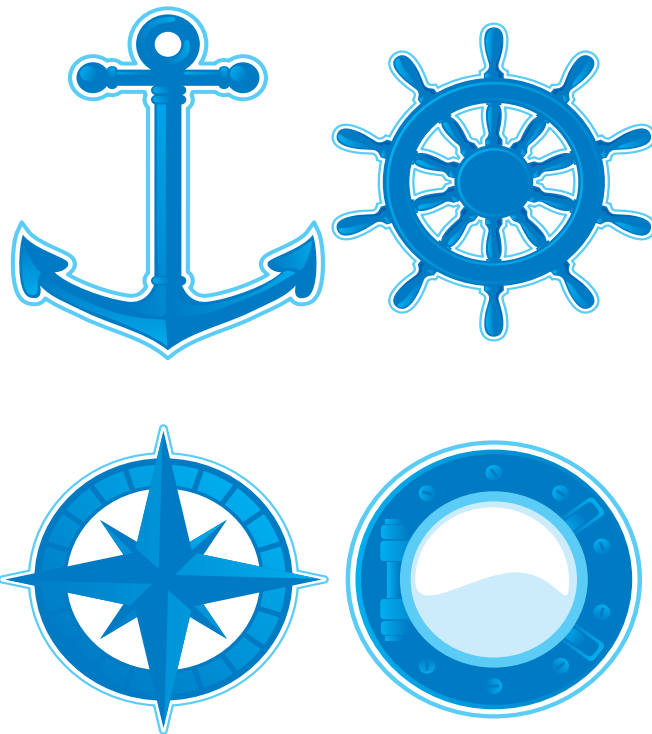




U.S. Department  
of Transportation

# Maritime Administration Annual Report to Congress Fiscal Year 2009



## Maritime Administration at a Glance

Established: 1950

Headquarters: 1200 New Jersey Avenue, SE  
Washington, DC 20590

Web Address: [www.marad.dot.gov](http://www.marad.dot.gov)

Fiscal Year 2009 Budget: \$433,391,000.

(Includes \$100 million in American Recovery and Reinvestment Act of 2009 funds) <sup>1</sup>

Total Full Time Positions	<u>842</u>
Headquarters	282
United States Merchant Marine Academy	294
Gateway Offices and Fleet Sites	266

Mission: To improve and strengthen the U.S. marine transportation system to meet the economic, environmental and security needs of the Nation.

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<sup>1</sup> American Recovery and Reinvestment Act of 2009 (Pub.L. 111-5), Division A – Appropriations Provisions, Title XII – Transportation and Housing and Urban Development, and Related Agencies, Department of Transportation, Maritime Administration, Supplemental Grants for Assistance to Small Shipyards.

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Maritime Administration

Fiscal Year 2009

Annual Report To Congress



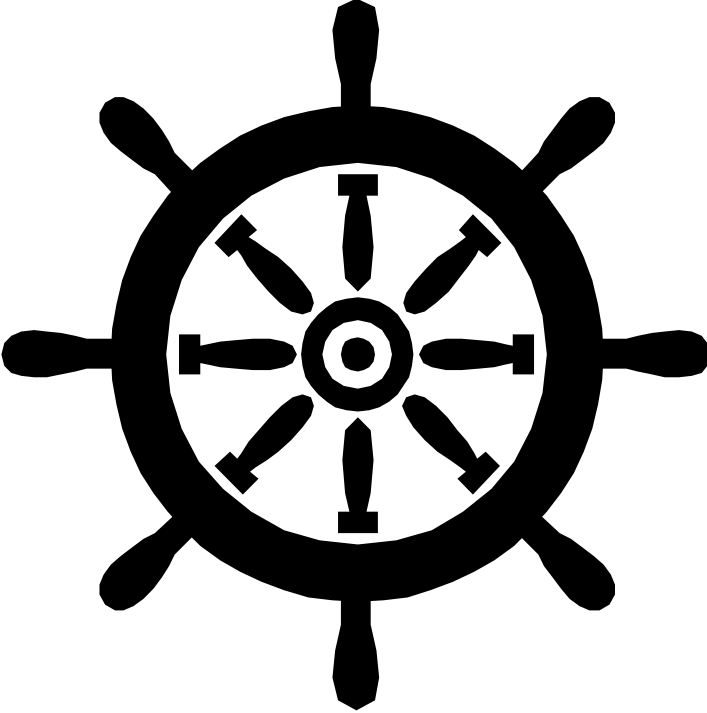
U.S. Department of Transportation  
Secretary  
Ray LaHood



Maritime Administration  
Maritime Administrator  
David T. Matsuda

**U.S. Department of Transportation**  
**Headquarters**

1200 New Jersey Avenue, SE  
Washington, DC 20590



# A Message from the Secretary

Ray LaHood

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 has also historically been a strong advocate for a world-class Marine Transportation System, and understands that efficient water transportation relies on well-maintained navigational shipping channels and harbors that receive both systematic and market-driven attention. For this reason, the Department has been a proponent of public-private partnerships and has been committed to working with all Federal, State, local, tribal and private stakeholders to achieve consensus on improving the Marine Transportation System and its connections to the other components of the transportation system.

The centerpiece of President Obama's and Congress's response to the 2007-2009 recession during fiscal year 2009, was the passage of the American Recovery and Reinvestment Act of 2009 (Recovery Act).<sup>2</sup> The Recovery Act provided a stimulus to the economy through a number of investments throughout the economy, but particularly 'shovel-ready' projects in the transportation sector. In addition, the Recovery Act provided funding for the Transportation Investments Generating Economic Recovery (TIGER) Grant program.<sup>3</sup> This program represented an important step toward the flexible funding needed to establish a more dynamic national freight transportation system. Through this program, the Department was able to award funding to projects of the highest merit without regard to their modes. The Department received more than 1,400 applications to the TIGER Grant program requesting funding for almost \$60 billion worth of projects. I am pleased that seven port-related projects were among the 51 award recipients, realizing \$120 million in grants. These projects, in concert with other Recovery Act investments, will provide lasting improvements to our Marine Transportation System.

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<sup>2</sup> Recovery Act (Pub.L. 111-5).

<sup>3</sup> Ibid., Department of Transportation, Office of the Secretary, Supplemental Discretionary Grants for a National Surface Transportation System.

# A Message from the Maritime Administrator

David T. Matsuda

The Maritime Administration (MARAD) is the Operating Administration within the United States (U.S.) Department of Transportation (DOT) responsible for improving and strengthening the U.S. marine transportation system to meet the economic, environmental, and security needs of the Nation. Its programs promote the use of waterborne transportation and its seamless integration with other segments of the transportation system and the viability of the U.S. merchant marine. MARAD works in many areas involving ships and shipping, shipbuilding, port operations, vessel operations, national security, environment, and safety.

MARAD is also tasked with maintaining the viability of the maritime industry. Commercial mariners, vessels, and intermodal facilities are vital for supporting national security. For this reason, the Agency provided support and information for current mariners, extensive support for educating future mariners, as well as programs to educate America's young people about the vital role the maritime industry plays in the lives of all Americans.

In fiscal year 2009, MARAD helped provide for America's economic recovery. The Agency issued 70 grants totaling \$98 million in American Recovery and Reinvestment Act of 2009 (Recovery Act) funds to improve small shipyards throughout the United States.<sup>4</sup> These funds, awarded through MARAD's Assistance to Small Shipyards Program, helped create and preserve jobs, provided valuable employment training, and made much-needed improvements to shipyards across the country. MARAD staff also participated in the review of grant proposals submitted for consideration under the Department's TIGER Grant program.<sup>5</sup> In addition, the Agency played a leading role internationally in combating piracy in the Gulf of Aden, and increased awareness of the maritime domain.

