned licenses as third mates, and 113 were licensed as third assistant engineers.<sup>12</sup> Forty-eight members of the class accepted active duty commissions in the Armed Forces. One hundred and fifteen members of the class spent all or part of their sea year aboard forward-deployed Navy auxiliary vessels and/or aboard commercial vessels carrying military supplies for operations in Afghanistan and Iraq, with the balance sailing aboard commercial vessels serving the economic needs of the country.

### **USMMA Strategic Plan**

In 2012, MARAD worked in tandem with the Office of the Secretary to develop the *U.S. Merchant Marine Academy Strategic Plan 2012-2017*. The Strategic Plan, issued in August 2012, was developed with input from hundreds of Midshipmen, faculty and staff, as well as representatives of the maritime industry, government and community leaders, and parents and alumni. It is a forward-looking Plan that sets a clear vision for the Academy's future under the goal areas of: Cutting-Edge Programs; Sound Leadership; Dynamic Campus Culture; First-Class Infrastructure; and Meaningful Communication and Partnerships.

The five-year USMMA Strategic Plan serves as a compass for the Academy to educate and graduate merchant mariners and leaders of exemplary character who can meet the current and future needs of the nation. Campus-based implementation teams were established under the five goal areas and immediately moved forward during 2012 to fulfill the objectives outlined in the Strategic Plan.

### **USMMA Capital Improvement Plan**

Beginning in 2009, a series of infrastructure improvements were begun to provide Midshipmen the tools and resources to receive a top-notch education. These improvements include renovating the barracks, dining facility, and activities center; replacing the campus water main; installing emergency electrical power generators; and replacing Mallory Pier, where the school's primary training vessel is docked. From 2009 until the close of FY 2012, more than \$55 million has been appropriated for capital improvements to the buildings, facilities and physical facilities of the Academy.

## **State Maritime Academies**

### **The Maritime Academies Continuing Their Great Traditions**

In addition to operating the USMMA, MARAD also provides financial support and training vessels to the six state-operated maritime academies (SMAs): California Maritime Academy, Vallejo, CA; Maine Maritime Academy, Castine, ME; Massachusetts Maritime Academy, Buzzards Bay, MA; State University of New York Maritime College, Fort Schuyler, NY; Texas Maritime Academy, Galveston, TX; and Great Lakes Maritime Academy, Traverse City, MI.

Funding these SMAs, and providing tuition assistance through the Student Incentive Payment (SIP) program to some of their students, helps guarantee a sufficient, consistent supply of capable, well-educated, and highly skilled U.S.-licensed merchant mariners.

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<sup>12</sup> While all USMMA graduates earn licenses, only U. S. citizens can receive USCG licenses. Foreign students take the USCG license exam and receive a USCG letter that is recognized by their home countries towards receiving a domestic and international training certificate.

In exchange for Federal financial support, the SMAs must meet certain requirements regarding courses offered and educational standards in navigation, marine engineering, the operation and maintenance of vessels and equipment, and innovations introduced to the merchant marine of the United States.

## CLASS OF 2012

Source: State Maritime Academies/USMMA				EMPLOYMENT DATA - LICENSE GRADUATES ONLY					
ACADEMY	TOTAL GRADS	TOTAL LICENSE GRADS	NON-LICENSE GRADS	MARITIME AFLOAT	MARITIME ASHORE	U.S. ARMED FORCES	NON-MARITIME	GRAD SCHOOL	OTHER/ UNKNOWN
CALIFORNIA	171	113	58	92	2	3	2	1	13
MAINE	156	93	63	58	1	0	11	1	23
MICHIGAN	27	25	2	25	0	0	0	0	0
MASS	292	126	166	93	4	5	2	2	20
TEXAS	328	56	272	56	0	3	0	0	0
SUNY	390	229	161	88	6	7	17	2	109
<b>TOTAL SMA **</b>	<b>1364</b>	<b>642</b>	<b>722</b>	<b>412</b>	<b>13</b>	<b>18</b>	<b>32</b>	<b>6</b>	<b>165</b>
<b>TOTAL USMMA *</b>	<b>212</b>	<b>212</b>	<b>0</b>	<b>145</b>	<b>11</b>	<b>45</b>	<b>0</b>	<b>1</b>	<b>10</b>
<b>TOTAL</b>	<b>1,576</b>	<b>854</b>	<b>722</b>	<b>557</b>	<b>24</b>	<b>63</b>	<b>32</b>	<b>7</b>	<b>175</b>

\*USMMA (KP - Undergraduates Only: U.S. Grads, plus 7 International Students for Maritime Afloat)

\*\* SMA (Undergraduate and Graduate)

In FY 2012, MARAD's direct SMA support for license students totaled \$3.66 million. The total SIP program and MARAD direct payment support for fuel, school-ship maintenance and repair was \$17.16 million. In September 2012, there were 3,691 license students enrolled in the six SMAs yielding an annual Federal cost per licensed student of \$4,649.

The maritime academies are the Nation's principal source of entry-level merchant marine officers and an integral component of defense readiness. They support national security policy by providing a guaranteed source of U.S. merchant marine officers to meet crewing needs for domestic and international commerce.

The maritime industry continues to present a promising future for the men and women graduating from maritime academies. Graduates from all six SMAs and USMMA continue to be regarded as some of the most highly-trained seafarers entering the domestic and international job markets. New opportunities are increasing internationally as the worldwide shortage of licensed officers continues. The SMAs project that 99 percent of licensed graduates seeking jobs in the maritime industry will find employment.



### NDRF Schoolships

To support maritime education, MARAD loans Federally-owned and maintained school ships under custodial agreements to each of the six SMAs, and provides maintenance funds help to offset the increasing cost of training USCG-qualified merchant mariner officers. Three out of every four licensed Merchant Marine officers graduate

from these six SMAs every year, supporting the U.S. Merchant Marine, the U.S. maritime industry and the U.S. Departments of Defense and Homeland Security.



The training ships are docked at the SMAs where they serve as pier-side laboratories for practical training during the remainder of the academic year and are on stand-by to carry relief supplies and shelter emergency responders during natural disasters. They embark on their training cruises for two to four months each year. The training ships average 35 years old, and the recapitalization plan was updated in 2012 to support their continued availability.

TS GOLDEN BEAR – California Maritime Academy, Vallejo, CA: The vessel is 24 years old, and recapitalization needs include new propulsion and electrical generation diesel engines, and upgrades to the vessel’s berthing and habitability compartments.

TS STATE of MAINE – Maine Maritime Academy, Castine, ME: The ship was dry docked in August of 2012 and is 23 years old. Recapitalization needs include new propulsion engines and electrical generation diesel engines, and upgrades and expansion to the vessel’s berthing and habitability compartments.

TS GENERAL RUDDER – Texas Maritime Academy, Galveston, TX: The vessel is 29 years old and arrived at the Academy on January 14, 2012, where it began an upgrade conversion to accommodate operational training requirements. The vessel’s size does not fully accommodate the number of undergraduates enrolled.

TS STATE of MICHIGAN – Great Lakes Maritime Academy, Traverse City, MI: The vessel is 28 years old and operates almost exclusively in the Great Lakes. It was converted in 2004 and does not require any major upgrades or modifications in the near-term.

TS KENNEDY – Massachusetts Maritime Academy, Buzzards Bay, MA: The ship was dry docked in July of 2012. The vessel is a 46 year old steam ship that was renovated in 2003, giving it a 20-year service life extension. A \$10 million upgrade was accomplished in 2009 to expand the berthing capacity. It is one of the largest training ships, berthing 600 cadets.

TS EMPIRE STATE – State University of New York (SUNY) Maritime College, Bronx, NY: The vessel is a 51 year old steam ship that was converted in 1989 and is beyond its projected 20-year extended service life. It is the largest training ship, berthing 650 cadets.

## Fire Training Center

In addition to USMMA, MARAD operates a Fire Training Center near Toledo, OH, where merchant mariners and fire fighters are trained in the prevention and suppression of shipboard and dock-side fires. During FY 2012, the Fire Training Center taught 430 students a wide array of courses, ranging from the core Basic and Advanced Fire Fighting course for mariners and U.S. Navy reservists, to specific training for first responders.

A specialized program to educate first responders in safety procedures during a dockside fire aboard ship was conducted September 25-26, 2012, at the request of Detroit’s Area Maritime Security Committee. The seminar was held at Detroit’s Emergency Operations Center with assistance from the USCG in program delivery. Fifty-three first





responders from Detroit and Windsor, Ontario, participated in the specialized training that covered aspects of the Coast Guard's responsibilities, vessel characteristics, hazards, and response tactics.

During the past fiscal year, the Fire Training Center received funding to upgrade some operating equipment, including replacement of all lighting, air compressors, and other training gear. The Center also passed a course audit performed by the USCG.

In FY 2012, the Fire Training Center marked its 30<sup>th</sup> year of operations. Rear Admiral Michael Parks, Commander of the USCG Ninth District, recognized this milestone by presenting a Public Service Commendation to MARAD's Fire Training Center for dedicated service to USCG and the Great Lakes maritime community. The commendation was presented to Maritime Administrator Matsuda and Great Lakes Gateway Director Floyd Miras at the annual Great Lakes Waterways Conference. The Fire Training Center is the only USCG-approved facility in the Great Lakes Region offering this type of training to U.S. Merchant Mariners.

## COLLABORATING INTERNATIONALLY

### **2012 Meeting of the Consultative Shipping Group (CSG)**

On June 19-20 2012, MARAD hosted a meeting with the Consultative Shipping Group, representing the maritime administrations of 18 countries (CSG members: Belgium, Canada, Denmark, Finland, France, Greece, Germany, Italy, Japan, Korea, Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, and the United Kingdom. The European Commission participates as an observer.)

The major topics included global supply chain security; anti-piracy efforts, including a well-received briefing by the National Maritime Intelligence-Integration Office; environmental standards, including treatment of ballast water and MARAD's alternative fuel and vessel design initiatives; and industry outlook for international shipping.

On the U.S. side, MARAD had broad representation by Government agencies as well as private sector entities such as APL (formerly American President Lines Limited), the National Industrial Transportation League, the Passenger Vessel Association, and labor unions in the maritime sector.

By including a broad array of shipping interests in the discussions, the results were more insightful, and instilled a greater sense of shared interests and responsibilities in environmental, security, and other issues in international shipping.

### **U.S./Philippines Memorandum of Cooperation on Anti-Piracy Education and Training**

In June 2009, Secretary LaHood and Philippine Secretary Romulo signed a Memorandum of Cooperation (MOC) on Anti-Piracy Education and Training. The MOC provides a means to contribute to the safety of our seafarers, primarily through joint seafarer training and educational initiatives with the Philippines, the world's largest supplier of seafarer labor.

In October 2011, MARAD organized a pilot training program featuring a visit from three Filipino nationals representing maritime faculty, cadets and ex-hostage seafarers, who participated in a week-long anti-piracy cross-training orientation at our maritime academies and union training schools. The tour of U.S. facilities ended with a roundtable/workshop, which included approximately 50 representatives from governments, maritime labor, industry, and international organizations. The theme of the workshop was "Safeguarding our Seafarers from Piracy and its Consequences is a Shared Responsibility between Governments, Industry, Labor, International Organizations and our Mariner Training and Education Institutions." The event was held at DOT Headquarters.

## LEGAL REVIEW

### **Admiralty Personal Injury**

The United States was named as defendant in 11 MARAD personal injury cases in the admiralty jurisdiction of the Federal district courts as of September 30, 2012. The potential liability arising from these matters may total up to \$1 million. Although certain cases were resolved and new cases were filed in FY 2012, the potential liability of the Government remains approximately the same.

### **Environmental Litigation**

Following *Arc Ecology, et al. v. Maritime Administration et al.*, (E.D. Ca 2:07-cv-02320), MARAD achieved a significant milestone by complying with the requirement to clean peeling paint and debris from Suisun Bay Reserve Fleet (SBRF) non-retention vessels and effected removals more quickly than required by the stipulated consent decree to remove 28 vessels from the SBRF by the end of FY 2012. By 30 September 2012, 36 vessels had been removed from the SBRF.

### **United States Merchant Marine Academy Litigation**

In *Domine, et al. v. Kumar, et al.*, No. 12-CV-2993 (E.D.N.Y. July 6, 2012), the Court upheld DOT's interpretation that the Department may fill vacancies attributable to a State's allocation of positions in an upcoming class from a national alternates list in preference to choosing from that State's particular list of qualified alternate candidates.

### **Federal Ship Financing Program Litigation**

By *American Petroleum Tankers Parent LLC[APT] v. United States, et al.* (D.C.D.C. Civil Action No. 12-1165) APT brought an Administrative Procedures Act action seeking approval of its application for a loan guarantee under the Federal Ship Financing (Title XI) Program. The case is pending.

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## **Presidential Proclamation**

NATIONAL MARITIME DAY, 2012

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA  
A PROCLAMATION

For 237 years, the men and women of the United States Merchant Marine have risen to meet our country's call. They have strengthened our economy and our security in times of calm and conflict, connecting our service members to the supplies they need and transporting our exports into the global marketplace. On National Maritime Day, we pay tribute to all those who have served and sacrificed on our waterways and around the world.

From privateers who bravely fought for American independence to mariners who have supported our Armed Forces for over two centuries, the United States Merchant Marine carries forward an enduring legacy of service to our Nation. In the War of 1812, mariners put their lives on the line to preserve our young Republic, engaging British warships with sloops and schooners off our Atlantic coast. During World War II, they executed perilous transits to support our troops in combat. And throughout the 20th century and into the 21st, Merchant Mariners have contributed to the defense of our Nation by transporting essential cargo to ports across the globe. Their commitment has helped deliver us through periods of conflict, and their service will remain a critical asset to our security in the years ahead.

Our maritime industry also sustains the robust domestic and international trade networks that power our economy. As we open up new markets for American exports and support our businesses here at home, the United States Merchant Marine will continue to play a vital role in driving progress and prosperity in communities across our country. Today, we commemorate that important work, and we honor the mariners who dedicate their lives to seeing it through.

