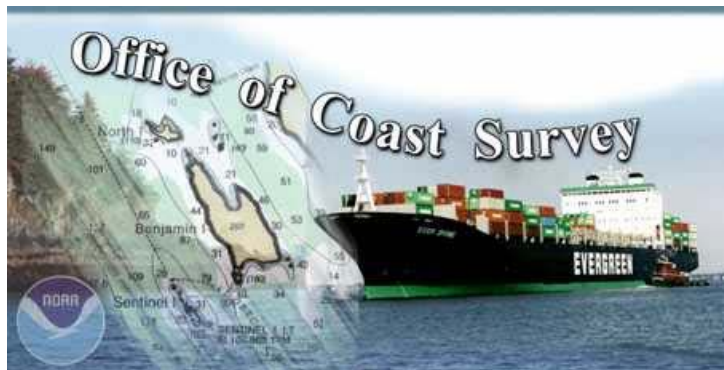




P U B L I C S E R V I C E S

**Department of Commerce**

*National Oceanic and  
Atmospheric Administration*



***Cost Analysis of Hydrographic Surveys  
in Alaska and the Gulf of Mexico***

***Addendum to the Final Report***

**October 5, 2001**



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October 5, 2001

Ms. Kathryn Ries  
NOAA/NOS Office of Coast Survey (N/CS)  
SSMC#3 Station #6145  
1315 East-West Highway  
Silver Spring, MD 20910-3282

Subject: Contract GS23F9796H, Order Number 40AANC1A9074, "Consulting Services in support of Hydrographic Surveys in Alaska and Gulf of Mexico."

Dear Ms. Ries:

KPMG Consulting is pleased to provide you with an addendum to our report "Cost Analysis of Hydrographic Surveys in Alaska and the Gulf of Mexico," dated September 21, 2001. This addendum addresses the use of a time charter vessel to conduct hydrographic surveys in both shallow and deep water environments in Alaska. If you have any questions regarding the information contained in this report, please do not hesitate to call Brett Stewart at (720) 493-7097 or me at (703) 747-4416.

Very truly yours,

KPMG Consulting

David J. Romola  
*Senior Manager*

## **Restriction Against Disclosure**

(excerpted from the Contract)

- A. The contractor agrees, in the performance of this contract, to keep the information furnished by the Government and designated by the contracting officer's technical representative in the strictest confidence. The contractor also agrees not to publish or otherwise divulge such information in whole or in part, in any manner or form, not to authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to such information while in the contractor's possession, to those employees needing such information to perform the work provided herein, i.e., on a 'need to know' basis. The contractor agrees to immediately notify the contracting officer in writing in the event that the contractor determines or has reason to suspect a breach of this requirement.
  
- B. The contractor agrees that it will not disclose any information described in subsection A. to any person or individual unless prior written approval is obtained from the contracting officer. The contractor agrees to insert the substance of this clause in any consulting agreement or sub-contract hereunder.

## Addendum

In KPMG Consulting’s report “Cost Analysis of Hydrographic Surveys in Alaska and the Gulf of Mexico,” the cost of performing surveys in Alaska using a time charter vessel was estimated. However, this estimate was for conducting any type of survey in Alaska, and did not account for variances between conducting surveys in shallow water versus deep water (deep water refers to depths of greater than 100 feet, or 30 meters).

In order to determine the cost of shallow and deep water time charters in Alaska, an estimate of the annual number of square nautical miles (SqNM) to be surveyed in each scenario was required. These figures were estimated based on the historical production of NOAA vessels in these regions, as follows:

- Shallow water:
  - P342-RA: the NOAA Ship RAINIER was used to survey Cook Inlet, Alaska in 1999, encompassing 57.2 SqNM.
  - The RAINIER was at sea for 30 days for this survey, out of 195 total sea days in 1999.
    - This survey accounted for 15.4% (30/195) of the RAINIER’s survey days in 1999.
  - Based on the productivity of this survey, it is estimated that the RAINIER could survey 371.8 SqNM (57.2 SqNM/15.4%) in shallow water in a given year.
  - Assuming a time charter vessel could survey a comparable number of SqNM as the RAINIER, the total cost of operating a time charter for a year in Alaska (\$12,276,880), is divided by 371.8 SqNM.
  - The result is \$33.02K/SqNM for shallow water surveys.
- Deep water:
  - P139-RA: the NOAA Ship RAINIER was used to survey Prince William Sound, Alaska in 2000, encompassing 188.6 SqNM.
  - The RAINIER was at sea for 48 days for this survey, out of 185 total sea days in 2000.
    - This survey accounted for 25.9% (48/185) of the RAINIER’s survey days in 2000.
  - Based on the productivity of this survey, it is estimated that the RAINIER could survey 726.9 SqNM (188.6 SqNM/25.9%) in deep water in a given year.
  - Assuming a time charter vessel could survey a comparable number of SqNM as the RAINIER, the total cost of operating a time charter for a year in Alaska (\$12,276,880) is divided by 726.9 SqNM.
  - The result is \$16.89K/SqNM.

The table below shows the results of the original analysis, along with the additional results for time charter surveys specifically in shallow water and deep water. The first three columns of results are identical to the original report. The last column displays the new findings.

Cost per square nautical mile (\$/SqNM), thousands of dollars				
	In-house	Contractor	Time Charter*	Time Charter**
Alaska - Shallow	\$24.17	\$58.38	\$18.89	\$33.02
Alaska - Deep	\$12.18	\$35.62		\$16.89

\*This estimate does not differentiate between shallow and deep water surveys.

\*\*Based on a full year of shallow water surveying and a full year of deep water surveying, respectively.