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 suits in admiralty law.

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<sup>4</sup> Recovery Act (Pub.L. 111-5). The Act appropriated a total of \$100 million with "up to two percent of the funds provided [\$2 million]...to fund the award and oversight...of grants made under this heading."

<sup>5</sup> Ibid., Department of Transportation, Office of the Secretary, Supplemental Discretionary Grants for a National Surface Transportation System.

## Executive Summary

- The Industry Overview section of this report provides context for the Agency's work. MARAD's activities are closely involved with the waterborne -transportation industry in all its aspects. This section outlines the magnitude of commercial trade, both foreign and domestic, the growth of the cruise industry and the overall financial and employment picture for the industry.
- The Expanded Opportunities section outlines the agency's activities with reference to our Nation's economic recovery funded through the Recovery Act. The Small Shipyard Grants Program issued \$98 million in grants<sup>6</sup>, and the Agency also has oversight responsibility for another \$21.4 million in port infrastructure improvements funded from the Recovery Act's highway funding.<sup>7</sup>
- The Security, Preparedness, and Response section outlines the Agency's high-profile role in combating piracy off the Horn of Africa, marine domain awareness, the Ready Reserve Force (RRF), the Maritime Security Program (MSP), and other sealift programs.
- The United States Merchant Marine Academy and the State Maritime Academies produced 715 graduates in fiscal year 2009.
- The Environmental Stewardship section highlights two issues that are most prominent within the global maritime industry. The first issue is how to reduce the risk of environmental damage caused by invasive species that may be transported in a ship's ballast water. The second issue is how to dispose of obsolete ships in an environmentally sound manner when they are no longer worthy of retention.
- The Reduced Congestion section describes the Agency's contributions to alleviating congestion in the overall transportation system. In this regard, the agency's Deepwater Ports Program works to provide a safe and efficient means for delivering liquefied natural gas and oil into the United States. The Marine Highways Program works to better use our Nation's waterways to alleviate congestion on U.S. roadways. This section also provides a report on the Maritime Guaranteed Loan Program, which is mandated by Congress.
- The Global Connectivity section describes the agency's growing work in providing expertise and coordination to improve our Nation's major ports, and gives a brief description of the Cargo Preference Program.
- The Financial Statements section compares financial activities at the end of fiscal year 2008 and fiscal year 2009.
- Appendices 1-10 provide a wide variety of detailed information regarding MARAD's various programs.

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<sup>6</sup> Recovery Act (Pub.L. 111-5).

<sup>7</sup> Ibid., Division A – Appropriations Provisions, Title XII – Transportation and Housing and Urban Development, and Related Agencies, Department of Transportation, Federal Highway Administration, Highway Infrastructure Investment.



# Industry Overview

*“Since such, therefore, are the advantages of water-carriage, it is natural that the first improvements of art and industry should be made where this conveniency opens the whole world for a market to the produce of every sort of labour...”*

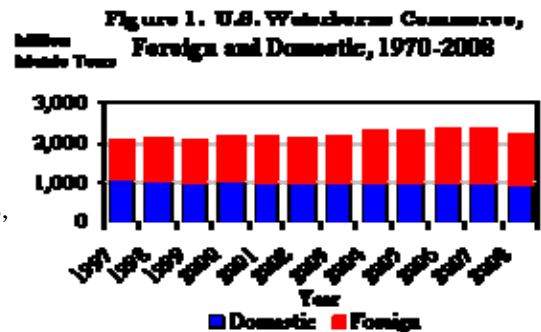
–Adam Smith

*An Inquiry into the Nature and Causes of the Wealth of Nations, 1776*

The U.S. water transportation industry serves the needs of both foreign and domestic commerce. The industry is comprised of companies that carry freight or passengers on the open seas or inland waterways, offer towing services, charter vessels, and operate canals and terminals. Because MARAD is assigned with maintaining the viability of the maritime industry, it is useful to set the agency’s work in the context of the current state of the industry.

## Commerce Trade

In 2008, United States waterborne commerce amounted to about 2.3 billion metric tons. Foreign commerce accounted for 61 percent of the total (Figure 1). In the mid 1990s, domestic and foreign trade was about 1 billion metric tons each. By 2008, foreign trade had increased to 1.4 billion metric tons while domestic trade had fallen to about 0.9 billion metric tons, due largely to import substitution in the oil trades.



Source: U.S. Army Corps of Engineers, Waterborne Commerce of the United States.

The domestic trades include cargoes moved on the oceans (including trade between the contiguous 48 states and Alaska, Hawaii, Puerto Rico, and Guam) and along the coasts (19 percent), on the inland waterways (61 percent), the Great Lakes (9 percent), and within ports or U.S. territories (11 percent).<sup>8</sup> Domestic trades are largely primary commodities: coal, petroleum, grains, ores, and chemicals. In 2008, higher-value container shipments (manufactures) amounted to about 20 million metric tons or 2 percent of U.S. domestic trade by weight. U.S. foreign waterborne trades are generally categorized as container and non-container (Table 1).

Table 1. U.S. Foreign Waterborne Trade (Million Metric Tons)

Annual								January-September		
	2003	2004	2005	2006	2007	2008	% Ch. 2003-08	2008	2009	% Ch. 2008-09
Trade	1,209.6	1,305.6	1,351.0	1,380.6	1,375.9	1,376.5	13.8	1,038.6	896.7	-13.7
Exports	329.7	351.1	355.4	380.2	426.0	484.4	46.9	367.9	324.0	-12.0
Imports	879.9	954.6	995.7	1,000.5	949.9	892.1	1.4	670.7	572.7	-14.6
Container	174.0	187.6	205.8	220.6	231.6	235.1	35.2	181.3	146.7	-19.1
Exports	58.0	61.8	66.4	73.6	86.0	98.0	68.9	77.4	64.0	-17.3
Imports	116.0	125.8	139.3	147.0	145.6	137.2	18.3	103.9	82.7	-20.4
Non-Container	1,035.6	1,118.0	1,145.3	1,160.0	1,144.3	1,141.4	10.2	857.3	750.0	-12.5
Exports	271.7	289.2	288.9	306.6	340.0	386.4	42.2	290.5	260.0	-10.5
Imports	763.9	828.7	856.3	853.5	804.3	754.9	-1.2	566.8	490.0	-13.5

Sources: Foreign trade – U.S. Bureau of Census. Real GDP – U.S. Bureau of Economic Analysis.

<sup>8</sup> Percentages are based upon 2008 figures. Note: There is no requirement for U.S.-flag shipping to the U.S. Virgin Islands.

In 2008, 80 percent of container trades (metric tons) were time-sensitive, higher-value food and manufactured products carried by vessels in scheduled service. Non-container trades were largely bulk commodities such as oil, ores, coal, and grains, which were moved in tramp or unscheduled service. As a result, the higher-value container trades tend to be more sensitive to real economic growth (decline) than non-container trades. For example, over the five years between 2003 and 2008, U.S. - container trades increased by 35 percent, compared to 10 percent for non-container trades. In 2009, a recession year, the container trades were off by more than 19 percent, compared to about 13 percent for non-container trades.