The Congress, by a joint resolution approved May 20, 1933, has designated May 22 of each year as "National Maritime Day," and has authorized and requested the President to issue annually a proclamation calling for its appropriate observance.

NOW, THEREFORE, I, BARACK OBAMA, President of the United States of America, do hereby proclaim May 22, 2012, as National Maritime Day. I call upon the people of the United States to mark this observance and to display the flag of the United States at their homes and in their communities. I also request that all ships sailing under the American flag dress ship on that day.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-second day of May, in the year of our Lord two thousand twelve, and of the Independence of the United States of America the two hundred and thirty-sixth.



## MARAD Observes National Maritime Day 2012



Maritime Administrator welcomes guests to the 2012 National Maritime Day Observance as U.S. Secretary of Transportation Ray LaHood and GEN William Fraser, Commander, U.S. Transportation Command, look on.



GEN Fraser speaks to the critical military importance of maritime transportation, which carried 90 percent of the cargo associated with *Operations Enduring Freedom* and *Iraqi Freedom*.



U.S. Transportation Secretary Ray LaHood and Maritime Administrator David Matsuda present Merchant Marine Medal for Outstanding Achievement to RADM William B. Eisenhardt, USMS, president of California Maritime Academy.



## **MARITIME ADMINISTRATION**

### **Annual Financial Statements**

#### **Fiscal Years Ended September 30, 2011 and 2012**

The Financial Statements include the following principal statements and the notes:

- Balance Sheet - presents, as of the end of the fiscal year, amounts of future economic benefits owned or managed by MARAD (assets), amounts owed by MARAD (liabilities), and amounts which comprise the difference between assets and liabilities (net position).
- Statement of Net Cost - presents the net cost of operations for MARAD.
- Statement of Changes in Net Position - presents the change in net position during the fiscal year. Net position is affected by changes to its two components: Cumulative Results of Operations and Unexpended Appropriations.
- Statement of Budgetary Resources - presents the information about how budgetary resources were made available as well as their status at the end of the fiscal year.
- Notes accompanying this presentation are an integral part of the financial statements.

The financial statements presented here for MARAD are based on the information included in the DOT audited financial statements for fiscal year (FY) 2011 and FY 2012.

**Balance Sheet**  
**As of September 30, 2011 and September 30, 2012**  
(Dollars in Thousands)

	<u>FY 2012</u>	<u>FY 2011</u>
<b>Assets</b>		
<b>Intragovernmental Assets:</b>		
Fund Balance with Treasury (Note 1)	\$ 816,540	\$ 765,708
Investments (Note 2)	28,986	44,405
Accounts Receivable, Net (Note 3)	27,570	22,613
Loans Receivable	-	-
Other Assets (Note 4)	<u>9,360</u>	<u>10,820</u>
<b>Total Intragovernmental Assets</b>	<b>\$ 882,456</b>	<b>\$ 843,546</b>
Accounts Receivable (Public), Net (Note 3)	\$ 583	\$ 784
Loans Receivable & Foreclosed Property, Net (Note 5)	11,301	71,135
Inventory and Related Property, Net (Note 6)	221,513	227,032
General Property, Plant and Equipment, Net (Note 7)	<u>335,306</u>	<u>373,767</u>
<b>Total Assets</b>	<b><u>\$ 1,451,158</u></b>	<b><u>\$ 1,516,264</u></b>
<b>Liabilities (Note 8)</b>		
<b>Intragovernmental Liabilities:</b>		
Accounts Payable	\$ 239	\$ 3,935
Debt (Note 9)	84,326	199,417
Other Intragovernmental Liabilities (Note 13)	<u>451,324</u>	<u>285,173</u>
<b>Total Intragovernmental Liabilities</b>	<b>\$ 535,889</b>	<b>\$ 488,525</b>
Accounts Payable	\$ 38,232	\$ 25,100
Loan Guarantee Liability (Note 5)	192,383	158,334
Federal Employee and Veterans' Benefits (Note 10)	18,427	18,108
Environmental Cleanup and Disposal Liabilities (Note 11)	200,419	310,687
Grant Accrual (Note 12)	53	997
Other Liabilities (Notes 13)	<u>20,418</u>	<u>27,106</u>
<b>Total Liabilities</b>	<b><u>\$ 1,005,821</u></b>	<b><u>\$ 1,028,857</u></b>
<b>Net Position</b>		
Unexpended Appropriations - Other Funds	377,908	344,605
Cumulative Results of Operations - Earmarked Funds (Note 14)	66,245	80,751
Cumulative Results of Operations - Other Funds (Note 14)	<u>1,184</u>	<u>62,051</u>
<b>Total Net Position</b>	<b><u>\$ 445,337</u></b>	<b><u>\$ 487,407</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 1,451,158</u></b>	<b><u>\$ 1,516,264</u></b>

**Statement of Net Cost**  
**For the Fiscal Years Ended September 30, 2012 and September 30, 2011**  
(Dollars in Thousands)

	<u>FY 2012</u>	<u>FY 2011</u>
<b>Program Costs (Notes 15):</b>		
Gross Costs	\$ 898,602	\$ 871,170
Less: Earned Revenues	<u>393,405</u>	<u>379,888</u>
<b>Net Cost of Operations</b>	<b><u>\$ 505,197</u></b>	<b><u>\$ 491,282</u></b>

**Statement of Changes in Net Position**  
**Cumulative Results of Operations**  
**For the Fiscal Years Ended September 30, 2012 and September 30, 2011**  
(Dollars in Thousands)

	<u>FY 2012</u>	<u>FY 2011</u>
<b>Beginning Balances</b>	\$ 142,803	\$ 158,360
<b>Adjustments (+/-)</b>		
Changes in Accounting Principle	-	-
Corrections of Errors	<u>-</u>	<u>-</u>
<b>Beginning Balances, Adjusted</b>	<b><u>\$ 142,803</u></b>	<b><u>\$ 158,360</u></b>
<b>Budgetary Financing Sources:</b>		
Appropriations Used	\$ 457,952	\$ 529,393
Non-Exchange Revenue	(125)	11
Donations and Forfeitures of Cash and Cash Equivalents	1,227	1,212
Transfers-In/Out Without Reimbursement (+/-)	-	-
<b>Other Financing Sources:</b>		
Donations and Forfeitures of Property	1,300	-
Transfers-In/Out Without Reimbursement (+/-)	-	20,310
Imputed Financing From Costs Absorbed by Others	13,772	9,582
Other (+/-)	<u>(44,302)</u>	<u>(84,784)</u>
<b>Total Financing Sources</b>	<b><u>\$ 429,824</u></b>	<b><u>\$ 475,724</u></b>
<b>Net Cost of Operations</b>	<b><u>\$ 505,197</u></b>	<b><u>\$ 491,282</u></b>
<b>Net Change</b>	<b><u>\$ (75,374)</u></b>	<b><u>\$ (15,557)</u></b>
<b>Cumulative Results of Operations</b>	<b><u>\$ 67,429</u></b>	<b><u>\$ 142,802</u></b>



**Statement of Changes in Net Position - Unexpended Appropriations**  
**For the Fiscal Years Ended September 30, 2012 and September 30, 2011**  
**(Dollars in Thousands)**

	<u>FY 2012</u>	<u>FY 2011</u>
<b>Beginning Balances</b>	\$ 344,605	\$ 301,346
<b>Budgetary Financing Sources:</b>		
Appropriations Received	\$ 487,606	\$ 569,539
Appropriations Transferred-In/Out (+/-)	5,154	5,750
Other Adjustments (Rescissions, etc.) (+/-)	(1,505)	(2,636)
Appropriations Used	<u>(457,952)</u>	<u>(529,394)</u>
<b>Total Budgetary Financing Sources</b>	\$ 33,303	\$ 43,259
<b>Total Unexpended Appropriations</b>	<b><u>\$ 377,908</u></b>	<b><u>\$ 344,605</u></b>

**Statement of Budgetary Resources**  
**For the Fiscal Years Ended September 30, 2012 and September 30, 2011 (Note 16)**  
**(Dollars in Thousands)**

	<u>FY 2012</u>	<u>FY 2011</u>
<b>BUDGETARY RESOURCES:</b>		
Unobligated Balance, Brought forward, October 1	\$ 640,840	\$ 478,434
Adjustment to unobligated balance brought forward	-	160
Unobligated Balance Brought Forward, October 1, As Adjusted	\$ 640,840	\$ 478,594
Recoveries of Prior Year Unpaid Obligations	57,652	31,774
Other Changes in Unobligated Balance	<u>(1,427)</u>	<u>(1,915)</u>
<b>Unobligated Balance from Prior Year Budget Authority, Net</b>	\$ 697,067	\$ 508,452
Appropriations (Discretionary and Mandatory)	362,520	471,490
Borrowing Authority (Discretionary and Mandatory)	18,000	175,000
Contract Authority (Discretionary and Mandatory)	-	-
Spending Authority From Offsetting Collections	<u>493,686</u>	<u>518,904</u>
<b>Total Budgetary Resources</b>	<b><u>\$ 1,571,272</u></b>	<b><u>\$ 1,673,846</u></b>
<b>STATUS OF BUDGETARY RESOURCES:</b>		
Obligations Incurred:	\$ 984,590	\$ 1,033,006
Unobligated Balance, End of Year:		
Apportioned	304,785	372,656
Exempt from Apportionment	3,812	15,435
Unapportioned	<u>278,086</u>	<u>252,749</u>

<b>Unobligated Balance, End of Year</b>	<b>\$ 586,682</b>	<b>\$ 640,840</b>
<b>Total Budgetary Resources</b>	<b>\$ 1,571,272</b>	<b>\$ 1,673,846</b>
<b>Change in Obligated Balances:</b>		
Unpaid Obligations, Brought forward October 1 (Gross)	\$ 383,813	\$ 369,260
Uncollected Customer Payments from Fed Sources, October 1	(155,566)	(73,273)
Obligated Balance, Start of Year (Net), Before Adjustments	\$ 228,247	\$ 295,987
Adjustment to Obligated Balance, Start of Year	-	-
Obligated Balance, Start of Year (Net)	\$ 228,247	\$ 295,987
Obligations Incurred	984,590	1,033,006
Outlays (Gross)	(932,409)	(986,679)
Change in Uncollected Customer Payments from Fed Sources	31,885	(82,293)
Actual Transfers, Unpaid Obligations (Net)	-	-
Actual Transfers, Uncollected Payments from Fed Sources (Net)	-	-
Recoveries of Prior Year Unpaid Obligations	(57,652)	(31,774)
<b>Obligated Balance, End of Year</b>		
Unpaid Obligations, end of Year (Gross)	378,342	383,813
Uncollected Customer Payments from Fed Sources, End of Year	(123,681)	(155,566)
Obligated Balance, End of Year (Net)	\$ 254,661	\$ 228,247
<b>Budget Authority and Outlays, Net:</b>		
Budget Authority, Gross (Discretionary and Mandatory)	\$ 874,206	\$ 1,165,394
Actual Offsetting Collections (Discretionary and Mandatory)	(610,572)	(501,611)
Change in Uncollected Customer Payments from Fed Sources	31,885	(82,293)
Anticipated Offsetting Collections (Discretionary and Mandatory)	-	-
Budget Authority, Net (Discretionary and Mandatory)	295,520	581,490
Outlays, Gross (Discretionary and Mandatory)	932,409	986,679
Actual Offsetting Collections (Discretionary and Mandatory)	(610,572)	(501,611)
Outlays, Net (Discretionary and Mandatory)	\$ 321,837	\$ 485,068
Distributed Offsetting Receipts	(54,533)	(41,841)
Agency Outlays, Net (Discretionary and Mandatory)	\$ 267,304	\$ 443,227

**Note 1. Fund Balances with Treasury: (Dollars in Thousands)**

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
<b>Fund Balances:</b>		
General Funds	426,083	464,391
Revolving Funds	326,545	251,174
Trust Funds	\$ 15,063	\$ 29,683
Other Fund Types	<u>48,849</u>	<u>20,460</u>
<b>Total</b>	<b><u>\$ 816,540</u></b>	<b><u>\$ 765,708</u></b>

**Note 2. Investments: (Dollars in Thousands)**

As of September 30, 2012

	<u>Cost</u>	<u>Amortized (Premium) Discount</u>	<u>Investments (Net)</u>	<u>Other Adjustments</u>	<u>Market Value Disclosure</u>
<b>Intragovernmental Securities:</b>					
Marketable	\$ 28,735	\$ 179	\$ 28,914	\$ 0	\$ 28,914
Accrued Interest	<u>72</u>	<u>0</u>	<u>72</u>	<u>0</u>	<u>72</u>
<b>Total Investments</b>	<b><u>\$ 28,807</u></b>	<b><u>\$ 179</u></b>	<b><u>\$ 28,986</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 28,986</u></b>

As of September 30, 2011

	<u>Cost</u>	<u>Amortized (Premium) Discount</u>	<u>Investments (Net)</u>	<u>Other Adjustments</u>	<u>Market Value Disclosure</u>
<b>Intragovernmental Securities:</b>					
Marketable	\$ 44,121	\$ 116	\$ 44,237	\$ 0	\$ 44,237
Accrued Interest	<u>0</u>	<u>0</u>	<u>168</u>	<u>0</u>	<u>168</u>
<b>Total Investments</b>	<b><u>\$ 44,121</u></b>	<b><u>\$ 116</u></b>	<b><u>\$ 44,405</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 44,405</u></b>

**Note 3. Accounts Receivable: (Dollars in Thousands)**

As of September 30, 2012

	<u>Gross Amount Due</u>	<u>Allowance for Uncollectible Amounts</u>	<u>Net Amount Due</u>
Accounts Receivable (Federal)	\$ 27,570	\$ 0	\$ 27,570
Accounts Receivable (Public)	<u>583</u>	<u>\$ 0</u>	<u>583</u>
<b>Total Accounts Receivable</b>	<b><u>\$ 28,153</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 28,153</u></b>

