



U.S. Department
of Transportation
**Maritime
Administration**

MANUAL OF ORDERS

MARITIME ADMINISTRATIVE ORDER

REVOKES

MAO 70-1 dated
12/1/99 and Amdt 1
dated 3/31/00

NO.

70-1

EFFECTIVE DATE

July 30, 2000

SUBJECT

ASSOCIATE ADMINISTRATOR FOR SHIPBUILDING

Section 1. Organization and Functions:

1.01 The Associate Administrator for Shipbuilding (Associate Administrator) shall be responsible to the Maritime Administrator for formulation, direction and coordination of Title XI ship financing guarantees, capital construction funds and construction reserve funds, operating-differential and construction-differential subsidy programs, marine insurance and marine war risk insurance activities, of national policies and programs relating to the implementation by the Maritime Administration of the Administration's program designed to assist U.S. shipbuilders, ship repairers and their supply base reenter the international commercial market place and for developing and reviewing the designs of proposed ships, assist in administration of Maritime Administration's shipbuilding contracts, plan and direct projects in ship design, construction, and trials, develop requirements for mobilization-ship construction, and administer programs which collect, analyze, and maintain data on the relative cost of shipbuilding in the United States and foreign countries, as assigned to the Associate Administrator in DOT Order 1100.69A, Department of Transportation Organization Manual - Maritime Administration, and other issuances.

1.02 The organization structure and line of authority under the Associate Administrator shall be as depicted in the attached organization chart.

1.03 In addition, within the Immediate Office of the Associate Administrator is the Shipbuilding and Operations Manager.

Section 2. Delegation of Authority by the Maritime Administrator:

2.01 Subject to such conditions and limitations as the Maritime Administrator may impose in other directives, the Associate Administrator is authorized to exercise all the authorities of the Maritime Administrator required to perform the functions assigned to the Associate Administrator in DOT Order 1100.69A and other issuances, except authority to:

- 1 Approve requisitions in excess of \$200,000 for contracts, grants, and cooperative agreements or changes, made thereto which bring the aggregate amount to more than \$200,000 over the initial contract, grant or cooperative agreement.
- 2 Approve changes in contract plans and specifications of ships built under ship construction-type contracts and approve changes in costs and delay in delivery, if any, resulting from such changes, unless delegated by the contracting officer.
- 3 Act upon Title XI loan and/or mortgage guarantee matters that involve:
 - (1) Approvals of guarantees; all denials of guarantees;
 - (2) Declarations of default due to nonpayment of principal, interest, or guarantee premiums; sale of vessels acquired as a result of Title XI defaults;

- (3) Release of ships involving waivers of default, deferments, and advances of payments;
 - (4) Changes of mortgagor; and
 - (5) The establishment of new or revised policies and regulations under the program.
- 4 Approve or disapprove requests for charters by subsidized operators which would result in withdrawal of ships from subsidized service for more than six months.
 - 5 Disapprove requests by subsidized operators for waivers, permissions, consents, or exemptions pursuant to sections 804 and 805 of the Merchant Marine Act, 1936, as amended, or approve requests pursuant to section 805 which warrant a hearing.
 - 6 Settle claims of a marine and war risk insurance nature in excess of \$250,000.
 - 7 Make determinations under Title XII of the Merchant Marine Act, 1936, as amended, that:
 - (1) Insurance adequate to the needs of the waterborne commerce of the United States cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business in a State of the United States; or that
 - (2) Foreign-flag ships are engaged in transportation by water or other services deemed to be in the interest of the national defense or the national economy of the United States.

2.02 The Associate Administrator is authorized to recommend the issuance of grants or cooperative agreements for research and development activities, when appropriate. In determining the feasibility and purpose of these activities, the Associate Administrator shall consult the Coordinator of Research and Development and other program officials who propose projects and be guided by policy statements, work plans or other guidance approved by the Maritime Administrator, or designee, regarding the use of these activities to support Maritime Administration program objectives.

2.03 The Associate Administrator is authorized to prepare work statements and evaluation criteria, monitor performance, and, as delegated, approve acceptance of completed work, for grants, cooperative agreements, and contracts necessary to carry out the assigned functions.

2.04 The Associate Administrator is authorized to recommend settlement of delay claims and disputes in connection with construction and performance of ships built under Title VII of the Merchant Marine Act of 1936, as amended, the Economy Act, or other legislation authorizing the construction, reconstruction, or reconditioning of ships exclusively for account of the Government.

2.05 The Associate Administrator shall make or concur in recommendations to the Maritime Administrator as to the exercise of authorities described in 2.01 4 through 6 and 2.01 7(1) of this order.