To service container trades, carriers have deployed post-Panamax containerships in end-to-end services, increased call frequencies, and reduced transit times. Over the years between 2003 and 2008, containership calls at U.S. ports increased by 8 percent, while the average vessel size measured by twenty equivalent units (TEUs) per call increased by 19 percent (Table 2). While the largest containerships (10,000 to 14,000+ TEUs) in international service move in Asia/Europe, trades between deeper-draft ports have been available in the United States. In general, containerships calling at U.S. ports are still around 40 percent larger than those calling at foreign ports.

Table 2. Containership Calls at U.S. Ports by Size  
2003-2008

Size (TEUs)	2003	2004	2005	2006	2007	2008	% Ch. 2003-07
< 2,000	4,118	3,906	3,994	4,146	3,904	3,493	-15.2
2,000 - 2,999	4,032	4,541	4,410	3,986	4,099	3,347	-17.0
3,000 - 3,999	4,050	3,888	3,624	3,333	2,866	2,460	-39.3
4,000 - 4,999	3,945	4,210	4,226	4,782	5,033	5,121	29.8
> 4,999	1,142	1,734	2,288	3,344	3,961	4,314	277.8
Total Calls	17,287	18,279	18,542	19,591	19,863	18,735	8.4
U.S.							
TEUs/Call	3,145	3,235	3,314	3,502	3,597	3,744	19.0
Foreign							
TEUs/Call	2,225	2,335	2,401	2,516	2,612	2,680	20.5

Source: Maritime Administration, Vessel Calls at U.S. Ports.

During this same time period, calls by containerships of 5,000 TEUs or greater, which are largely post-Panamax class, increased by 278 percent.<sup>9</sup> In 2008, post-Panamax containerships accounted for 23 percent of the containership calls at U.S. ports up from 7 percent from 5 years earlier. Post-Panamax containerships accounted for 69 percent of containership calls at West Coast ports.

As of year-end 2008, the post-Panamax segment accounted for about 37 percent of the global containership fleet (TEUs), but 70 percent of the containerships on order. Based on existing orders, the post-Panamax segment could grow to more than 48 percent of the fleet over the next 3 years. The Panama Canal expansion will also accommodate post-Panamax vessels and, upon completion (scheduled for 2014), will facilitate post-Panamax shipments to and from Gulf and East Coast ports and reduced rail transshipment costs.<sup>10</sup>

To service post-Panamax size containerships, U.S. ports have invested heavily in post-Panamax and super post-Panamax gantry cranes, which are capable of unloading vessels carrying 18 to 22 containers across. However, over the next five years, U.S. container ports will need to make additional investments in infrastructure to accommodate the expansion of post-Panamax services. For example, the Port Authority of New York and New Jersey plans to invest \$650 million in its express-rail infrastructure by 2012. Even more critical, however, are plans to dredge U.S. shipping channels to the deeper depths (45+ feet) needed to accommodate the larger vessels.

<sup>9</sup> Panamax refers to the maximum dimensions of a vessel that can pass through the current lock dimensions of the Panama Canal: length – 965 feet, beam – 106 feet, and draft – 39.5 feet. Post-Panamax containerships exceed one or more of these dimensions. In the past, containerships that could transit the Canal were deployed in tri-continental services such as Europe/U.S./Far East. Now, most containerships operate in end-to-end services (transit one ocean).

<sup>10</sup> After the expansion, the maximum dimensions of a vessel that can pass through the Panama Canal will be: length – 1,401 feet, beam – 180 feet, and draft – 60 feet. This will allow the Canal to accommodate the world's largest containerships.

Coastal feeder services are available to transship imports from major U.S. hub ports to other U.S. ports which cannot accommodate post-Panamax ships. Coastal container services are generally coastal legs of domestic short-sea services (lower 48 states to/from Alaska, Hawaii and Puerto Rico). Aside from the non-contiguous trade, the amount shipped on these legs is very small (0.3 million metric tons in 2008) because of additional transshipment costs and transit times.

In the United States, the network of waterways was the primary means of interstate commerce and transportation for goods and people during our Nation's early history. Over time, these services were largely replaced by rail, road and air transport. Under the Energy Independence and Security Act of 2007, the U.S. Department of Transportation and MARAD are working to bring about a more robust, energy-efficient, and climate-friendly transportation system through the creation and expansion of domestic water-transportation services.<sup>11</sup>

### North American Cruise Passengers

In 2009, 64 million passenger nights were booked on North American cruises, down 0.6 percent from a year earlier (Table 3). The North American cruise market has been capacity driven; that is, cruise lines have discounted fares to fill ships. From 2008 to 2009, North American cruise fares declined by nine percent. The discounting helped maintain demand for port and other cruise-related services.

The North American cruise market is highly concentrated, with the top four firms --Carnival, Royal Caribbean,

Norwegian, and Disney accounting for 99 percent of 2009 passenger nights. By itself, Carnival accounted for 6 brands and 55 percent of the passenger nights. Competition between sellers in a concentrated market can be fierce with low prices and extreme levels of product differentiation (market segmentation), as appears to be the case in the North American cruise market. For example in 2009, for example, 17 cruise lines offered 619 different cruise products differentiated by ship, departure port, destination, and nights. The cruises involved 109 ships, 59 departure ports, 15 destinations, and ranged in length from 1-30 nights.

### Investment, Prices, and Employment

As of year-end 2008, the U.S.-commercial fleet was comprised of about 40, 000 privately-owned cargo carrying vessels that were available for operation in U.S.-foreign and domestic trades (Table 4). U.S.-flag vessels accounted for about 35 percent (238 vessels) of the U.S.-owned ocean and lakes fleet, 80 percent (551 vessels) of the offshore fleet, and all of the coastal and waterway fleets

Table 3. North American Cruises, Key Statistics 2003-2009

(Capacity and Traffic in Million Passenger-Nights)

Year	Vessels	Cruises	Capacity	Traffic	Occupancy (%)
2003	101	4,094	50.84	53.53	105
2004	112	4,465	57.61	61.63	107
2005	114	4,463	59.03	63.73	108
2006	110	4,435	60.21	65.03	108
2007	116	4,464	62.15	67.20	108
2008	118	4,212	58.99	64.01	109
2008 Jan.-Sep.	108	3,189	43.69	47.87	110
2009 Jan.-Sep.	106	3,102	43.66	47.62	109

Notes: The Cruise statistics cover seventeen major cruise lines that offer North American cruises with a U.S. port of call. Capacity is based on 2 passengers per stateroom. A double stateroom with 2 passengers is considered 100 percent occupied. Since many double staterooms can accommodate 3 or 4 people, occupancy can be more than 100 percent.

Source: Maritime Administration, North American Cruise Statistics Snapshot.

Table 4. U.S.-Owned Fleet by Segment, 2008

	Ocean and Great Lakes			Coastal &		Total
	Ocean	Lakes	Total	Waterways	Offshore	
U.S.-Owned	628	47	675	38,502	689	39,866
U.S.-Flag	191	47	238	38,502	551	39,291
Jones Act	98	47	145	38,502	551	39198
Other	93	0	93	0	0	93
For.-Flag	437	0	437	0	138	575

Sources: Ocean and Offshore—Clarkson Research, Clarkson Register, [www.clarksons.net](http://www.clarksons.net); Coastal and Waterways—U.S. Army Corps of Engineers, Vessel Detail Files, [www.iwr.usace.army.mil/ndc](http://www.iwr.usace.army.mil/ndc). Information compiled by the Maritime Administration.