**Note 3. Accounts Receivable continued: (Dollars in Thousands)**

As of September 30, 2011			
	Gross Amount <u>Due</u>	Allowance for Uncollectible <u>Amounts</u>	Net Amount <u>Due</u>
Accounts Receivable (Federal)	\$ 22,613	\$ 0	\$ 22,613
Accounts Receivable (Public)	784	0	784
<b>Total Accounts Receivable</b>	<b><u>\$ 23,397</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 23,397</u></b>

**Note 4. Other Assets: (Dollars in Thousands)**

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Prepayments to Other Federal Agencies	<u>\$ 9,360</u>	<u>\$ 10,820</u>

**Note 5. Loan Guarantees Programs: (Dollars in Thousands)**

**Guaranteed Loans Outstanding as of September 30, 2012**

	Outstanding Principal of Guaranteed Loans Amount of Outstanding	
	<u>Face Value</u>	<u>Principal Guaranteed</u>
Loan Guarantee	\$ 1,966,363	\$ 1,966,363

**Budget Subsidy Rates for Loan Guarantees for the Current Year Cohort**

As of September 30, 2012

	Interest		Fees & Other		<u>Total</u>
	<u>Supplement</u>	<u>Defaults</u>	<u>Collections</u>	<u>Other</u>	
Loan Guarantee	0.00%	12.15%	-4.89%	0.00%	7.26%

**FY 2012 Defaulted Guaranteed Loans**

	Loans Receivable, <u>Gross</u>	Interest <u>Receivable</u>	Foreclosed <u>Property</u>	Allowance <u>for Subsidy</u>	Loans Receivable <u>Net</u>
	Loan Guarantee	<u>\$ 97,312</u>	<u>\$ 2,061</u>	<u>\$ 6,500</u>	<u>\$ (94,572)</u>

<b>FY 2011 Defaulted Guaranteed Loans</b>					
	<b>Loans Receivable, Gross</b>	<b>Interest Receivable</b>	<b>Foreclosed Property</b>	<b>Allowance Subsidy for</b>	<b>Loans Net</b>
Loan Guarantee	<u>\$ 212,071</u>	<u>\$ 8,797</u>	<u>\$ 60,100</u>	<u>\$ (209,833)</u>	<u>\$ 71,135</u>
				<b>FY 2012</b>	<b>FY 2011</b>
Beginning balance of the loan guarantee liability				\$ 158,333	\$ 237,648
<b>Add: Subsidy Expense for Guaranteed Loans disbursed during the reporting years by component:</b>					
Default costs (net of recoveries)					<u>0</u>
				<u>13,788</u>	
<b>Total - above subsidy expense components</b>				<b>\$ 172,121</b>	<b>\$ 237,648</b>
<b>Adjustments:</b>					
Fees received					1,035
				53,417	
Foreclosed property and loans acquired				39,456	(212,214)
Claim payments to lenders					0
Interest accumulation on the liability balance				(6,756)	125,492
Other				<u>(27,087)</u>	<u>4,054</u>
<b>Add or Subtract Subsidy Re-estimates by Component:</b>					
Technical/default re-estimate				<u>(38,768)</u>	<u>2,318</u>
Total of the above re-estimate components				<u>\$ (38,768)</u>	<u>\$ 2,318</u>
<b>Ending Balance of Loan Guarantee Liability</b>				<b><u>\$ 192,383</u></b>	<b><u>\$ 158,334</u></b>

**Note 6. Inventory and Related Property: (Dollars in Thousands)**

<b>As of September 30, 2012</b>			
	<b>Cost</b>	<b>Allowance for Loss</b>	<b>Net</b>
<b>Operating Materials and Supplies:</b>			
Items Held for Use	\$ 191,580	\$ 1,075	\$ 190,505
Items Held in Reserve for Future Use	29,664	0-	29,664
Items Held for Repair	<u>1,343</u>	<u>0-</u>	<u>1,344</u>
<b>Total Operating Materials &amp; Supplies</b>	<b><u>\$222,587</u></b>	<b><u>\$ 1,075</u></b>	<b><u>\$ 221,513</u></b>
<b>As of September 30, 2011</b>			
	<b>Cost</b>	<b>Allowance for Loss</b>	<b>Net</b>
<b>Operating Materials and Supplies:</b>			
Items Held for Use	\$ 196,360	\$ 1,840	\$194,520
Items Held in Reserve for Future Use	30,212	0-	30,212



Items Held for Repair	2,300	0-	2,300
<b>Total Operating Materials &amp; Supplies</b>	<b><u>\$228,872</u></b>	<b><u>\$ 1,840</u></b>	<b><u>\$227,032</u></b>

**Note 7. General Property, Plant and Equipment: (Dollars in Thousands)**

**As of September 30, 2012**

<u>Major Classes</u>	<u>Service Life</u>	<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land and Improvements	N/A	\$ 3,962	\$ 0	\$ 3,962
Buildings and Structures	20 SL	200,258	80,478	119,780
Furniture and Fixtures		2,760	1,426	1,334
Automated Data Processing Software	5-10 SL	750	750	0
Equipment	5-10 SL	26,762	24,893	1,869
Electronics	5-10 SL	1,173	1,027	146
Assets Under Capital Lease	5 SL	1,032	233	799
Small Boats, Ships and Vessels	10-25 SL	1,965,928	1,772,850	193,078
Construction in Progress	N/A	14,338	0	14,338
<b>Total</b>		<b><u>\$ 2,216,963</u></b>	<b><u>\$1,881,657</u></b>	<b><u>\$ 335,306</u></b>

**As of September 30, 2011**

<u>Major Classes</u>	<u>Service Life</u>	<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land and Improvements	N/A	\$ 3,962	\$ 0	\$ 3,962
Buildings and Structures	20SL	183,028	71,514	111,514
Automated Data Processing Software	5-10 SL	750	750	0
Equipment	5-10 SL	28,975	25,625	3,350
Electronics	5-10 SL	1,155	948	207
Ships and Vessels	25 SL	1,949,078	1,716,857	232,221
Small Boats	10 SL	23,980	17,082	6,898
Construction in Progress	N/A	15,615	0	15,615
<b>Total</b>		<b><u>\$ 2,206,543</u></b>	<b><u>\$1,832,776</u></b>	<b><u>\$ 373,767</u></b>

**Note 8. Liabilities Not Covered by Budgetary Resources: (Dollars in Thousands)**

**As of September 30**

	<u>FY 2012</u>	<u>FY 2011</u>
<b>Intragovernmental:</b>		
Other Liabilities	\$ 451,324	\$ 121,895
<b>Public:</b>		
Federal Employee and Veterans' Benefits Payable	18,427	18,108
Environmental and Disposal Liabilities	200,419	310,687
Other Liabilities	8,213	15,516
<b>Liabilities Not Covered by Budgetary Resources</b>	<b>\$ 678,383</b>	<b>\$ 466,206</b>

Liabilities Covered by Budgetary Resources	327,438	648,780
<b>Total Liabilities</b>	<b><u>\$ 1,005,821</u></b>	<b><u>\$ 1,028,857</u></b>

<b>Note 9. Debt: (Dollars in Thousands)</b>		
	<b><u>FY 2012</u></b>	<b><u>FY 2011</u></b>
<b>Debt to the Treasury</b>	<b><u>\$ 84,325</u></b>	<b><u>\$ 199,417</u></b>

<b>Note 10. Federal Employee Benefits Payable:</b>		
	<b><u>FY 2012</u></b>	<b><u>FY 2011</u></b>
Intragovernmental Liability for FECA	\$ 4,021	\$ 4,004
Expected Future Liability for FECA	<u>18,427</u>	<u>18,108</u>
<b>Total Federal Employee Benefits Payable</b>	<b><u>\$ 22,448</u></b>	<b><u>\$ 22,112</u></b>

<b>Note 11. Environmental and Disposal Liabilities: (Dollars in Thousands)</b>		
	<b><u>September 30, 2012</u></b>	<b><u>September 30, 2011</u></b>
Environmental Liabilities:		
Environmental Remediation	\$ 96,175	\$ 96,175
Ship Disposal	<u>104,244</u>	<u>214,512</u>
<b>Total Environmental Liabilities</b>	<b><u>\$ 200,219</u></b>	<b><u>\$ 310,687</u></b>

<b>Note 12. Grant Accrual: (Dollars in Thousands)</b>		
	<b><u>FY 2012</u></b>	<b><u>FY 2011</u></b>
<b>Grant Liabilities Accrued</b>	<b><u>\$ 53</u></b>	<b><u>\$ 997</u></b>

<b>Note 13. Other Liabilities: (Dollars in Thousands)</b>			
<b>As of September 30, 2012</b>			
<b>Funded Intragovernmental Other Liabilities</b>			
	<b><u>Non-Current</u></b>	<b><u>Current</u></b>	<b><u>Total</u></b>
	<b><u>Liabilities</u></b>	<b><u>Liabilities</u></b>	
Advances and Prepayments	\$ 0	\$ 199,156	\$ 199,156
Uncleared Disbursements and Collections	0	0	0
Other Liabilities for Non-Entity Assets	0	0	0

Other Liabilities	0	0	0
<b>Total Funded Intra-Governmental Other Liabilities</b>	<b>\$ 0</b>	<b>\$ 199,156</b>	<b>\$ 199,156</b>

**Note 13. Other Liabilities continued: (Dollars in Thousands)**

**As of September 30, 2012**

**Unfunded Intragovernmental Other Liabilities**

	<u>Non-Current Liabilities</u>	<u>Current Liabilities</u>	<u>Total</u>
<b>Federal Employees Compensation Act (FECA):</b>			
2012 Bill (Non-Current)	\$ 1,828	\$ 0	\$ 1,828
2011 Bill (Current)	0	1,763	1,763
Quarter of FY 2012 (Non-Current)	429	0	429
Total FECA Liabilities	\$ 2,257	\$ 1,763	\$ 4,020
Other Accrued Liabilities -	0	118,345	118,345
Other Unfunded Custodial Liabilities	0	129,390	129,390
Other Unfunded Employment Related Liabilities	0	412	412
<b>Total Unfunded Intra-Governmental Other Liabilities</b>	<b>\$ 2,257</b>	<b>\$ 249,910</b>	<b>\$252,167</b>
<b>Total Unfunded Intragovernmental Other Liabilities</b>	<b>\$ 2,257</b>	<b>\$ 449,066</b>	<b>\$ 451,324</b>

**As of September 30, 2012**

**Funded Public Other Liabilities**

	<u>Non-Current Liabilities</u>	<u>Current Liabilities</u>	<u>Total</u>
Accrued Pay and Benefits	0	6,102	6,102
Advances and Prepayments	0	3,884	3,884
Deferred Credits	0	2,220	2,220
<b>Total Funded Public Other Liabilities</b>	<b>\$ 0</b>	<b>\$ 12,206</b>	<b>\$ 12,206</b>

**Unfunded Public Other Liabilities**

	<u>Non-Current Liabilities</u>	<u>Current Liabilities</u>	<u>Total</u>
Accrued Pay and Benefits	\$ 0	\$ 7,291	\$ 7,291
Other	0	921	921
Total Unfunded Public Other Liabilities	\$ 0	8,212	\$ 8,212
<b>Total Public Other Liabilities</b>	<b>\$ 0</b>	<b>\$ 20,418</b>	<b>\$ 20,418</b>
<b>Total Other Liabilities</b>	<b>\$ 2,257</b>	<b>\$ 469,404</b>	<b>\$ 471,742</b>

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**Note 14. Earmarked Funds: (Dollars in Thousands)**

**Balance Sheet**

**As of September 30, 2012**

**Assets**

Fund Balance with Treasury	\$	33,750
Investments, Net		28,986
Property, Plant & Equipment		<u>3,525</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>66,261</u></b>

**Liabilities and Net Position**

Accounts Payable (Non-Federal)	\$	16
Cumulative Results of Operations		<u>66,245</u>
<b>Total Liabilities and Net Position</b>	<b>\$</b>	<b><u>66,261</u></b>

**Statement of Net Cost**

For the Period Ended September 30, 2012

Program Costs (Federal)	\$	15,920
Program Costs (Non-Federal)		0
Less Earned Revenue (Federal)		0
Less Earned Revenue (Non-Federal)		<u>187</u>
<b>Net Program Costs</b>	<b>\$</b>	<b>15,733</b>
Less Earned Revenues Not Assigned to Programs		<u>-</u>
<b>Net Cost of Operations</b>	<b>\$</b>	<b><u>15,733</u></b>

**Statement of Changes in Net Position**

For the Period Ended September 30, 2012

Beginning Net Position	\$	80751
Budgetary Financing Sources		1,227
Net Cost of Operations		<u>15,733</u>
<b>Net Position End of Period</b>	<b>\$</b>	<b><u>66,245</u></b>

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**Note 15. Intragovernmental Costs and Exchange Revenues: (Dollars in Thousands)**

	<b>FY 2012</b>		
	<u>Intragovernmental</u>	<u>With the Public</u>	<u>Total</u>
Gross Costs	\$ 186,695	\$ 711,906	\$ 898,602
Less: Earned Revenue	<u>352,899</u>	<u>40,506</u>	<u>393,405</u>
<b>Net Program Costs</b>	<b><u>\$ (166,204)</u></b>	<b><u>\$ 671,401</u></b>	<b><u>\$ 505,197</u></b>

	<b>FY 2011</b>		
	<u>Intragovernmental</u>	<u>With the Public</u>	<u>Total</u>
Gross Costs	\$ 98,823	\$ 772,347	\$ 871,170
Less Earned Revenue	<u>354,389</u>	<u>25,499</u>	<u>379,888</u>
<b>Net Program Costs</b>	<b><u>\$ (255,566)</u></b>	<b><u>\$ 746,848</u></b>	<b><u>\$ 491,282</u></b>

**Note 16. Obligations Incurred, Borrowing Authority and Undelivered Orders: (Dollars in Thousands)****Obligations Incurred in FY 2012**

	<u>Direct</u>	<u>Reimbursable</u>	<u>Total</u>
Category A	\$ 124,538	\$ 0	\$ 124,538
Category B	420,182	427,838	848,019
Exempt from Apportionment	<u>12,033</u>	<u>0</u>	<u>12,033</u>
<b>Total</b>	<b><u>\$ 556,753</u></b>	<b><u>\$ 427,838</u></b>	<b><u>\$ 984,590</u></b>

**Obligations Incurred in FY 2011**

	<u>Direct</u>	<u>Reimbursable</u>	<u>Total</u>
Category A	\$ 59,529	\$ 0	\$ 59,529
Category B	553,329	395,618	948,947
Exempt from Apportionment	<u>24,530</u>	<u>0</u>	<u>24,530</u>
<b>Total</b>	<b><u>\$ 637,388</u></b>	<b><u>\$ 395,618</u></b>	<b><u>\$ 1,033,006</u></b>

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Available Borrowing Authority	\$ 18,000	\$ 175,000
Undelivered Orders, Unpaid	\$ 334,231	\$ 348,240



## REPORTING OF ADMINISTERED AND OVERSIGHT FUNDS

MARAD's overall mission includes significant program activities funded from sources other than its annual appropriation. MARAD receives funds via interagency agreements, transfers and allocations to support the programs of a number of Departments and agencies, including Department of Defense/U.S. Navy, Federal Highway Administration (FHWA), and others. In FY 2012, while the agency's appropriations totaled \$349 million, the following table illustrates that the total funds received was \$1.1 billion.