2.06 The Associate Administrator may redelegate the authorities set forth in sections 2.01 through 2.04 above, in accordance with Maritime Administrative Order (MAO) 200-1. The Associate Administrator retains full responsibility for actions taken by subordinates under authorities redelegated.

2.07 The Associate Administrator has been delegated specific contracting authority to acquire all supplies, services, and equipment necessary for the protection and preservation of the Title XI program's interest in defaulted Title XI vessels and equipment. Further redelegations of this authority, except for

authority to award custodial contracts which authority may not be redelegated, shall be made in accordance with MAO 200-1.

Section 3. Delegation of Authority by the Maritime Subsidy Board (Board) and Limitations:

3.01 The following authority was delegated to the Associate Administrator by the Board on January 31, 1983:

- 1 Subject to prior clearance by the Maritime Administrator or Deputy Maritime Administrator, authority to approve "essential" changes under Board contracts for the construction, reconstruction, or reconditioning of ships, provided such essential changes do not result in a cost increase in excess of \$150,000 per ship in any one instance and provided the aggregate cost of all such changes does not increase the contract cost by more than four percent of the single vessel contract price. (Note: "Essential" changes are defined in the Board's action of December 30, 1981, relating to changes under Construction-Differential Subsidy contracts.)
- 2 Authority to approve changes under Board contracts for the construction, reconstruction, or reconditioning of ships, when such changes either reduce or do not increase the contract cost.

3.02 Actions taken under the delegations of authorities in 3.01 above shall be reported monthly to the Board. The Associate Administrator may, with the approval of the Board, redelegate these authorities to subordinate officials.

3.03 Of the authorities vested in the Maritime Subsidy Board, which are derived from Reorganization Plan No. 5 of 1950, Reorganization Plan No. 21 of 1950, and Reorganization Plan No. 7 of 1961, and as set forth in DOT Order 1100.69A, authority to act on the following items has been delegated to the Associate Administrator:

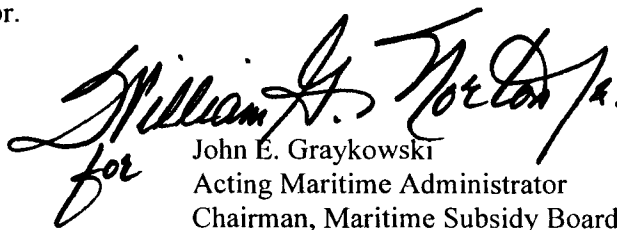
- 1 Requests for authority to change the name of a subsidized vessel.
- 2 Determinations concerning retention of the subsidized status of vessels which have been in lay-up for a period of 30 days or more.
- 3 Changes in the order of subsidized vessels required to be replaced under the subsidy agreements.
- 4 Permanent withdrawal of obsolete vessels from the subsidy agreements.
- 5 Requests to make cruise voyages.
- 6 Requests to interchange a vessel, and to determine which operating subsidy rate to apply.
- 7 Requests for exceptions to limitations on the foreign purchase of subsistence stores.
- 8 Requests to withdraw vessels from operating-differential subsidy agreements for sale or scrap when the final subsidized voyage of the ship terminates at a foreign port.
- 9 Determinations that owners pay the depreciated foreign costs of the national defense features on vessels if these features are used in commercial operations or if the American Bureau of Shipping (ABS) and/or U.S. Coast Guard change their regulations to require such features.

3.04 In exercising the authorities delegated in section 3.03 above , the Associate Administrator shall follow the guidelines set forth below

- 1 No action shall be taken under the authority delegated herein in cases which present, in the opinion of the Associate Administrator, particular conditions or circumstances warranting prior policy guidance or approval by the Maritime Subsidy Board (Board) without first obtaining such guidance or approval.
- 2 No action shall be taken under section 3.03 3, in cases where the replacement provisions of the operating-differential subsidy agreement involved contain a sanctuary clause, without prior approval of the Board.
- 3 Actions taken under section 3.03 shall be subject to administrative review by the Board.

3.05 Actions taken under all of the delegations of authority in section 3.03 shall be reported monthly to the Maritime Subsidy Board.

Section 4. Exercise of Redelegated Authorities: Notwithstanding the above redelegation of authorities, the Associate Administrator shall bring to the attention of the Maritime Administrator any action which establishes or changes policy and any other case which in the judgment of the Associate Administrator should be acted on by the Maritime Administrator.


for John E. Graykowski
Acting Maritime Administrator
Chairman, Maritime Subsidy Board