<sup>11</sup> Energy Independence and Security Act of 2007 (Pub.L. 110-140), Title XI – Energy Transportation and Infrastructure, Subtitle C – Marine Transportation, Sec. 1121 – Short Sea Transportation Initiative.

(Table 5). Jones Act vessels operating in domestic service accounted for 51 percent (98 vessels) of the ocean fleet and all of the lakes, offshore, coastal, and waterways fleets.<sup>12</sup>

Table 5. U.S. Producer Prices, Water Transportation and Related Industries  
2003-2009  
(Indices)

Segment	Annual							January-September		
	2003	2004	2005	2006	2007	2008	% Ch. 2008-09	2008	2009	% Ch. 2008-09
Water Transportation (Freight)	100.0	101.3	106.4	111.1	113.5	127.4	27.4	125.6	115.4	-8.0
Deep Sea	100.0	102.8	105.5	106.1	104.6	118.7	18.7	116.1	99.5	-14.3
Coastwise	100.0	101.2	111.4	121.1	133.2	138.4	38.4	138.5	131.5	-5.0
Great Lakes	100.0	101.3	105.4	113.2	125.3	145.0	45.0	144.2	145.4	0.8
Inland	100.0	105.1	121.4	146.7	149.2	174.0	74.0	171.1	167.6	-2.0
Cruise Passenger Fares	100.0	98.3	99.4	99.2	98.6	97.0	-3.0	97.8	88.0	-10.0
Port Services	100.0	101.0	103.5	107.7	112.7	117.1	17.1	116.8	116.7	-0.1
Cargo Handling	100.0	100.5	102.2	105.1	109.0	110.5	10.5	110.8	112.6	1.6
Shipbuilding and Repair	100.0	105.3	108.0	112.0	116.7	119.6	19.6	119.1	123.3	3.5
Shipbuilding										
Self-Propelled	100.0	108.3	115.2	124.3	132.1	141.0	41.0	139.3	164.4	18.0
Non-Self-Propelled	100.0	107.8	120.0	131.5	137.1	141.1	41.1	140.6	136.5	-2.9
Repair	100.0	101.0	102.9	110.1	122.7	125.0	25.0	124.6	126.0	1.1
Other Related Prices										
Rail, Carload	100.0	105.2	117.5	127.7	132.1	147.7	47.7	147.2	139.0	-5.5
Fuel										
Heavy Fuel Oil	100.0	99.0	147.1	159.2	171.4	227.0	127.0	249.2	141.5	-43.2
Diesel	100.0	127.6	188.2	215.8	234.3	323.7	223.7	356.5	170.5	-52.2

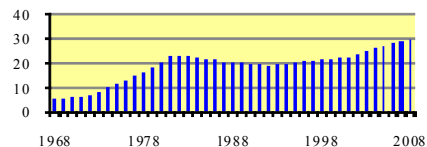
Note: The Producer Price Index (PPI) is a family of indices that measures the average change over time in selling prices received by domestic producers of goods and services. Source: U.S. Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov).

Over the 5 years between 2003 and 2008, the asset value of vessels used in U.S.-water transportation increased by 23 percent, the highest 5-year growth of the last 25 years (Figure 2).

During that 5-year period, carriers invested nearly \$9 billion in new vessel assets, including 27 ocean vessels, 291 tugs, 855 tank barges, 3,370 dry-cargo barges, 118 offshore-supply vessels, 31 supply vessels, and 31 ferries.

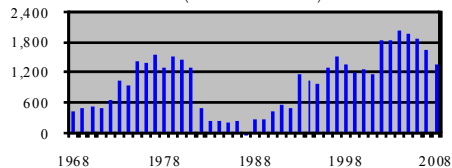
These new vessels are largely replacements for vessels built during the expansion of the 1970s that have been retired from service. There are, however, major differences between the two fleet construction booms. The investments of the 1970s were largely speculative: vessels were built to operate in spot markets because investors sought to take advantage of investment tax credits, loan guarantees, and construction subsidies. The recent burst of fleet construction has been largely market-driven, backed by long-term customer commitments. Having begun in the mid-1990s, the vessels replacement process is now in its final stages (Figure 3).

Figure 2. U.S. Water-Transportation Vessel Assets, 1968-2008 (Billion Dollars)



Source: U.S. Bureau of Economic Analysis, Detailed Fixed Asset Tables [www.bea.gov](http://www.bea.gov)

Figure 3. U.S. Investment in Vessel Assets 1968-2008 (Million Dollars)



Source: U.S. Bureau of Economic Analysis,

<sup>12</sup> Jones Act vessels must be constructed in the United States, owned by U.S. citizens, and registered under the U.S. flag.

Over the years between 2003 and 2008, 25,800 jobs were added in water-transportation and related industries, an increase of 20 percent (Table 6). Most of the gains were lost over the first nine months of 2009. The decline in shipbuilding employment was smaller than that for other segments as shipyards worked off their 2008 orders.

Table 6. U.S. Employment in Water Transportation and Related Industries  
2003-2009  
(Thousand Jobs)

Segment	Annual							January-September		
	2003	2004	2005	2006	2007	2008	%Ch. 2003-08	2008	2009	%Ch. 2008-09
Transportation	54.5	56.4	60.6	62.7	65.5	65.2	19.6	66.1	57.8	-12.6
Port Services	93.8	91.5	93.9	99.3	100.1	97.0	3.4	99.7	87.4	-12.3
Cargo Handling	40.8	40.8	42.8	45.6	46.2	44.9	10.0	45.4	38.6	-15.0
Other	53.0	50.7	51.1	53.7	53.9	52.1	-1.7	54.3	48.8	-10.1
Shipbuilding and Repair	92.6	90.8	92.2	95.1	101.0	104.5	12.9	104.6	101.3	-3.2
Total	240.9	238.7	246.7	257.1	266.6	266.7	10.7	270.4	246.5	-8.8

Note: The current employment survey series are estimates of nonfarm wage and salary jobs, not estimates of employed persons; an individual with two jobs is counted twice by the survey. Source: U.S. Bureau of Labor Statistics, Current Employment Statistics Survey, [www.bls.gov](http://www.bls.gov).





Classroom training - photo courtesy of the USMMA  
Students at the United States Merchant Marine Academy receive classroom training.



Photo courtesy of the USMMA  
Secretary of Transportation Ray LaHood addresses the 2009 graduating class of the United States Merchant Marine Academy.

# Expanded Opportunities

## WORKING TOWARD AMERICA'S RECOVERY

The Recovery Act was signed into law by President Obama on February 17, 2009. It was an unprecedented effort to jumpstart our economy, create or save millions of jobs, and put a down payment on addressing long-neglected challenges so our Nation can thrive in the 21st century. The Recovery Act is an extraordinary response to an economic crisis unlike any since the Great Depression, and includes measures to modernize our Nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those Americans in greatest need. MARAD is directly involved in the Recovery Act through its Small Shipyards Grant Program and its participation in grants to ports.

American shipyards provide an excellent opportunity to move the economy toward prosperity again. Shipyard workers are skilled and highly paid, and employment is more often available in shipyards that have modern equipment and well-trained workers. Since a vibrant shipbuilding industry is an important component in our Nation's maritime industry, MARAD used the Small Shipyard Grant Program as a vehicle for economic recovery under the Recovery Act to give grants to shipyards to upgrade equipment and train workers.