The comprehensive MARAD funding summary below includes appropriated and non-appropriated funds. The Non-appropriated Funds section and the additional information provided below fulfill the 46 U.S.C. § 50111(b) reporting requirement which states:

**(b) Administered and oversight funds.** The Secretary, in the report required under subsection (a) and in the annual budget estimate for the Maritime Administration submitted to Congress, shall state separately the amount, source, intended use, and nature of any funds (other than funds appropriated to the Administration or to the Secretary of Transportation for use by the Administration) administered, or subject to oversight, by the Administration.

### Comprehensive Maritime Administration Funding Summary (Including Funds Not Appropriated to MARAD) (\$000)

	<u>FY 2011</u>	<u>FY 2012</u>
<b><u>Appropriated Funds</u></b>		
Operations and Training	157,197	156,258
Assistance to Small Shipyards	9,980	9,980
Ship Disposal Program	14,970	5,500
Maritime Security Program	173,652	174,000
Maritime Guaranteed Loan Program (Title XI)	8,982	3,740
<b>Subtotal, Appropriated Funds</b>	<b>364,781</b>	<b>349,478</b>
<b><u>Other Budget Authority:</u></b>		
Ocean Freight Differential	175,000	175,000
Maritime Guaranteed Loan Programs - Subsidy Reestimate	82,426	42,707
<b>Subtotal, Other Budget Authority</b>	<b>257,426</b>	<b>217,707</b>
<b><u>Non-appropriated Funds:</u></b>		
Vessel Operations Revolving Fund	8,176	31,500
Ready Reserve Force	408,836	362,313
Operations and Training	9,219	11,684
Maritime Guaranteed Loan Program (Title XI)	40,000 <sup>1/</sup>	-
Gifts and Bequests	1,212	1,227
Special Studies, Services, and Projects	23,000	-
OST Allocations	94,540	134,212
Non-Appropriated Funding Instrumentalities (NAFIs)	7,604	5,206
<b>Subtotal, Non-Appropriated Funds</b>	<b>592,587</b>	<b>546,142</b>
<b>Total Funds</b>	<b>1,214,794</b>	<b>1,113,327</b>

<sup>1/</sup> Includes reimbursable funding provided to MARAD from the Department of Defense per P.L. 112-10.

Following are descriptions of program activities supported by funding not appropriated directly to MARAD:

***Vessel Operations Revolving Fund***

The Vessel Operations and Revolving Fund (VORF) receive receipts attributable to the sale of obsolete vessels in the National Defense Reserve Fleet (NDRF) that are scrapped or sold and receive collections of rental payments for the Port of New Orleans.

***Ready Reserve Force***

This account includes funds appropriated to the National Sealift Defense Fund (NDSF) and provided by Department of Defense to MARAD on a reimbursable basis for support of the Ready Reserve Fleet (RRF) and National Defense Reserve Fleet (NDRF). In addition to the NDSF appropriation for the RRF, receipts from the Mission Defense Agency; Army Corps of Engineers; US Coast Guard and National Oceanographic and Atmospheric Administration are received into this account.

***Operations & Training***

Federal Transit Administration transferred \$5.086 million to MARAD to support the Hawaii port project in FY 2012. MARAD provides federal oversight and coordination of port projects, to act as a central procurement organization, leveraging federal and non-federal funding resources, and streamlining the environmental review and permitting process. Reimbursements are derived from interagency agreements to support the programs of a number of Federal Agencies. Reimbursable activity in this account also includes collections received by the agency.

***Maritime Guaranteed Loan Program (Title XI)***

Title XI subsidy funds were appropriated to the NDSF and provided to the Maritime Administration from the Department of Defense in FY 2011 (\$40 million per Public Law 112-10). No funds were provided in FY 2012.

***Gifts and Bequests***

MARAD receives gifts and bequests from external contributors, individuals and organizational donors. The agency receives restricted and unrestricted gifts and bequests. Restricted gifts specify the purpose for the contributed funding. Unrestricted gifts can be applied to agency priorities. Gifts and bequests received by MARAD are predominantly for the United States Merchant Marine Academy.

***Special Studies, Services and Projects***

MARAD may receive funding from non-Federal sources, including states, municipalities, and private entities for collaborative, cost-sharing efforts advancing maritime missions. Notably, in FY 2011, MARAD received \$23 million from the Port of Anchorage Municipality for the redevelopment and expansion of the port facility. No funds were received in FY 2012.

***OST Allocations***

The Office of the Secretary of Transportation (OST) can allocate funds for MARAD programs. For instance, the TIGER (Transportation Investment Generating Economic Recovery) Discretionary Grant Program was included in the Recovery Act to spur a national competition for innovative, multi-modal and multi-jurisdictional transportation projects that promise significant economic and environmental benefits to an entire metropolitan area, as region or the nation. The Secretary's program provided \$132.9 million in FY 2012 for grants and \$1.3 million for administrative oversight of Marine Highway projects, including projects in Alabama, California (2), Florida (2), Indiana, Louisiana, New Jersey (2), Oklahoma, and Texas (2).

***United States Merchant Marine Academy (USMMA) Non-Appropriated Fund Instrumentalities (NAFIs)***

Funds received by USMMA NAFIs are used to provide or assist programs and services primarily for the benefit of USMMA Midshipmen and employees. A specific NAFI receives funds primarily from program revenues. In FYs 2011 and 2012, MARAD eliminated the majority of USMMA NAFIs. As of September 30, 2012, the following USMMA NAFIs were operating: Employees Association, Melville Hall, and Regimental Activities (formerly known as Morale NAFI). Global Maritime & Transportation School (GMATS) NAFI ceased operations on July 31, 2012, and the Melville Hall NAFI was authorized to continue operations through October 31, 2012. More detailed information on each NAFI is provided below.

**Additional Information for USMMA Non-Appropriated Funds:**

The following section for the USMMA non-appropriated funds provides additional information on the source of the funds and intended use for the Academy’s general collections, midshipman fees, graduate program and gifts & bequests and includes a breakdown for each individual NAFI.

<b>USMMA Non-Appropriated Funds FY 2012 Revenues and Obligations/Expenditures (S000)</b>					
	<b>Unobligated Balance Brought Forward 9/30/2011</b>	<b>Prior Year Recoveries</b>	<b>Revenues</b>	<b>Obligations/ Expenditures</b>	<b>Unobligated Balance 9/30/2012</b>
General Collections	\$0 <sup>1/</sup>		\$1,999	\$249	\$1,750 <sup>2/</sup>
Midshipman Fees					
Academic Yr 2010-2011	95		0	0	95
Academic Yr 2011-2012	96	9	309	346	68
Academic Yr 2012-2013	0		504	235	269
Graduate Program	175		184	220	139
Gifts and Bequests	<u>1,980</u>	<u>25</u>	<u>1,227</u>	<u>611</u>	<u>2,621</u>
<b>Grand Total</b>	<b><u>\$2,346</u></b>	<b><u>\$34</u></b>	<b><u>\$4,223</u></b>	<b><u>\$1,661</u></b>	<b><u>\$4,942</u></b>

1/ The carryover balance for general collections as of 9/30/11 included annual receipts that expired at the end of the fiscal year.  
2/ This amount includes \$1.583 million related to the closure of the GMATS NAFI in FY 2012. This balance was sent to Miscellaneous Receipts on November 30, 2012.

**These collections are deposited into the U.S. Treasury account and revenue and expenditure transactions are recorded in the MARAD accounting system.**

**General Collections:** Revenues are primarily from the housing quarters rent and use of Academy assets such as office space, tower and training vessels. The obligations/expenditures are for the maintenance expenses of the housing quarters.

**Midshipman Fees:** Revenues are from fees collected from each Midshipman to pay for personal expenses such as laundry, haircutting, and tailor services. The obligations/expenditures are the costs of providing these goods and services.

**Graduate Program:** Revenues are the tuition received from the graduate students attending the program. The obligations/expenditures are the amounts for the operating expenses of the program including adjunct professor salaries and operating supplies and internet service.

Gifts & Bequests: Revenues are gift and bequest donations received from external individuals and organizations. The Academy receives restricted gifts which specify a specific purpose for the contribution. The Academy also receives unrestricted gifts which do not identify a specific purpose and are applied to the Academy's priorities for funding. The obligations/expenditures from the gift fund were used to support the Athletics and Waterfront Departments and general expenses for the chapel, museum, graduation, Midshipmen morale activities, and Academic Dean.

**The following chart provides revenue and expenditure amounts for each individual NAFI followed by a description of the source and intended use of the funds. These funds are held in commercial bank accounts.**

USMMA Non-Appropriated Fund Instrumentality (NAFI)				
FY 2012 Revenues and Expenditures				
(\$000)				
	<u>Balance</u> <u>9/30/2011</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance</u> <u>9/30/2012</u>
Employees Association	\$33	\$4	\$6	\$31
Melville Hall	116	717	718	115
Regimental Activities	112	169	25	256
Global Maritime & Transportation School (GMATS)	<u>3,256</u> <sup>1/</sup>	<u>4,498</u>	<u>7,748</u>	<u>6</u>
<b>Grand Total</b>	<b><u>\$3,517</u></b> <sup>2/</sup>	<b><u>\$5,388</u></b>	<b><u>\$8,497</u></b>	<b><u>\$408</u></b>

<sup>1/</sup> The prior 9/30/11 balance of \$3.17 million was an estimate and the final ending balance is \$3.256 million.  
Expenditures include \$1.583 million for GMATS NAFI closure that was deposited to USMMA General Collections Account.  
This amount was transferred to Miscellaneous Receipts on November 30, 2012.

<sup>2/</sup> The Grand Total does not include a remaining balance of \$10,000 for the Athletic Association that was closed during FY 2011.  
This amount will be deposited into the Athletic Gift Account based on the donor's instruction.

Employees Association: Receipts came from membership fees and fees collected for participation in various sponsored events. Funds were used for athletic events, cookouts, and group tickets for theater and other cultural events.

Melville Hall: Funds were received from customers using the dining facility for meals and hosting events such as weddings and meetings and providing lodging. Funds were used for the purchase of supplies, equipment and maintenance, and non-federal employee salaries. Melville Hall ceased operations on October 31, 2012.

Regimental Activities: This fund was formerly known as the Morale Fund. During FY 2012, funds were provided by the Alumni Association and were used for Midshipmen's participation in

cultural events and the promotion of musical activities, including the Glee club and the Chapel Choir. The funds also supported other activities related to the recreation, morale and welfare of Midshipmen.

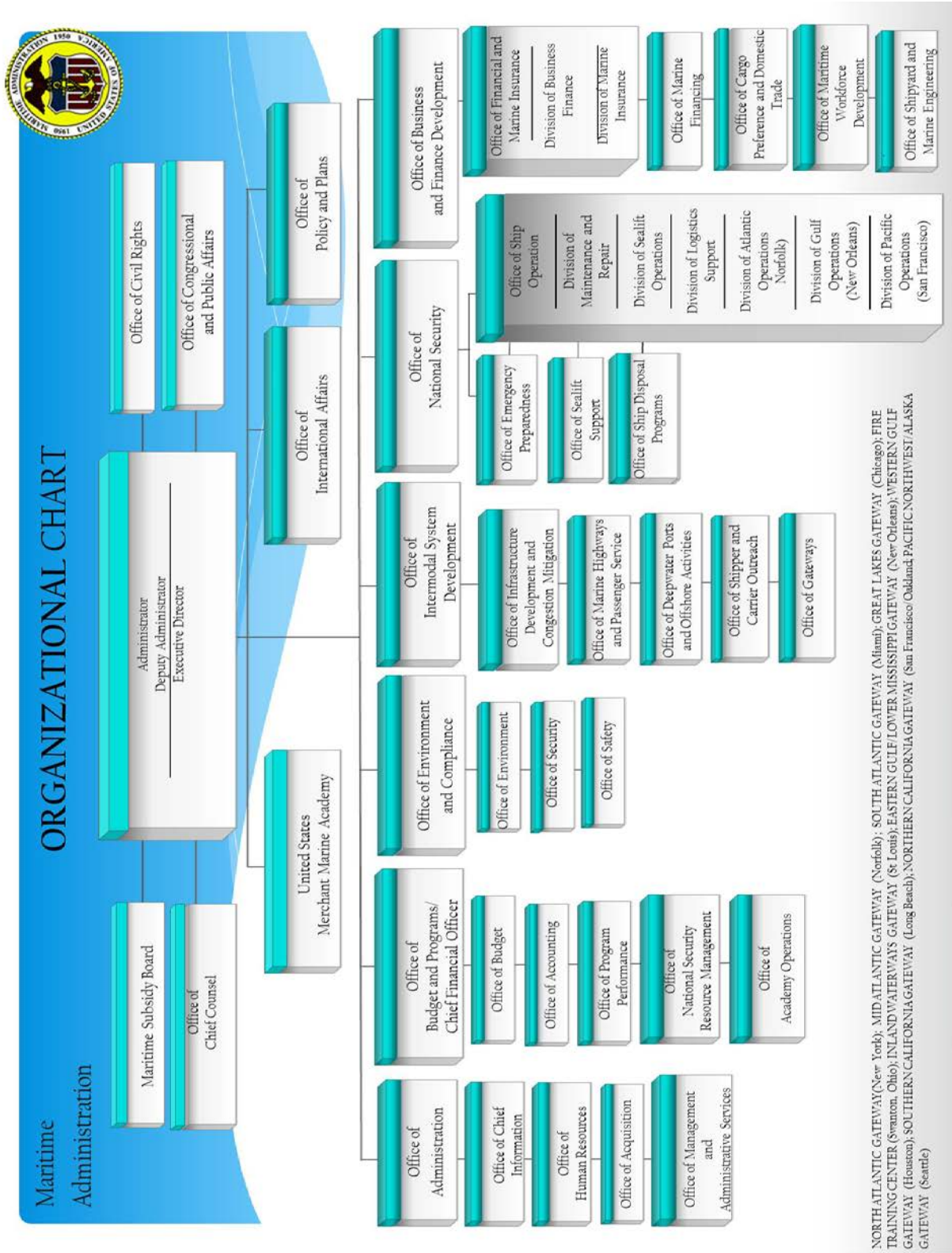
Global Maritime & Transportation School (GMATS): Funds were received from customers for attendance at specialized maritime training courses. The funds were used for the operating costs of the training school including non-federal employee salaries, equipment lease and maintenance, IT network support, insurance, printing, transportation and travel. GMATS ceased operations on July 31, 2012.