### Small Shipyard Grants

Under the terms of the Recovery Act, MARAD received a total of \$100 million from Congress for the Small Shipyards Grant Program for fiscal year 2009.<sup>13</sup> This program provides 75 percent in Federal funds with 25 percent in matching funds from the shipyard for capital improvements and related infrastructure improvements, which will foster efficiency, competitive operations, and quality ship construction and repair. Grant funds may also be used for maritime training programs to enhance technical skills and operational productivity.

On August 18, 2009, DOT announced 70 grants totaling \$98 million in Recovery Act funds that will be used to improve small shipyards throughout the United States.<sup>14</sup> The following is a detailed list of the grantees:

- Aker Philadelphia Shipyard, Inc., Philadelphia, PA: \$2,312,614, for the first year of a training program.
- All American Marine, Inc., Bellingham, WA: \$297,827 for painting equipment, welding equipment, shipyard machinery, and information technology upgrades.
- Associated Naval Architects, Inc., Portsmouth, VA: \$476,893 for surface preparation equipment and air-service upgrades.
- Atlantic Marine Boston, LLC, Boston, MA: \$412,688 for a drydock ship handling system.
- Atlantic Marine Florida, LLC, Jacksonville, FL: \$1,234,340 for steel fabrication upgrades.
- Atlantic Marine Philadelphia, LLC, Philadelphia, PA: \$988,687 for a 60-ton crane and a drydock ship handling system.
- Austal USA, LLC, Mobile, AL: \$1,807,500 for an overhead-bridge crane and a 225-ton mobile crane.

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<sup>13</sup> Recovery Act (Pub.L. 111-5), Division A – Appropriations Provisions, Title XII – Transportation and Housing and Urban Development, and Related Agencies, Department of Transportation, Maritime Administration, Supplemental Grants for Assistance to Small Shipyards.

<sup>14</sup> Ibid.

- BAE Systems San Diego Ship Repair (Marine Training Program), San Diego, CA: \$410,874 for the first year of a training program.
- BAE Systems San Francisco Ship Repair, San Francisco, CA: \$1,783,175 for drydock strengthening and upgrades.
- Bay Ship & Yacht Co, Alameda, CA: \$1,452,526 for a 90-ton crane and high-reach equipment.
- Blount Boats, Inc., Warren, RI: \$868,186 for a hydraulic shear, brake press, and plate roller.
- Bludworth Marine, LLC (Orange), Orange, TX: \$124,875 for a 30-ton crane and a forklift.
- Blue Danube Corporation, Georgetown, PA: \$2,973,750 for a new drydock.
- Blue Danube Incorporated, Dunlevy, PA: \$365,115 for production enhancements.
- Colonna's Shipyard, Inc. Norfolk, VA: \$1,963,333 for a wastewater treatment barge, DAF water-treatment system, hydro-blast equipment, and a big-top enclosure.
- Davis Boat Works, Inc., Newport News, VA: \$612,097 for a blast enclosure and electrical upgrades.
- Derektor Shipyards Connecticut, LLC, Bridgeport, CT: \$2,947,710 for drydock modifications.
- Eastern Shipbuilding Group, Inc./Bay Fabrication, Inc., Panama City, FL: \$2,986,620 for an Ogden panel line.
- Ellicott Dredges, LLC, formerly known as Baltimore Dredges, LLC, Baltimore, MD: \$1,755,330 for material handling, machining, welding, and information technology upgrades.
- Everett Shipyard, Inc., Everett, WA: \$439,497 for a mobile cover and a training program.
- Fairhaven Shipyard Companies, Inc., Fairhaven, MA: \$1,630,750 for a 400-ton travelift.
- Foss Maritime Company (Rainer Yard), Rainier, OR: \$707,550 for hydraulic dollies and a 90-ton crane.
- Foss Maritime Company (Seattle Yard), Seattle, WA: \$621,761 for lifts, forklifts, a brake press, bridge crane welding machines, and hydraulic dollies.
- G&H Barge Repair & Fabrication, LLC, Houma, LA: \$1,766,100 for a new drydock.
- General Ship Repair Corporation, Baltimore, MD: \$2,400,125 for a drydock expansion.
- Guam Industrial Services, Inc., doing business as Guam Shipyard, Santa Rita, GU: \$495,561 for a plasma cutting machine and a plate-roll machine.
- Gulf Copper Manufacturing Group, Galveston, TX: \$2,274,022 for a fabrication shop upgrade.
- Gulf Marine Repair Corporation, Tampa, FL: \$4,159,857 for a drydock expansion.
- Horizon Shipbuilding, Inc., Bayou La Batre, AL: \$99,000 for gas and air storage and a distribution system.
- Houma Industries, LLC, Harvey, LA: \$1,793,477 for a 275-ton crane.
- ICE FLOE, LLC, doing business as Nichols Brothers Boat Builders, Freeland, WA: \$841,077 for training, environmental coverings, and welding equipment.
- International Ship Repair & Marine Services, Inc., Tampa, FL: \$2,228,307 for a drydock life extension.
- James Built, LLC, Calvert City, KY: \$1,843,935 for a press brake, two rough-terrain cranes, a wheelabrator, and a computer numerical control (CNC) plasma table.
- James Wickliffe (Division of James Marine, Inc), Wickliffe, KY: \$620,025 for a 40-foot lathe, a 25-ton crane, and a boom lift.
- Jeffboat, LLC, Jeffersonville, IN: \$2,301,837 for a slipway repair and aerial lifts.
- Kvichak Marine Industries, Inc., Seattle, WA: \$1,138,602 for a crane, aluminum plate processing, and training.
- Lake Union Drydock Company, Seattle, WA: \$184,217 for an information-technology upgrade and a steel-plate roller.
- LEEVAC Shipyards, LLC, Jennings, LA: \$3,733,517 for two cranes and other equipment.
- Lyon Shipyard, Inc., Norfolk, VA: \$4,542,123 for a drydock enhancement.
- Marine Fluid Systems, Inc., Eastonville, WA: \$744,244 for a railway trolley, a crane, a forklift, an ironworker, and welding machines.