## Government Sponsored Cargoes for FY 2011<sup>13</sup>

	<b>FY 2011</b>			
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$000)</b>	<b>Metric Tons</b>	<b>Metric Tons</b>	<b>Metric Tons</b>
<b>HUMANITARIAN FOOD AID</b>				
<b>Agency for International Development (AID)</b>				
--PL 480 - Title II	206,700	1,514,603	1,152,208	76%
<b>Department of Agriculture</b>				
--Food for Progress	39,222	239,409	214,849	90%
--Food for Education	21,318	100,491	87,494	87%
<b>TOTALS</b>	<b>267,240</b>	<b>1,854,503</b>	<b>1,454,551</b>	<b>78%</b>
<b>FY 2011</b>				
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$000)</b>	<b>Metric Tons</b>	<b>Metric Tons</b>	<b>Metric Tons</b>
<b>CIVILIAN AGENCIES</b>				
<b>Defense Security Cooperative Agency</b>				
--Foreign Military Funding	8,299	27,232	18,512	68%
--Fuel: Israel	18,720	342,173	342,173	100%
<b>Department of Agriculture</b>	49	157	157	100%
<b>Department of Defense</b>				
--Defense Supply Center	21	22	22	100%
<b>Department of Energy</b>	3,119	85,809	16,471	19%
<b>Department of State</b>				
--Embassy Secure Cargo	1,544	1,390	1,199	86%
--Overseas Building Office	4,158	13,478	11,239	83%
--Transportation Travel Management	20	16	12	75%
--U.S. Despatch Agencies	13,895	23,301	10,824	46%
<b>Department of Transportation</b>				
--Federal Transit Administration	9,621	5,167	3,534	32%
<b>Export-Import Bank</b>				
--Public Resolution 17	45,713	81,036	79,643	98%
<b>General Services Administration</b>				
--CHAMP	49	69	38	55%
--GSA	116	228	228	100%
<b>U.S. Agency for International Development (AID)</b>				
--AID Loans and Grants	223	2,721	956	35%
--AIDS Prevention	36	2,710	158	6%
<b>TOTALS</b>	<b>105,583</b>	<b>585,509</b>	<b>485,166</b>	<b>83%</b>
<b>FY 2011</b>				
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$000)</b>	<b>Tonnage</b>	<b>Tonnage</b>	<b>Tonnage</b>
<b>MILITARY CARGOES</b>				
Military Cargoes (Measurement Tons - Dry Cargo)	1,489,161	10,102,684	9,200,357	91%
Military Cargoes (Metric Tons - Dry Cargo)	488,116	170,628	168,601	99%
Military Cargoes (Metric Tons - Petroleum)	53,669	4,709,063	3,385,174	76%
<b>TOTALS</b>	<b>2,030,946</b>	<b>14,982,375</b>	<b>12,754,132</b>	<b>88.0%</b>

<sup>13</sup> FY 2011 data is the most recent available.



Appendix 5

**Maritime Security Program (MSP) Participants as of September 30, 2012**

<b><u>MSP Contract No.</u></b>	<b><u>Vessel Name</u></b>	<b><u>Company Name</u></b>	<b><u>Ship Type</u></b>
MA/MSP-48	ENDURANCE	Fidelio Limited Partnership	RO/RO <sup>14</sup>
MA/MSP-49	APL KOREA	APL Marine Services, Ltd.	Containership
MA/MSP-50	APL PHILIPPINES	APL Marine Services, Ltd.	Containership
MA/MSP-51	APL SINGAPORE	APL Marine Services, Ltd.	Containership
MA/MSP-52	APL THAILAND	APL Marine Services, Ltd.	Containership
MA/MSP-53	PRESIDENT ADAMS	APL Marine Services, Ltd.	Containership
MA/MSP-54	APL CYPRINE	APL Marine Services, Ltd.	Containership
MA/MSP-55	APL CHINA	APL Marine Services, Ltd.	Containership
MA/MSP-56	APL PEARL	APL Marine Services, Ltd.	Containership
MA/MSP-57	APL AGATE	APL Marine Services, Ltd.	Containership
MA/MSP-58	GREEN COVE	Central Gull Lines, Inc.	RO/RO
MA/MSP-59	GREEN POINT	Central Gull Lines, Inc.	RO/RO
MA/MSP-60	GREEN LAKE	Central Gull Lines, Inc.	RO/RO
MA/MSP-61	GREEN RIDGE	Central Gull Lines, Inc.	RO/RO
MA/MSP-62	ALLIANCE NORFOLK	Farrell Lines Incorporated	RO/RO
MA/MSP-63	ALLIANCE ST. LOUIS	Farrell Lines Incorporated	RO/RO
MA/MSP-64	MAERSK OHIO	Farrell Lines Incorporated	Containership
MA/MSP-65	MAERSK MONTANA	Farrell Lines Incorporated	Containership
MA/MSP-66	MAERSK IOWA	Farrell Lines Incorporated	Containership
MA/MSP-67	OCEAN FREEDOM	Fidelio Limited Partnership	LO/LO
MA/MSP-68	FREEDOM	Fidelio Limited Partnership	RO/RO
MA/MSP-69	HONOR	Fidelio Limited Partnership	RO/RO
MA/MSP-70	RESOLVE	Fidelio Limited Partnership	RO/RO
MA/MSP-71	INTEGRITY	Fidelio Limited Partnership	RO/RO
MA/MSP-72	COURAGE	Fidelio Limited Partnership	RO/RO
MA/MSP-73	PRESTIGE NEW YORK	Liberty Global Logistics, LLC	RO/RO
MA/MSP-74	CHARLESTON EXPRESS	Hapag-Lloyd USA, LLC	Geared Containership
MA/MSP-75	ST LOUIS EXPRESS	Hapag-Lloyd USA, LLC	Geared Containership
MA/MSP-76	WASHINGTON EXPRESS	Hapag-Lloyd USA, LLC	Geared Containership
MA/MSP-77	YORKTOWN EXPRESS	Hapag-Lloyd USA, LLC	Geared Containership
MA/MSP-78	PHILADELPHIA EXPRESS	Hapag-Lloyd USA, LLC	Geared Containership
MA/MSP-79	MAERSK MISSOURI	Maersk Line, Limited	Containership
MA/MSP-80	MAERSK VIRGINIA	Maersk Line, Limited	Containership
MA/MSP-81	MAERSK GEORGIA	Maersk Line, Limited	Containership
MA/MSP-82	MAERSK CAROLINA	Maersk Line, Limited	Containership
MA/MSP-83	MAERSK WYOMING	Maersk Line, Limited	Containership

<sup>14</sup> Roll-On, Roll-Off vessel

MA/MSP-84	SEA-LAND EAGLE	Maersk Line, Limited	Containership
MA/MSP-85	SEA-LAND CHAMPION	Maersk Line, Limited	Containership
MA/MSP-86	MAERSK UTAH	Maersk Line, Limited	Containership
MA/MSP-87	SEA-LAND MERCURY	Maersk Line, Limited	Containership
MA/MSP-88	MAERSK WISCONSIN	Maersk Line, Limited	Containership
MA/MSP-89	SEA-LAND CHARGER	Maersk Line, Limited	Containership
MA/MSP-90	SEA-LAND LIGHTNING	Maersk Line, Limited	Containership
MA/MSP-91	SEA-LAND METEOR	Maersk Line, Limited	Containership
MA/MSP-92	SEA-LAND INTREPID	Maersk Line, Limited	Containership
MA/MSP-93	SEA-LAND COMET	Maersk Line, Limited	Containership
MA/MSP-94	MAERSK IDAHO	Maersk Line, Limited	Containership
MA/MSP-95	MAERSK KENTUCKY	Maersk Line, Limited	Containership
MA/MSP-96	ALLIANCE BEAUMONT	Maersk Line, Limited	RO/RO
MA/MSP-97	SEA-LAND RACER	Maersk Line, Limited	Containership
MA/MSP-98	INDEPENDENCE II	American International Shipping, LLC	RO/RO
MA/MSP-99	OVERSEAS MAREMAR	Maremar Tanker LLC	Tanker
MA/MSP-101	OVERSEAS LUXMAR	Luxmar Tanker LLC	Tanker
MA/MSP-102	M/V OCEAN CHARGER	Patriot Shipping LLC	LO/LO
MA/MSP-103	M/V OCEAN CRESCENT	Patriot Shipping LLC	LO/LO
MA/MSP-104	GREEN BAY	Waterman Steamship Corporation	RO/RO
MA/MSP-105	GREEN DALE	Waterman Steamship Corporation	RO/RO
MA/MSP-106	MAERSK ALABAMA	Waterman Steamship Corporation	Geared Containership
MA/MSP-107	MAERSK CALIFORNIA	Waterman Steamship Corporation	Geared Containership
MA/MSP-108	ALLIANCE CHARLESTON	Argent Marine Operations, Inc.	RO/RO

Appendix 6

**Voluntary Intermodal Sealift Agreement (VISA) Vessel Listing as of September 30, 2012**

<b><u>Company Name</u></b>	<b><u>Vessel Name</u></b>	<b><u>Vessel Type</u></b>	<b><u>Type</u></b>
American International Shipping	INDEPENDENCE II	RO/RO	MSP
APL Marine Services, Ltd.	APL AGATE	Containership	MSP
APL Marine Services, Ltd.	APL CHINA	Containership	MSP
APL Marine Services, Ltd.	APL CORAL	Containership	MSP
APL Marine Services, Ltd.	APL JAPAN	Containership	International
APL Marine Services, Ltd.	APL KOREA	Containership	MSP
APL Marine Services, Ltd.	APL PHILIPPINES	Containership	MSP
APL Marine Services, Ltd.	APL SINGAPORE	Containership	MSP
APL Marine Services, Ltd.	APL THAILAND	Containership	MSP
American President Lines, Ltd.	PRESIDENT ADAMS	Containership	International
American President Lines, Ltd.	PRESIDENT JACKSON	Containership	International
American President Lines, Ltd.	PRESIDENT POLK	Containership	International
American President Lines, Ltd.	PRESIDENT TRUMAN	Containership	International
APL Maritime, Ltd	APL BALBOA	Geared Container	International
APL Marine Services, Ltd.	APL CYPRINE	Containership	MSP
APL Marine Services, Ltd.	APL PEARL	Containership	MSP
Argent Marine Operations, Inc.	ALLIANCE CHARLESTON	RO/RO	MSP
Central Gulf Lines, Inc.	GREEN COVE	RO/RO	MSP
Central Gulf Lines, Inc.	GREEN LAKE	RO/RO	MSP
Central Gulf Lines, Inc.	GREEN POINT	RO/RO	MSP
Central Gulf Lines, Inc.	GREEN RIDGE	RO/RO	MSP
Farrell Lines, Inc.	ALLIANCE NORFOLK	RO/RO	MSP
Farrell Lines, Inc.	ALLIANCE ST. LOUIS	RO/RO	MSP
Farrell Lines, Inc.	MAERSK IOWA	Containership	MSP
Farrell Lines, Inc.	MAERSK MONTANA	Containership	MSP
Farrell Lines, Inc.	MAERSK OHIO	Containership	MSP
Fidelio Limited Partnership	COURAGE	RO/RO	MSP
Fidelio Limited Partnership	ENDURANCE	RO/RO	MSP
Fidelio Limited Partnership	FREEDOM	RO/RO	MSP
Fidelio Limited Partnership	HONOR	RO/RO	MSP
Fidelio Limited Partnership	INTEGRITY	RO/RO	MSP
Fidelio Limited Partnership	OCEAN FREEDOM	Heavylift breakbulk	MSP
Fidelio Limited Partnership	RESOLVE	RO/RO	MSP
Foss International, Inc.	STRONG MARINER	ITB	International
Foss International, Inc.	THUNDER & LIGHTNING	ITB	International
Foss Maritime Co.	DELTA MARINER	RO/RO	International



Hapag Lloyd, USA , LLC	CARAT	Containership	International
Hapag Lloyd, USA , LLC	CHARLESTON EXPRESS	Geared Container	MSP
Hapag Lloyd, USA , LLC	PHILADELPHIA EXPRESS	Geared Container	MSP
Hapag Lloyd, USA , LLC	ST LOUIS EXPRESS	Geared Container	MSP
Hapag Lloyd, USA , LLC	WASHINGTON EXPRESS	Geared Container	MSP
Hapag Lloyd, USA , LLC	YORKTOWN EXPRESS	Geared Container	MSP
Horizon Lines, LLC	HORIZON ANCHORAGE	Containership	International
Horizon Lines, LLC	HORIZON CHALLENGER	Containership	International
Horizon Lines, LLC	HORIZON CONSUMER	Containership	International
Horizon Lines, LLC	HORIZON DISCOVERY	Containership	Jones
Horizon Lines, LLC	HORIZON ENTERPRISE	Containership	Jones
Horizon Lines, LLC	HORIZON FAIRBANKS	Containership	International
Horizon Lines, LLC	HORIZON HAWAII	Containership	Jones
Horizon Lines, LLC	HORIZON KODIAK	Containership	Jones
Horizon Lines, LLC	HORIZON NAVIGATOR	Containership	Jones
Horizon Lines, LLC	HORIZON PACIFIC	Containership	Jones
Horizon Lines, LLC	HORIZON PRODUCER	Containership	Jones
Horizon Lines, LLC	HORIZON RELIANCE	Containership	Jones
Horizon Lines, LLC	HORIZON SPIRIT	Containership	Jones
Horizon Lines, LLC	HORIZON TACOMA	Containership	Jones
Horizon Lines, LLC	HORIZON TRADER	Containership	Jones
Liberty Global Logistics, LLC	LIBERTY PRIDE	RO/RO	International
Liberty Global Logistics, LLC	LIBERTY PROMISE	RO/RO	International
Liberty Global Logistics, LLC	PRESTIGE NEW YORK	RO/RO	MSP
Liberty Shipping Group, LLC	LIBERTY EAGLE	Bulk Carrier	Jones
Liberty Shipping Group, LLC	LIBERTY GLORY	Bulk Carrier	Jones
Liberty Shipping Group, LLC	LIBERTY GRACE	Bulk Carrier	Jones
Maersk Line, Ltd.	ALLIANCE BEAUMONT	RO/RO	MSP
Maersk Line, Ltd.	MAERSK ARKANSAS	Geared Container	International
Maersk Line, Ltd.	MAERSK CAROLINA	Containership	MSP
Maersk Line, Ltd.	MAERSK GEORGIA	Containership	MSP
Maersk Line, Ltd.	MAERSK IDAHO	Containership	MSP
Maersk Line, Ltd.	MAERSK ILLINOIS	Heavylift	International
Maersk Line, Ltd.	MAERSK KENTUCKY	Containership	MSP
Maersk Line, Ltd.	MAERSK MISSOURI	Containership	MSP
Maersk Line, Ltd.	MAERSK TEXAS	Heavylift	International
Maersk Line, Ltd.	MAERSK UTAH	Containership	MSP
Maersk Line, Ltd.	MAERSK VIRGINIA	Containership	MSP
Maersk Line, Ltd.	MAERSK WISCONSIN	Containership	MSP
Maersk Line, Ltd.	MAERSK WYOMING	Containership	MSP
Maersk Line, Ltd.	SEA-LAND CHAMPION	Containership	MSP

Maersk Line, Ltd.	SEA-LAND CHARGER	Containership	MSP
Maersk Line, Ltd.	SEA-LAND COMET	Containership	MSP
Maersk Line, Ltd.	SEA-LAND EAGLE	Containership	MSP
Maersk Line, Ltd.	SEA-LAND INTREPID	Containership	MSP
Maersk Line, Ltd.	SEA-LAND LIGHTNING	Containership	MSP
Maersk Line, Ltd.	SEA-LAND MERCURY	Containership	MSP
Maersk Line, Ltd.	SEA-LAND METEOR	Containership	MSP
Maersk Line, Ltd.	SEA-LAND RACER	Containership	MSP
Matson Navigation Company, Inc.	KAUAI	Containership	Jones
Matson Navigation Company, Inc.	LIHUE	Containership	Jones
Matson Navigation Company, Inc.	LURLINE	Containership -RO/RO	Jones
Matson Navigation Company, Inc.	MAHI MAHI	Containership	International
Matson Navigation Company, Inc.	MANOA	Containership	International
Matson Navigation Company, Inc.	MANUKAI	Containership	Jones
Matson Navigation Company, Inc.	MANULANI	Containership	Jones
Matson Navigation Company, Inc.	MATSONIA	Containership -RO/RO	Jones
Matson Navigation Company, Inc.	MAUI	Containership	Jones
Matson Navigation Company, Inc.	MAUNALEI	Containership	Jones
Matson Navigation Company, Inc.	MAUNAWILI	Containership	Jones
Matson Navigation Company, Inc.	MOKIHANA	Containership	International
Matson Navigation Company, Inc.	R.J. PFEIFFER	Containership	Jones
National Shipping of America, LLC	NATIONAL GLORY	Containership	Jones
Pasha Hawaii Transport Lines LLC	JEAN ANNE	RO/RO	Jones
Patriot Shipping, LLC	OCEAN ATLAS	Heavylift breakbulk	International
Patriot Shipping, LLC	OCEAN CHARGER	Heavylift breakbulk	MSP
Patriot Shipping, LLC	OCEAN CRESENT	Heavylift breakbulk	MSP
Patriot Shipping, LLC	OCEAN GIANT	Heavylift breakbulk	International
Patriot Titan, LLC	OCEAN TITAN	Heavylift breakbulk	International
Schuyler Line Navigation Co.	EOT SPAR	Containership	International
Sea Star Line, LLC	EL FARO	Containership -RO/RO	Jones
Sea Star Line, LLC	EL MORRO	RO-RO/LO-LO	Jones
Sea Star Line, LLC	EL YUNQUE	RO-RO/LO-LO	Jones
Sealift Inc.	ADVANTAGE	Breakbulk	International
Sealift Inc.	NOBLE STAR	Breakbulk	International
Sealift, Inc.	BLACK EAGLE	Containership	International
Sealift, Inc.	MAJ BERNARD F. FISHER	Containership -RO/RO	International
Sealift, Inc.	SAGAMORE	Containership	International
Sealift, Inc.	CAPT SL BENNETT	Containership	International
Stevens Transportation, LLC	COASTAL VENTURE	Multi-Purpose Cont.	International
Teras BBC Ocean Navigation Enterprises Houston, LLC	BBC HOUSTON	Multi-Purpose Cont.	International
Totem Ocean Trailer Express, Inc.	GREAT LAND	RO/RO	Jones

Totem Ocean Trailer Express, Inc.	MIDNIGHT SUN	RO/RO	Jones
Totem Ocean Trailer Express, Inc.	NORTH STAR	RO/RO	Jones
TransAtlantic Lines LLC	MV GEYSIR	Containership	International
TransAtlantic Lines LLC	TRANSATLANTIC	Containership	International
Waterman Steamship Corporation	GREEN BAY	RO/RO	MSP
Waterman Steamship Corporation	GREEN DALE	RO/RO	MSP
Waterman Steamship Corporation	MAERSK ALABAMA	Geared Container	MSP
Waterman Steamship Corporation	MAERSK CALIFORNIA	Geared Container	MSP
<b><u>TUGS and Barges</u></b>			
<b><u>Company Name</u></b>	<b><u>Vessel Name</u></b>	<b><u>Vessel Type</u></b>	<b><u>Type</u></b>
A Way to Move, Inc.	WHITE HILL	Tug	Jones Act
A Way to Move, Inc.	BARGE #15	Barge	Jones Act
Beyel Brothers, Inc.	BAYLEE BEYEL	Tug	Jones Act
Beyel Brothers, Inc.	BLAKE BEYEL	Barge	Jones Act
Beyel Brothers, Inc.	BRADEN BEYEL	Tug	Jones Act
Beyel Brothers, Inc.	BRITTANY BEYEL	Tug	Jones Act
Beyel Brothers, Inc.	GUS J HENRICH	Tug	Jones Act
Beyel Brothers, Inc.	MEGAN BEYEL	Tug	Jones Act
Beyel Brothers, Inc.	MOBRO 1210	Barge	Jones Act
Beyel Brothers, Inc.	SINGLETON	Tug	Jones Act
Columbia Coastal Transport, LLC	COLUMBIA BALTIMORE	Barge	Jones Act
Columbia Coastal Transport, LLC	COLUMBIA CHARLESTON	Barge	Jones Act
Columbia Coastal Transport, LLC	COLUMBIA ELIZABETH	Barge	Jones Act
Columbia Coastal Transport, LLC	COLUMBIA HOUSTON	Barge	Jones Act
CRC Marine Services, Inc.	PFE-LB	LASH Barge	Jones Act
Crimson Shipping Co., Inc.	CRIMSON ACE	Barge-RO/RO	Jones Act
Crimson Shipping Co., Inc.	CRIMSON CLOVER	Barge-RO/RO	Jones Act
Crimson Shipping Co., Inc.	CRIMSON TIDE	Barge-RO/RO	Jones Act
Crimson Shipping Co., Inc.	CRIMSON VICTORY	Tug	Jones Act
Crowley Marine Services, Inc.	BARGE 455-3	Barge	Jones Act
Crowley Marine Services, Inc.	BARGE 455-4	Barge	Jones Act
Crowley Marine Services, Inc.	BARGE 455-5	Barge	Jones Act
Crowley Marine Services, Inc.	BARGE 455-6	Barge	Jones Act
Crowley Marine Services, Inc.	BARGE 455-7	Barge	Jones Act
Crowley Marine Services, Inc.	BARGE JULIE B	Barge	Jones Act
Crowley Marine Services, Inc.	BARGE MARTY J	Barge	Jones Act
Crowley Marine Services, Inc.	BULWARK	Tug	Jones Act
Crowley Marine Services, Inc.	GUARDSMAN	Tug	Jones Act
Crowley Marine Services, Inc.	HUNTER	Tug	Jones Act

Crowley Marine Services, Inc.	NAVIGATOR	Tug	Jones Act
Crowley Marine Services, Inc.	SATURN	Tug	Jones Act
Crowley Marine Services, Inc.	SPARTAN	Tug	Jones Act
Crowley Marine Services, Inc.	STALWART	Tug	Jones Act
Crowley Marine Services, Inc.	WARRIOR	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	ADVENTURER	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	DEFENDER	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	EL CONQUISTADOR	Barge	Jones Act
Crowley Puerto Rico Services, Inc.	EL REY	Barge	Jones Act
Crowley Puerto Rico Services, Inc.	ENSIGN	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	EXPLORER	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	FORTALEZA	Barge	Jones Act
Crowley Puerto Rico Services, Inc.	GAUNTLET	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	JACKSONVILLE	Barge	Jones Act
Crowley Puerto Rico Services, Inc.	LA PRINCESA	Barge	Jones Act
Crowley Puerto Rico Services, Inc.	LA REINA	Barge	Jones Act
Crowley Puerto Rico Services, Inc.	MIAMI	Barge	Jones Act
Crowley Puerto Rico Services, Inc.	MONITOR	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	PATRIARCH	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	RANGER	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	SAN JUAN	Barge	Jones Act
Crowley Puerto Rico Services, Inc.	SEA BREEZE	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	SEA HORSE	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	SENTINEL	Tug	Jones Act
Crowley Puerto Rico Services, Inc.	SENTRY	Tug	Jones Act
Dann Marine Towing, LC	ATLANTIC COAST	Tug	Jones Act
Dann Marine Towing, LC	CALUSA COAST	Tug	Jones Act
Dann Marine Towing, LC	CORAL COAST	Tug	Jones Act
Dann Marine Towing, LC	CRYSTAL COAST	Tug	Jones Act
Dann Marine Towing, LC	DMT-402	Hopper Barge	Jones Act
Dann Marine Towing, LC	DMT-403	Hopper Barge	Jones Act
Dann Marine Towing, LC	DMT-404	Hopper Barge	Jones Act
Dann Marine Towing, LC	DMT-405	Hopper Barge	Jones Act
Dann Marine Towing, LC	DMT-406	Hopper Barge	Jones Act
Dann Marine Towing, LC	DMT-407	Hopper Barge	Jones Act
Dann Marine Towing, LC	DMT-408	Hopper Barge	Jones Act
Dann Marine Towing, LC	DMT-409	Hopper Barge	Jones Act
Dann Marine Towing, LC	DMT-410	Hopper Barge	Jones Act
Dann Marine Towing, LC	EAST COAST	Tug	Jones Act
Dann Marine Towing, LC	EMERALD COAST	Tug	Jones Act
Dann Marine Towing, LC	FIRST COAST	Tug	Jones Act