- Marine Hydraulics International, Inc., Norfolk, VA: \$259,650 for paint cure booth and a CNC plasma cutter.
- Master Boat Builders, Inc., Bayou La Batre, AL: \$2,326,683 for a 300-ton crawler crane and two rough-terrain cranes.
- McGinnis, Inc., South Point, OH: \$1,420,069 for a plasma table, welding items, a press brake, and an angle-bending roll.
- National Maintenance and Repair, Inc., Hartford, IL: \$1,180,707 for a 220-ton crane.
- Navatek Ltd., Honolulu, HI: \$902,634 for a movable fabrication bay and a CNC router.
- Offshore Inland Marine & Oilfield Services, Inc., Mobile, AL: \$330,618 for a forklift and other equipment.
- P&R Water Taxi, LLC, Honolulu, HI: \$876,745 for a 110-ton crane.
- Pacific Shipyards International, LLC, Honolulu, HI: \$3,964,362 for a waterjet cutting system, plate and angle rollers, a press brake, and a shear.
- Paducah River Painting, (Subsidiary of James Marine, Inc.) Calvert City, KY: \$453,000 for two rough-terrain cranes.
- Paducah River Service (a Division of James Marine, Inc.) Calvert City, KY: \$542,526 for a plasma cutting machine and a CNC lathe.
- Platypus Marine, Inc., Port Angeles, WA: \$73,780 for information technology upgrades.
- RiverHawk Marine, LLC, Tampa, FL: \$1,290,246 for a travelift and synchro-lift control upgrade.
- SAFE Boats International, LLC, Port Orchard, WA: \$1,097,495 for cranes, a travelift, and other equipment.
- Scarano Boat Building, Inc., Albany, NY: \$375,613 for a CNC router, a crane, and an epoxy dispensing system.
- SeaArk Marine, Inc., Monticello, AR: \$416,213 for a crane and a forklift.
- Senesco Marine, North Kingtown, RI: \$1,792,347 for a transporter and four overhead cranes.
- Seward Ship's Drydock, Inc., Seward, AK: \$1,088,078 for ship-transport cradles, synchro-lift controls, and compressed air upgrades.
- Signal International, LLC, Pascagoula, MS: \$1,893,087 for a profile cutting system, a semi-auto beveller, a 750-ton brake press, and a roll form press.
- Signal International Texas, LP Orange, TX: \$1,313,300 for a panel line.
- St. John's Ship Building, Inc., Palatka, FL: \$2,343,977 for a drydock and an air compressor.
- Steiner Shipyard, Inc., Bayou La Batre, AL: \$1,802,836 for a 400-ton travelift.
- Stevens Towing Co., Inc., Younges Island, SC: \$318,533 for a floating dock and equipment.
- Tampa Ship, LLC, Tampa, FL: \$2,270,172 for a panel line.
- The Great Lakes Towing Company, Cleveland, OH: \$845,407 for tooling and equipment.
- Todd Pacific Shipyards Corporation, Inc., Seattle, WA: \$1,945,981 for a training program.
- Trinity Industries, Inc., Caruthersville, MO: \$308,538 for a plasma cutter.
- Union Dry Dock & Repair Company, Hoboken, NJ: \$577,902 for welding equipment, lifting equipment, and blast and coating equipment.
- Vigor Industrial, LLC, Portland, OR: \$1,582,665 for an integrated thermal cutting system, a virtual paint system, a drydock automation system, a plural paint system, and a portable boiler system.
- Washburn & Doughty Associates, Inc., East Boothbay, ME: \$2,659,500 for a new drydock.
- Yager Materials, LLC, Owensboro, KY: \$1,407,612 for a panel line.

In addition to the Recovery Act grants, MARAD also awarded grants under its regular Assistance to Small Shipyards Program.<sup>15</sup> On July 9, 2009, DOT announced that 14 small shipyards in 10 states received a total of \$17.1 million in fiscal year 2009 grants:

- Aker Philadelphia Shipyard, Inc., Philadelphia, PA: \$1,951,022 for a thermal machining center.
- Basic Marine, Inc., of Escanaba, MI: \$1,376,187 for a cutting table, a press brake, and welders.
- Bay Shipbuilding Co. (a division of Fincantieri Marine Group LLC) of Sturgeon Bay, WI: \$2,894,972 for a 220-ton transporter, a micro panel line, a burning machine, a magnetic lift beam, and a brake press.
- Bollinger Shipyards Lockport, LLC, Lockport, LA: \$1,146,596 for a press, a plasma cutting table, and a 6 inch mill.
- Duclos Corporation doing business as Gladding-Hearn Shipbuilding, Somerset, MA: \$629,675 for lifts, skylights, lighting upgrades, overhead cranes, and two 22-ton cranes.
- Marinette Marine Company, Marinette, WI: \$1,404,919 for bridge cranes, a deck straightener, a cable system, and panel line jib cranes.
- North Florida Shipyards, Inc., Jacksonville, FL: \$3,312,369 for waterblast equipment and a 600-ton travelift.
- Pacific Ship Repair & Fabrication, Inc., San Diego, CA: \$319,365 for a waterjet cutting machine, a press brake, and a shear.
- Total Marine Services of Jefferson, Inc., of Harvey, LA: \$640,264 for a 100-ton crawler crane and welding equipment.
- VT Halter Marine (Pascagoula), Inc., Pascagoula, MS: \$1,565,587 for a 450-ton transporter and a portable retractable-platen cover.
- VT Halter Marine, Inc., Halter Moss Point, MS: \$436,406 for a press brake and CNC burning table.
- VT Halter Marine, Inc., Moss Point Marine, Moss Point, MS: \$868,011 for a CNC burning table.
- William E. Munson Co., Inc., Edmonds, WA: \$150,585 for welders, a shear, and a press.
- Zidell Corporation, Portland, OR: \$454,042 for a plasma cutting machine, welding equipment, and a vacuum plate lifter.

### **Port Grant Projects**

In keeping with its longtime commitment to promote the use of waterborne transportation and its seamless integration with other segments of the transportation system, MARAD has long provided port authorities with assistance and expertise in improving infrastructure and operational efficiency. The Agency has oversight responsibility for \$21.4 million in grants under the Recovery Act's highway infrastructure investment provision.<sup>16</sup> The grant funds are being used to improve existing infrastructure, increase efficiency, and reduce environmental effects of cargo handling operations.

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<sup>15</sup> Omnibus Appropriations Act, 2009 (Pub.L. 111-8), Division I – Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2009, Title I, Department of Transportation, Maritime Administration, Assistance to Small Shipyards.

<sup>16</sup> American Recovery and Reinvestment Act of 2009 (Pub.L. 111-5), Division A – Appropriations Provisions, Title XII – Transportation and Housing and Urban Development, and Related Agencies, Department of Transportation, Federal Highway Administration, Highway Infrastructure Investment.

During fiscal year 2009, MARAD signed grant agreements with the Port of Portland (Oregon), Toledo-Lucas County (Ohio) Port Authority, and Columbiana County (Ohio) Port Authority to undertake port-development projects. The Agency will provide technical oversight and administrative support for container-crane modernization and marine-terminal upgrades in Portland, new mobile cranes for the Port of Toledo, and cargo handling equipment for Columbiana County Port Authority. These activities will increase port efficiency and reduce environmental effects of cargo handling activities.

Under a new Recovery Act program, up to \$1.5 billion was made available through September 30, 2011, for the Secretary of Transportation to make grants on a competitive basis for capital investments in surface-transportation infrastructure projects that will have a significant impact on a metropolitan area, region, or our Nation.<sup>17</sup> Projects eligible for funding provided under this program include port infrastructure investments. Such investments include: improving passenger and/or freight throughput, storage, or processing capacity; increasing port efficiency, reliability and/or resiliency; increasing the ability to facilitate system recovery from natural or man-made disasters; and, providing security or national interest features for use by civilian and defense agencies. As of September 30, 2009, Maritime Administration staffs were participating in the related grant review process.



American Recovery Act Announcement--Official DOT photo  
President Barack Obama announces DOT's TIGER Program (a part of the American Recovery Act) to Federal employees as Vice President Joe Biden and Secretary of Transportation Ray LaHood look on.

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<sup>17</sup> Recovery Act (Pub.L. 111-5), Department of Transportation, Office of the Secretary, Supplemental Discretionary Grants for a National Surface Transportation System.

## Security, Preparedness, and Response

The United States depends on its merchant mariners and commercial fleet of ships to transport goods and materiel overseas in any armed conflict or overseas emergency. Maintaining and improving the U.S. merchant marine is a significant national security role for MARAD and the Department of Transportation. To support these national security requirements, MARAD owns and maintains a ready fleet of cargo ships; administers programs that facilitate the use of U.S. commercial cargo ships and intermodal facilities; and ensures major strategic ports are available for use by the armed forces while minimizing impact to the flow of commerce. The Maritime Administration also plays a critical role in training merchant mariners and ensuring their employment in the fleets of the world. The agency also works with other federal agencies and international bodies to improve the safety of life at sea and in the industry as a whole.