Dann Marine Towing, LC	GOLD COAST	Tug	Jones Act
Dann Marine Towing, LC	GULF COAST	Tug	Jones Act
Dann Marine Towing, LC	IVORY COAST	Tug	Jones Act
Dann Marine Towing, LC	NEW ENGLAND COAST	Tug	Jones Act
Dann Marine Towing, LC	PALM COAST	Tug	Jones Act
Dann Marine Towing, LC	RADACO 103	Deck Barge	Jones Act
Dann Marine Towing, LC	SEA COAST	Tug	Jones Act
Dann Marine Towing, LC	SUN COAST	Tug	Jones Act
Dann Marine Towing, LC	TREASURE COAST	Tug	Jones Act
Dann Marine Towing, LC	ZEUS	Tug	Jones Act
Foss International, Inc.	AMERICAN TRADER	Barge	Jones Act
Foss International, Inc.	COLUMBIA BOSTON	Barge	Jones Act
Foss International, Inc.	Z BIG 1	Barge	Jones Act
Foss Maritime Co.	BARANOF	Barge	Jones Act
Foss Maritime Co.	BARGE SNI	Barge	Jones Act
Foss Maritime Co.	CORBIN FOSS	Tug	Jones Act
Foss Maritime Co.	DREW FOSS	Tug	Jones Act
Foss Maritime Co.	EDITH FOSS	Tug	Jones Act
Foss Maritime Co.	FOSS 185-C3	Barge	Jones Act
Foss Maritime Co.	FOSS 286-3	Barge	Jones Act
Foss Maritime Co.	JUSTINE FOSS	Tug	Jones Act
Foss Maritime Co.	KAHOLO	Barge	Jones Act
Foss Maritime Co.	LAUREN FOSS	Tug	Jones Act
Foss Maritime Co.	SITKA	Barge-Tank	Jones Act
Laborde Marine, L.L.C.	GENIE LAB	OSV	Jones Act
Laborde Marine, L.L.C.	HILDA LAB	OSV	Jones Act
Laborde Marine, L.L.C.	JEAN PIERRE LAB	OSV	Jones Act
Laborde Marine, L.L.C.	JOHN P. LAB	OSV	Jones Act
Laborde Marine, L.L.C.	RED LAB	OSV	Jones Act
Lockwood Brothers, Inc.	LOCKWOOD 2002	Barge	Jones Act
Lockwood Brothers, Inc.	MARY BENNETT	Tug	Jones Act
Lynden Incorporated & Affiliates	ALASKA PROVIDER	Barge-Deck	Jones Act
Lynden Incorporated & Affiliates	ANCHORAGE PROVIDER	Barge-Railcar	Jones Act
Lynden Incorporated & Affiliates	ARCTIC BEAR	Tug	Jones Act
Lynden Incorporated & Affiliates	BARANOF PROVIDER	Barge-Deck	Jones Act
Lynden Incorporated & Affiliates	CHATHAM PROVIDER	Barge-Deck	Jones Act
Lynden Incorporated & Affiliates	CHICHAGOFF PROVIDER	Barge-Deck	Jones Act
Lynden Incorporated & Affiliates	FAIRBANKS PROVIDER	Barge-Railcar	Jones Act
Lynden Incorporated & Affiliates	NANA PROVIDER	Barge-Deck	Jones Act
Lynden Incorporated & Affiliates	SOUTHEAST PROVIDER	Barge-Deck	Jones Act
Lynden Incorporated & Affiliates	STICKEEN	Barge	Jones Act



Lynden Incorporated & Affiliates	TAKU PROVIDER	Barge-Deck	Jones Act
Lynden Incorporated & Affiliates	TONGASS PROVIDER	Barge-Deck	Jones Act
Lynden Incorporated & Affiliates	WHITTIER PROVIDER	Barge-Railcar	Jones Act
Matson Navigation Company, Inc.	HALEAKALA	Container Barge (SS)	Jones Act
Matson Navigation Company, Inc.	MAUNA KEA	Container Barge (SS)	Jones Act
Matson Navigation Company, Inc.	MAUNA LOA	Container Barge (SS)	Jones Act
Matson Navigation Company, Inc.	WAIALEALE	Container-RO/RO Barge	Jones Act
McAllister Towing and Transportation Co., Inc.	AMY McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	ATLANTIC TRADER	Container Barge	Jones Act
McAllister Towing and Transportation Co., Inc.	BARBARA McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	BRUCE A McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	CHESAPEAKE TRADER	Container Barge	Jones Act
McAllister Towing and Transportation Co., Inc.	CHRISTINE McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	COLLEEN McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	EILEEN McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	IONA McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	JUSTINE McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	KATIE G McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	MARIANNE McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	MARJORIE B McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	McALLISTER GIRLS	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	McALLISTER SISTERS	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	MEGAN McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	MICHAEL J. McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	RELIANCE	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	RESOLUTE	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	RON G.	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	ROWAN McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	SUSAN McALLISTER	Tug	Jones Act
McAllister Towing and Transportation Co., Inc.	VICKIE M. McALLISTER	Tug	Jones Act
McCulley Marine Services, Inc,	CHAMPION	Tug	Jones Act
McCulley Marine Services, Inc,	D2005	Barge	Jones Act
McCulley Marine Services, Inc,	ELIZABETH ANNE	Tug	Jones Act
McCulley Marine Services, Inc,	MOBRO 126	Barge	Jones Act
McCulley Marine Services, Inc,	REGINA T	Tug	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	BIG MAX	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	CHEETAH	Tug	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	EL PUMA GRANDE	Tug	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MB 1213	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MB 1215	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MB 1216	Barge	Jones Act

Northcliffe Ocean Shipping & Trading Company, Inc.	MB 1218	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MB 1219	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MB 1700	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MB 1702	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MB 1703	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MB 1704	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MB 2007	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MB 2501	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MOBRO 1007	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MOBRO 1008	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MOBRO 1214	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MOBRO 1705	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MOBRO 2008	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MOBRO 2009	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	MOBRO 2503	Barge	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	RIO BRAVO	Tug	Jones Act
Northcliffe Ocean Shipping & Trading Company, Inc.	YBOR CITY	Tug	Jones Act
Northland Services, Inc.	ALASKA TRADER	Barge	Jones Act
Northland Services, Inc.	ALEUTIAN TRADER	Barge	Jones Act
Northland Services, Inc.	ANCHORAGE TRADER	Barge	Jones Act
Northland Services, Inc.	BERING TRADER	Barge	Jones Act
Northland Services, Inc.	BRISTOL BAY TRADER	Barge	Jones Act
Northland Services, Inc.	HAWAII TRADER	Barge	Jones Act
Northland Services, Inc.	KENAI TRADER	Barge	Jones Act
Northland Services, Inc.	KOYUKUK	Barge	Jones Act
Northland Services, Inc.	KUSKOKWIM TRADER	Barge	Jones Act
Northland Services, Inc.	KVICHAK TRADER	Barge	Jones Act
Northland Services, Inc.	NAKNEK TRADER	Barge	Jones Act
Northland Services, Inc.	NUSHAGAK TRADER	Barge	Jones Act
Northland Services, Inc.	PACIFIC TRADER	Barge	Jones Act
Northland Services, Inc.	POLAR KING	Tug	Jones Act
Northland Services, Inc.	POLAR RANGER	Tug	Jones Act
Northland Services, Inc.	POLAR STORM	Tug	Jones Act
Northland Services, Inc.	POLAR VIKING	Tug	Jones Act
Northland Services, Inc.	SHELIKOF TRADER	Barge	Jones Act
Northland Services, Inc.	TOGIAC TRADER	Barge	Jones Act
Northland Services, Inc.	UNIMAK TRADER	Barge	Jones Act
Northland Services, Inc.	WESWARD TRADER	Barge	Jones Act
Northland Services, Inc.	YUKON TRADER	Barge	Jones Act
Resolve Towing & Salvage	LANA ROSE	Tug	Jones Act
Resolve Towing & Salvage	RMG 400	Barge	Jones Act

Samson Tug & Barge Co., Inc.	ANNAHOOTZ	Barge Combo Deck/Tank	Jones Act
Samson Tug & Barge Co., Inc.	POWHATAN	Tug	Jones Act
Samson Tug & Barge Co., Inc.	SAMSON MARINER	Tug	Jones Act
Sea Star Line, LLC	CHEMCARIBE	Barge	Jones Act
Sea Star Line, LLC	FOSS 343	Barge	Jones Act
Sea Star Line, LLC	HALLE FOSS	Tug	Jones Act
Sea Star Line, LLC	HO'OMAKE HOU	Barge	Jones Act
Seabridge, Inc.	CARDINAL	Tug	Jones Act
Seabridge, Inc.	CHAMORRO	Tug	Jones Act
Seabridge, Inc.	S-2006	Barge	Jones Act
Seabridge, Inc.	S-2007	Barge	Jones Act
Seabridge, Inc.	S-2011	Barge	Jones Act
Seabridge, Inc.	S-7000	Barge	International
Seabridge, Inc.	TAMARAW	Tug	International
SeaTac Marine Services, LLC	SEATAC 300	Barge	Jones Act
Smith Maritime Inc.	ELSBETH	Tug	Jones Act
Smith Maritime Inc.	ELSBETH II	Tug	Jones Act
Smith Maritime Inc.	ELSBETH III	Tug	Jones Act
Smith Maritime Inc.	ELVIS	Barge	Jones Act
Smith Maritime Inc.	RHEA	Tug	Jones Act
Smith Maritime Inc.	MARILYN MONROE	Barge	International
Stevens Towing Co., Inc.	SJ-160	Barge-Hopper	Jones Act
Stevens Towing Co., Inc.	SJ-170	Barge-Hopper	Jones Act
Stevens Towing Co., Inc.	SJ-199	Barge-Hopper	Jones Act
Stevens Towing Co., Inc.	SJ-208	Barge-Hopper	Jones Act
Stevens Towing Co., Inc.	SJ-212	Barge-Hopper	Jones Act
Stevens Towing Co., Inc.	SJ-213	Barge-Hopper	Jones Act
Stevens Towing Co., Inc.	SJ-214	Hopper Barge	Jones Act
Stevens Towing Co., Inc.	SJ-215	Barge-Hopper	Jones Act
Stevens Towing Co., Inc.	T/V ISLAND BOY	Push Boat	Jones Act
Stevens Towing Co., Inc.	T/V ISLAND EXPRESS	Push Boat	Jones Act
Stevens Towing Co., Inc.	T/V ISLAND TIDE	Push Boat	Jones Act
Stevens Towing Co., Inc.	T/V ISLAND TRADER	Coastal Tug	Jones Act
Stevens Towing Co., Inc.	T/V ROYAL ENGINEER	Push Boat	Jones Act
Superior Maritime Services, Inc	ISLAND FOX	Tug	Jones Act
Superior Maritime Services, Inc	STEVENS OCEAN	Barge	Jones Act
Trailer Bridge, Inc.	ATLANTA BRIDGE	Barge-LO/LO	Jones Act
Trailer Bridge, Inc.	BROOKLYN BRIDGE	Barge-LO/LO	Jones Act
Trailer Bridge, Inc.	CHARLOTTE BRIDGE	Barge-LO/LO	Jones Act
Trailer Bridge, Inc.	CHICAGO BRIDGE	Barge-LO/LO	Jones Act
Trailer Bridge, Inc.	JAX SAN JUAN BRIDGE	Barge-RO/RO	Jones Act

Trailer Bridge, Inc.	MEMPHIS BRIDGE	Barge-LO/LO	Jones Act
Trailer Bridge, Inc.	SAN JUAN JAX BRIDGE	Barge-RO/RO	Jones Act
TransAtlantic Lines LLC	GUANTANAMO BAY EXPRESS	Barge	Jones Act
TransAtlantic Lines LLC	SPENCE	Tug	Jones Act
Western Towboat Company	OCEAN RANGER	Tug	Jones Act
Western Towboat Company	WESTERN #7	Deck Barge	Jones Act
Western Towboat Company	WESTERN CARRIER	Deck Barge	Jones Act
Western Towboat Company	WESTERN RANGER	Tug	Jones Act
Western Towboat Company	WESTERN SERVICE	Deck Barge	Jones Act
Western Towboat Company	WESTERN VENTURE	Deck Barge	Jones Act
Young Brothers Ltd	HA'A HEO	Barge	Jones Act
Young Brothers Ltd	HOKU KEA	Tug	Jones Act
Young Brothers Ltd	HOKU LOA	Tug	Jones Act
Young Brothers Ltd	HOKULANI	Tug	Jones Act
Young Brothers Ltd	KALA'ENALU	Barge	Jones Act
Young Brothers Ltd	KAMALUHIA	Barge	Jones Act
Young Brothers Ltd	KUKAHI	Barge	Jones Act
Young Brothers Ltd	MAKA'ALA	Barge	Jones Act
Young Brothers Ltd	MALULANI	Tug	Jones Act
Young Brothers Ltd	MANAOKEKAI	Tug	Jones Act
Young Brothers Ltd	MOANA HOLO	Tug	Jones Act

## Appendix 7

**Vessels Approved for Transfer to Foreign Registry Fiscal Year 2012**

Vessel Name	Type of Vessel	U.S. owner	Purchaser	Registry & Flag	Proposed Use
<b>TINA LITRICO</b>	Bulk Carrier	Tina Litrico LLC	Lower Lakes Towing Ltd.	Canada	Trade dry bulk commodities
<b>M-450</b>	Barge	Martin Operating Partnering LP	Genesis Worldwide Shipping & Trading Co. Ltd.	Panama	Transport petroleum products
<b>B.F.T. 38</b>	Barge	Reinauer Transportation Co., LLC	Capital Oil & Gas Industries Ltd.	Nigeria	Transport petroleum products
<b>AB DF 2</b>	Floating Drydock	Bender Shipbuilding & Repair Co., Inc.	Astilleros Bender, S. DE R.L. DE C.V.	Mexico	Operate as a floating drydock
<b>MOMAR 2301</b>	Barge	Ship7-190, LLC	Scrapmen Recycling Group	U.S.	Scrapped in Dominican Republic
<b>HERCULES 256</b>	Drilling Rig	SD Drilling LLC	Kencana HL Sdn Bhd	Malaysia	Converted to MODU
<b>HERCULES 2502</b>	Drilling Rig	SD Drilling LLC	Kencana HL Sdn Bhd	Malaysia	Converted to MODU
<b>AMERICAN TERN</b>	Cargo	Tern Shipholding Corp.	Natalia Shipping Ltd.	Tuvalu	Scrapped in India
<b>MAKOA</b>	Barge	Young Brothers Ltd.	Amix Salvage & Sales	Canada	Use in waterfront crane operation
<b>KAKELA</b>	Barge	Young Brothers Ltd.	Amix Salvage & Sales	Canada	Use in waterfront crane operation
<b>DBL 3201</b>	Tanker	Mr. Ferouz Amin	NO SALE INVOLVED	Guyana	Trade
<b>HELEN A</b>	Barge	Atlantic Subsea Inc.	Davis Shipping Ltd.	Canada	Replaced by another barge



<b>LONG BEACH</b>	Oil Carrier	SeaRiver Maritime Inc.	Karnak Holdings Ltd.	Tuvalu	Scrapped in China
<b>SEACOR PRIDE</b>	OSV	Seacor Offshore LLC	Mantenimiento Express Maritimo S.A.P.I. de C.V.	Mexico	Provide oilfield offshore support
<b>STATIA SUPPLIER</b>	Tanker	Moby II Inc.	Petrocoasta C.I.S.A.	Colombia	Carry oil
<b>POWER 320</b>	Lift boat	Power Marine Investments LLC	Subsea & Offshore Resources (UK) Ltd.	Panama	Purchase after completion
<b>GLOBAL EXPLORER</b>	Industrial Vessel	Global Enterprises LLC	Steuart Maritime, S, de R.L. de. C.V.	Mexico	Work charters in support of pipeline repair and maintenance
<b>BIG K3</b>	Freight Barge	Pan Agri International, Inc.	Melanco Star Nijeria Ltd.	Nigerian	Terminal construction business in Nigeria