MARAD also has a significant role in responding to security challenges. In fiscal year 2009, a major security challenge was piracy off the Horn of Africa.

### **PIRACY AND MARITIME DOMAIN AWARENESS**

MARAD serves as an industry facilitator to meet security challenges, and provides useful information to both the private and public sectors. This function is critical not only in the event of a transportation security incident, but also to facilitate the safety and security of the maritime domain at all times. The Agency has been at the forefront of outreach and interaction with the industry and other Federal agencies by hosting dozens of meetings in both national and international forums to help shape best-management practices to counter piracy and to share industry concerns.

The attack by pirates and subsequent recovery of the U.S.-flag cargo ship MAERSK ALABAMA in 2009 elevated awareness of the problem of piracy in the waters off the Horn of Africa. Piracy in that region escalated in 2008, and continued to be a major concern during 2009, causing a significant disruption to the commercial shipping sector's ability to safely transit those shipping lanes, as well as endangering the lives of merchant mariners crewing the vessels.



MAERSK ALABAMA—photo courtesy Maersk Sealand  
MAERSK ALABAMA at sea.

The absence of the rule of law in or an effective central government in Somalia since 1991 has created conditions for sea jackings and piracy in the Horn of Africa region. Throughout 2008, 111 pirate attacks were reported off the coast of Somalia. While lulls in attacks occurred during monsoon periods, the number of attacks increased again later in 2009. In a 10-day period occurred in early April alone, 15 such attacks occurred.

According to statistics provided by the International Chamber of Commerce International Maritime Bureau's Piracy Reporting Centre, there were 406 incidents of piracy and armed robbery reported in 2009. This was the third consecutive year that attacks on ships increased in number, and more than half of the incidents were attributed to Somali pirates.

MARAD has worked to establish and disseminate best-management practices to prevent piracy, by representing industry's perspectives and ideas within interagency piracy working groups. The Agency provided assessments of security on U.S. vessels, and has been engaged in a network of international bodies and working groups to deal with policy, providing leadership and expertise to the U.S. delegation to the International Maritime Organization (IMO) Maritime Safety Committee in June 2009, as that forum deliberated on actions to counter piracy in the Horn of Africa region and ultimately produced IMO international guidelines to address piracy. The Agency also played a critical role in the creation and development of interagency anti-piracy assistance teams, which provide voluntary operational and physical-security assessments of U.S. flag vessels.

The Horn of Africa piracy portion of the Agency's website provides the latest information from international organizations and information on best practices, information gleaned from mariners and companies that have successfully thwarted pirate attacks. The Agency's MarView website ([www.marview.gov](http://www.marview.gov)) provides real-time information on the locations of ships and conditions in ports and, combined with other Agency activities, systematically provides information on counter-piracy measures and awareness to commercial shipping throughout the world.

## **SEALIFT AND EMERGENCY RESPONSE**

MARAD programs support an important function of the merchant marine, which is providing water transportation, or sealift, in support of the U.S. armed forces. In recent years, some of those programs have shown themselves to be increasingly important in times of natural disaster and other emergencies. MARAD owns and maintains a fleet of cargo ships, provides support for commercial ships and intermodal facilities that may be needed in an emergency and provides training for merchant mariners.

### **Ready Reserve Force**

The Ready Reserve Force (RRF) is a group of cargo ships owned and maintained by the Maritime Administration. It is the active subset of the National Defense Reserve Fleet (NDRF). During fiscal year 2009, the RRF consisted of 50 ships, including roll-on/roll-off (RO/RO), breakbulk, auxiliary crane, heavy-lift barge carriers, special-mission tankers, and aviation logistic-support ships. These are maintained in various stages of readiness, are able to get underway in five or ten days, and are located in various ports along the United States' East, West, and Gulf coasts.

The addition of eight fast sealift ships (FSS) to the fleet over the past two years introduced significant challenges. While this addition gave the RRF eight large-capacity, high-speed ships; the FSS readiness standard was not met because the ships were placed in a rigorous drydock and boiler improvement regime to improve their overall material condition. The RRF management has subsequently identified and implemented best practices to improve the ships' readiness.



There were a total of 23 RRF ship activations during fiscal year 2009. Only one RRF ship, CAPE RISE, was activated to support Operations IRAQI FREEDOM for a total of 27 days underway. Six other RRF ships supported various exercises, and DOD requirements: CAPE JACOB, CHESAPEAKE, ADMIRAL CALLAGHAN, GRAND CANYON STATE, CAPE RISE, CAPE MAY, CORNHUSKER STATE, and CURTISS. These ships were underway for a combined 673 operating days, meeting all requirements.

The U.S. Transportation Command periodically tests the ability of RRF ships to activate without prior advance notice. During fiscal year 2009, 16 such no-notice or “TURBO” activations took place to test RRR readiness, as identified below. All but one ship was able to activate on time and meet DOD’s requirements. Eleven of the “TURBO” activations started on the same day which created a significant test for the RRF ship managers and crews who met the challenges. These “TURBO” activations contribute to the overall readiness of the RRF as 72-hour sea trials follow the activation to allow a complete testing of all ship’s systems.

CAPE DIAMOND; November 18, 2008, Successful  
CAPE INSCRIPTION; February 18, 2009, Successful  
CAPE WRATH; February 18, 2009, Successful  
CAPE FAREWELL; June 3, 2009, Successful  
CAPE HUDSON; September 15, 2009, Not successful  
CAPE DECISION, September 23, 2009, Successful  
CAPE DIAMOND, September 23, 2009, Successful  
CAPE DOMINGO, September 23, 2009, Successful  
CAPE DOUGLAS, September 23, 2009, Successful  
CAPE DUCATO, September 23, 2009, Successful  
CAPE INTREPID, September 23, 2009, Successful  
CAPE ISABEL, September 23, 2009, Successful  
CAPE ISLAND, September 23, 2009, Successful  
CAPE WASHINGTON, September 23, 2009, Successful  
CAPE WRATH, September 23, 2009, Successful  
CAPE GIBSON, September 23, 2009, Successful

The RRF continued to support training of DOD, law-enforcement and safety personnel, and reservists. More than 4,615 persons were trained at 128 events held aboard or near RRF/NDRF vessels.

The RRF has also historically provided platforms for research projects. The crane ship FLICKERTALE STATE was outfitted with a large vessel interface crane and conducted successful at-sea testing to move containers from the RRF ship CAPE TEXAS. This prototype development, sponsored by the Office of Naval Research, advances crane control technologies that will be used for future offshore replenishment of supplies to a mobile seabase.

The offshore petroleum discharge ship CHESAPEAKE served its last months in the RRF, and its unique



FLICKERTALE STATE (right) and the CAPE TEXAS (left) – photo courtesy the U.S. Navy  
The vessels are moored and fendered ‘skin-to-skin’ to test advanced crane control technologies.

equipment was offloaded and installed to support Department of Defense work on Masirah Island, Oman. After completing the mission, the CHESAPEAKE sailed for Beaumont, Texas, and was deactivated for long term storage at the NDRF anchorage facility.

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

Defense sealift continues to rely heavily on commercial ships, mariners, and port facilities. The Maritime Security Program (MSP) and Voluntary Intermodal Sealift Agreement (VISA) work together to provide militarily useful commercial vessels and the crews to operate them. MSP vessel operators receive financial support to partially offset the higher operating costs of keeping these vessels under the U.S. flag and, as VISA participants, obtain priority consideration in the award of DOD peacetime cargoes.