Vessel Name	Type of Vessel	U.S. owner	Purchaser	Registry & Flag	Proposed Use
<b>SEACOR SPIRIT</b>	Offshore Service	Seacor Marine International LLC	NO SALE INVOLVED	Marshall Islands	Provide oilfield offshore support in Mexico
<b>MATTIE</b>	Barge	MACDEX, LLC	Energy Coal SpA	Panamanian	Movement of coal in Venezuela
<b>ASHLEY</b>	Barge	MACDEX, LLC	Energy Coal SpA	Panamanian	Movement of coal in Venezuela
<b>PATROIT</b>	Freight Ship	Wilmington Trust Co., Owner Trustee	Eukor Car Carriers Inc.	Korean	Carry Commercial vehicles & heavy RO/RO cargoes in the international trade.
<b>OCEAN CHAMPION</b>	Drilling Rig	Diamond Offshore Services Co.	Falcon Energy (L) Inc.	Liberian	Transporting and placing large materials in bridge construction
<b>OCEAN DRAKE</b>	Drilling	Diamond Offshore	Falcon Energy (L) Inc.	Liberian	Transporting and

	Rig	Services Co.			placing large materials in bridge construction
<b>OCEAN CRUSADER</b>	Drilling Rig	Diamond Offshore Services Co.	Falcon Energy (L) Inc.	Liberian	Transporting and placing large materials in bridge construction
<b>CTCO 2404</b>	Barge	Enterprises Marine Services, LLC	Tortola Barge Service Ltd.	British Virgin Islands	Transported to BVI where it will be used for marine cargo transportation
<b>VIRGINIAN</b>	Cargo	Sealift Chemicals LLC	Octavia Holdings S.A.	Panamanian	Lack of trading opportunities
<b>LIBERTY SPIRIT</b>	Freight	Liberty Star Shipping Corp.	NO SALE INVOLVED	Marshall Islands	Employed in worldwide carriage of dry bulk commodities.
<b>LIBERTY SUN</b>	Freight	Liberty Star Shipping Corp.	NO SALE INVOLVED	Marshall Islands	Employed in worldwide carriage of dry bulk commodities.
<b>TRANSPACIFIC</b>	Tanker	Transatlantic Line Tank Holdings, Inc.	Toki Shipping Ltd.	Dominica	Temporary bareboat charter to transport petroleum products/bunkering
<b>AL-KAT</b>	Offshore Supply	JG Marine LLC	Seabulk Offshore Operators Nigeria Ltd.	Nigerian	Service of the oil & gas industry in Nigeria

Vessel Name	Type of Vessel	U.S. owner	Purchaser	Registry & Flag	Proposed Use
<b>DELAWARE TRADER</b>	Tanker	Delaware Trade LLC	Octavia Holdings S.A.	India	Scrapping in India
<b>SEACOR</b>	Offshore	Seacor Marine	NO SALE	Marshall	Provide oilfield

<b>VOYAGER</b>	Supply	International LLC	INVOLVED	Islands	offshore support
<b>KINGFISH</b>	Offshore Supply	Hercules Liftboat Co., LLC	NO SALE INVOLVED	Panamanian	Support the oil & gas industry worldwide
<b>ASCENSION</b>	Cargo	Sagamore Shipping LLC	Octavia Holdings S.A.	Panamanian	Operating in foreign commerce
<b>MAUMEE</b>	Freight	Maumee LLC	Marine Recycling Corp.	Canadian	Scrapping in Canada
<b>OCEAN BEAR</b>	Freight	Oregon Sealark LLC	Coast Island Marine Ltd.	Canadian	Transport freight in Canadian waters.
<b>RICHMOND</b>	Drilling Unit	Atwood Drilling Inc.	MOPU Holdings (Singapore) Pte. Ltd.	Singapore	Mobile offshore drilling unit or a fixed offshore installation in the Gulf of Thailand
<b>FIRE ISLAND</b>	Barge	White Near Coastal Towing Corp.	Great Gatune Shipping Corp.	Panama	Used as bunkering in Gulf area
<b>BOURGEOIS TIDE</b>	Platform Supply	Zions Credit Corp.	NO SALE INVOLVED	Vanuatu	Operating in support of the oil & gas industry worldwide
<b>ERIC G. GIBSON</b>	Cargo	APL Maritime Ltd.	Karnak Holdings Ltd.	St. Kitts & Nevis	Scrapping in India
<b>BARGE 500-1</b>	Barge	Crowley Marine Services, Inc.	McKeil Work Boats Ltd.	Canadian	Transporting dry bulk & general cargo
<b>FOSS 248 P2</b>	Barge	Foss Maritime Co.	Western Canada Marine Response Corp.	Canadian	Respond to oil spills in Western Canadian waters.
<b>MWB 403</b>	Cargo	HMC Leasing Inc.	Heerema Shipping 12 B.V.	Panama	Employed as quay extension/mooring barge
<b>PAT TAYLOR</b>	OSV	Banc of America Leasing & Capital LLC	Maroom Fleet Ltd.	Vanuatu	Support of oil & gas production & exploration offshore in

					Mexico.
<b>HERCULES 101</b>	Drilling Rig	Hercules Drilling Co. , LLC	Well Services Petroleum Co. Ltd.	U.S.	Scrapping in US
<b>ROWAN GORILLA II</b>	MODU	Atlantic Maritime Services LLC	NO SALE INVOLVED	Marshall Islands	Vessel administration & meeting flag requirements
<b>GULFSTREAM</b>	Barge	Penn Maritime Inc.	San Martin Group Ltd.	Panama	Bunkering operations in the Panama Canal.

Vessel Name	Type of Vessel	U.S. owner	Purchaser	Registry & Flag	Proposed Use
<b>HERCULES 27</b>	MODU	The Offshore Drilling Co.	MegaDrill Services Ltd.	Belize	Convert to mobile offshore production unit for use in Nigeria

## Appendix 8

## Loan Guarantees in the Title XI Portfolio As of September 30, 2012

SHIPOWNER	VESSELS	MA. NUMBER	TOTAL MORTGAGE BAL.
ASTRO OFFSHORE CORPORATION	ASTRO BARRACUDA/1 SUPPLY VESSEL	MA-13478	\$6,035,000
BILLYBEY FERRY COMPANY LLC	16 FERRY VESSELS	MA-13988	\$12,239,051
BOLDINI	5 PLATFORM SUPPLY VESSELS	MA-14154	\$248,920,000
CAL DIVE I TITLE XI INC	DEEPWATER MULTI-SERVICE VESSEL	MA-13599	\$105,288,782
CANAL BARGE COMPANY INC	CBC 325-CBC 328	MA-12870	\$486,000
CANAL BARGE COMPANY INC	CBC 329-355, 110-114, 118-227, 761-762	MA-13535	\$13,004,000
CANAL BARGE COMPANY INC	21 RIVER BARGES	MA-13199	\$3,446,000
CANAL BARGE COMPANY INC	CBC 100-109, CBC 301-302, CBC 366-368	MA-13730	\$7,605,000
CANAL BARGE COMPANY INC	CBY 222-251, CBC 1267-8, 903-912	MA-13394	\$4,868,000
CANAL BARGE COMPANY INC	39 BARGES	MA-14123	\$36,927,000
CASHMAN EQUIPMENT CO	CEC 251-CC-255	MA-13491	\$2,184,000
CASHMAN EQUIPMENT CO	7 OCEAN DECK BARGES	MA-13351	\$3,407,000
FOSS MARITIME	3 DOUBLE HULL BUNKER BARGES	MA-2010-1	\$20,289,600
EASTERN SHIPBUILDING GROUP INC	SHIPYARD MODERNIZATION	MA-13544	\$1,310,000
ENSCO OFFSHORE COMPANY	ENSCO 7500	MA-13552	\$44,341,000
ENSCO OFFSHORE COMPANY	ENSCO 105	MA-13674	\$38,250,000
GLOBAL INDUSTRIES LTD	HERCULES	MA-13576	\$49,500,000
GUAM INDUSTRIAL SERVICES INC	ONE DRY DOCK	MA-13819	\$1,941,739
LAKE EXPRESS LLC	PASSENGER /CAR FERRY	MA-13902	\$10,215,435
LIGHTSHIP TANKERS III, LLC	SEABULK PRIDE	MA-13458	\$31,056,000
LIGHTSHIP TANKERS IV, LLC	SEABULK ARCTIC	MA-13464	\$31,115,000
LIGHTSHIP TANKERS V, LLC	SEABULK MARINER	MA-13468	\$31,190,000
MATSON NAVIGATION COMPANY INC	MANUKAI, MAUNAWILI	MA-13853	\$72,600,000
PASHA HAWAII TRANSPORT LINES LLC	JEAN ANNE	MA-13620	\$57,509,966
PENN ATB INC	HULLS 133-134 266-267	MA-13272	\$18,112,000
PENN BARGE INC	ATLANTIC ELIZA CARIBBEAN LUCIA	MA-13037	\$3,895,650
PENN TRANSPORT INC	3 DOUBLE HULL BARGES	MA-13753	\$23,817,000
PENN TUG & BARGE INC	EVERGLADES	MA-13662	\$4,462,000
PERFORADORA CENTRAL, SA	TONALA	MA-13794	\$6,873,090
PETRODRILL FIVE LIMITED	PRIDE PORTLAND	MA-13511	\$56,847,000
PETRODRILL FOUR LIMITED	PRIDE RIO DE JANEIRO	MA-13505	\$49,959,000
PETRODRILL FOUR LIMITED	PRIDE PORTLAND/RIO DE JANEIRO	MA-2004	\$7,293,000
REINAUER MARITIME COMPANY	TWO TUG-BARGE UNITS	MA-13723	\$31,369,000
STERLING EQUIPMENT INC	E CARROL/CAPT FOURNIER/JOE VERROCHI	MA-13742	\$4,907,000
TOTEM OCEAN TRAILER EXPRESS INC	M/V NORTH STAR	MA-13882	\$59,802,000
TOTEM OCEAN TRAILER EXPRESS INC	MIDNIGHT SUN	MA-13760	\$136,692,041
TRAILER BRIDGE INC	THREE CARRIER BARGES	MA-13346	\$7,821,000
TRAILER BRIDGE INC	CHICAGO BRIDGE AND CHARLOTTE BRIDGE	MA-13306	\$4,640,431
VANE LINE BUNKERING INC	DOUBLE SKIN 51 AND DOUBLE SKIN 52	MA-13813	\$7,092,180
VANE LINE BUNKERING INC	DOUBLE SKIN 55, DOUBLE SKIN 57	MA-13959	\$8,013,800
VESSEL MANAGEMENT SERVICES INC	VESSEL	MA-14106	\$237,695,000
VESSEL MANAGEMENT SERVICES INC	10 TUGS	MA-13472	\$34,560,000
VESSEL MANAGEMENT SERVICES INC	ALBERT/ATTENTIVE/AWARE/ROGER G/ GUS E	MA-13667	\$18,590,000
VESSEL MANAGEMENT SERVICES INC	SEA RELIANCE AND SOUND RELIANCE	MA-13718	\$34,299,000
VESSEL MANAGEMENT SERVICES INC	3 TUG BARGE UNITS	MA-14161	\$338,146,000
VESSEL MANAGEMENT SERVICES INC	OCEAN RELIANCE AND COASTAL RELIANCE	MA-13766	\$37,748,000
TOTAL GUARANTEES OUTSTANDING			\$1,966,362,765
OUTSTANDING COMMITMENTS			COMMITMENT BALANCE
OVERSEAS SHIPHOLDING GROUP			\$210,900,000
TOTAL GUARANTEES AND COMM.			\$2,177,262,765

## Pending Applications for Title XI Financing As of September 30, 2012

PUBLIC DISTRIBUTION

MARITIME ADMINISTRATION  
Title XI Ship Financing Guarantees

**PENDING APPLICATIONS as of 30 September 2012**

<u>Applicant</u>	<u>No. of Ships</u>	<u>Types of Vessels/Projects</u>	<u>Shipyard</u>	<u>Actual Cost to Applicant</u>	<u>Requested Loan Amount</u>	<u>Requested Term</u>	<u>Arrival Date</u>
Pasha Hawaii Shipping Company LLC	1	Container/Ro-Ro vessel	VT Halter Marine, Gulfport, MS	\$178,217,000	\$155,940,000	25 yrs	01/25/12
Legacy Leader, LLC	3	Platform Supply vessels	Gulf Ship, L.L.C., Gulfport, MS	\$422,550,000	\$369,731,250	20 yrs	02/07/12
	2	Platform Supply vessels	LAShip, L.L.C., Houma, La				
	3	Platform Supply vessels	North American Shipbuilding L.L.C., Larose, LA				
	2	Platform Supply vessels	TampaShip, L.L.C., Tampa, FL				
<b>TOTAL</b>	<b>11</b>			<b>\$600,767,000</b>	<b>\$525,671,250</b>		



## **Other Required Title XI Data**

46 USC 53718 requires the Administrator to report the following additional information on the Title XI Program to Congress annually:

### 2012

#### Appropriations Available For New Guarantees

- As of September 30, 2012 there was \$38,000,000 available for new guarantees.

#### Profiles Projects Approved Since Last Report

- No loan guarantees were approved in FY 2012.

#### Projects in the Portfolio Facing Financial Difficulties

- As of September 30, 2012, projects totaling \$146,776,221 faced financial difficulties.

#### Profiles of Any Defaults since Last Report

- No defaults occurred in FY 2012.



**U.S. Department of Transportation**

**Maritime Administration**

**1200 New Jersey Avenue, SE**

**Washington, DC 20590**

**1-800-99-MARAD**