Through MSP and VISA, U.S.-flag vessel operators have made an extraordinary commitment. More than 90 percent of all U.S.-flag, dry-cargo ships are enrolled in one or both programs, which obligate more than two-thirds of the carrying capacity of the entire commercial U.S.-flag, dry-cargo fleet to national security needs when necessary.

The MSP also provides support for U.S.-flag tankers operating in international trade. Three MSP tankers participate in the MARAD-sponsored Voluntary Tanker Agreement (VTA). Like VISA, the VTA is a program designed to make commercial vessels (in this case, tankers) available to support contingency operations of the DOD.

As of September 30, 2009, there were 59 ships enrolled in the MSP fleet, which was comprised of 38 containerships, 17 RO/RO vessels, two heavy-lift vessels, and two tankers.<sup>18</sup> One vacant slot was filled during fiscal year 2009. Nine MSP containerships were replaced with nine newer containerships, increasing the MSP fleet's militarily useful capacity by approximately 1,942 TEUs. MSP ships continued to support U.S. troops in Iraq and Afghanistan by transporting military cargoes and other cargoes supporting the rebuilding of Iraq. To date, 72 MSP ships have contributed to this effort. MSP ships also continued to employ approximately 2,400 mariners, maintaining the pool of mariner positions that are critical to national security crewing requirements.

The VISA program makes intermodal capacity available to DOD, including dry-cargo ships, equipment, terminal facilities, and intermodal management services. MSP participants commit all of their MSP vessel capacity to the VISA (or VTA) program. MSP participation represents more than 77 percent of VISA-capacity commitments. The remaining commitments are provided by other US-flag vessels operating in US domestic trade, international trade, or in carriage of commercial and DOD-preference cargoes. During fiscal year 2009, there were 133 ships enrolled in the VISA program.<sup>19</sup>

### **MARITIME EDUCATION**

MARAD funds, operates, and directly administers the training of merchant marine officers at the United States Merchant Marine Academy (USMMA) at Kings Point, New York and provides financial support and training vessels for the six State-operated maritime academies (SMA). The USMMA is a Federal service academy. The 169 men and 28 women of the USMMA's Class of 2009 graduated on June 22, 2009. U.S. Secretary of Transportation Ray LaHood was the commencement speaker. The class represented 38 states, the District of Columbia, and the Republic of Panama. One hundred and five graduates received third-mate licenses and 92 graduates received third-assistant engineer licenses. In addition, 61 graduates were commissioned for active duty in the U.S. armed forces. About 70 percent of

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<sup>18</sup> Appendix 4 provides a list of MSP participants as of September 30, 2009.

<sup>19</sup> Appendix 5 provides a VISA vessel listing as of September 30, 2009.

the Class of 2009—some 138 midshipmen—spent all or part of their sea year assigned to Navy auxiliary vessels forward deployed to the Middle East and/or aboard commercial vessels chartered to carry military supplies in support of U.S. military operations in Afghanistan and Iraq.

The six SMAs are located in Maine, Massachusetts, New York, Texas, California, and Michigan. The SMA graduations occurred between April and June 2009. Over the past five years, the SMAs have averaged 480 licensed graduates annually. The number of graduates and employment statistics for each of the academies is shown in the following table.

Academic Year: Sept 2008 - Aug 2009				EMPLOYMENT DATA - TOTAL GRADUATES					
ACADEMY	TOTAL GRADUATES	TOTAL UNLIM. LICENSE GRADUATES	NON-LICENSE GRADUATES	MARITIME AFLOAT	U.S. ARMED FORCES / NOAA	MARITIME ASHORE	NON-MARITIME	GRAD SCHOOL	OTHER
CALIFORNIA*	159	102	57	66	19	11	31	7	25
MAINE*	152	102	50	68	4	7	26	8	39
GREAT LAKES*	19	19	0	13	0	1	0	0	5
MASSACHUSETTS*	257	122	135	51	5	9	102	4	86
TEXAS*	40	40	0	40	0	0	0	0	0
NEW YORK*	306	172	134	58	12	39	30	13	154
<b>SMA Subtotal</b>	<b>933</b>	<b>557</b>	<b>376</b>	<b>296</b>	<b>40</b>	<b>67</b>	<b>189</b>	<b>32</b>	<b>309</b>
USMMA **	196	196	0	112	61	19	0	0	4
<b>Grand Total</b>	<b>1,129</b>	<b>753</b>	<b>376</b>	<b>408</b>	<b>101</b>	<b>86</b>	<b>189</b>	<b>32</b>	<b>313</b>
* The SMA figures reflect undergraduate and graduate cadets/students.									
** The USMMA figures reflect undergraduates only.									

## SAFETY

MARAD's work in safety includes information gathering and dissemination, especially in conjunction with other U.S. agencies, international bodies, and commercial interests.

In fiscal year 2009, the Agency worked with the maritime industry to develop an on-line, web-based system that provides industry with ready access to fatigue-management best practices, job-hazard analysis, and an evaluation tool to identify current safety metrics for the maritime industry. The Agency also launched a study to evaluate the development of the world's first marine accident investigations network that will provide a comprehensive electronic database of marine accidents and incidents. Agency safety staff developed a Safety Manual Abstract that obtained approval from the Ship Operations Cooperative Program, an industry-government cooperative group, as well as from the International Chamber of Shipping. The manual is available on the agency web-site at (<http://www.marad.dot.gov>).

A MARAD representative serves as chair of the interagency Ships Structure Committee. During fiscal year 2009, this body developed a Memorandum of Understanding with international bodies to collaborate in investigating corrosion prevention and structural preservation.





Onboard Training Ship Golden Bear - photo courtesy California Maritime Academy  
A cadet gets a chance at the wheel during training at the California Maritime Academy.



Splicing lesson - Photo courtesy Texas A&M Maritime  
Students at Texas A&M Maritime School practice marlinspike seamanship.

## Environmental Stewardship

The Agency is committed to good environmental stewardship, which is also a long-term strategic goal of DOT. Many of MARAD's efforts to promote waterborne transportation have an environmental component. Since their primary function is relief of the congestion in the U.S. transportation system, those programs are dealt with in the Reduced Congestion section of this report.

MARAD demonstrates its commitment to environmental stewardship in the everyday conduct of its business and in its work in the international arena. Most prominent are two environmental issues that vex the maritime industry worldwide: the disposal of obsolete ships and the transport of invasive species in ballast water.

### Ship Disposal

MARAD maintains the National Defense Reserve Fleet (NDRF) as a reserve of ships for defense and national emergencies. The ships in the Ready Reserve Force (RRF) component of the NDRF are in active reserve, in ports stationed around the United States.

The RRF is discussed in the Security, Preparedness, and Response section of this report. There are three NDRF sites: the James River Reserve Fleet at Fort Eustis, Virginia.; the Beaumont Reserve Fleet in Beaumont, Texas; and the Suisun Bay Reserve Fleet at Benicia, California. When ships are no longer considered useful for defense or aid missions, MARAD arranges for their responsible disposal. The reserve fleet sites hold ships that are being retained for defense purposes as well as those that have been declared obsolete.

Environmental issues surrounding ship disposal have presented a serious challenge for more than a decade. Fiscal year 2009 brought recognition for the success of the ship disposal program. On July 3, 2009,



USS Ortolan -Photo courtesy James River Reserve Fleet  
The *Ortolan* being towed from James River Reserve for recycling in Brownsville, Texas.

In September 2009, Virginia Governor Tim Kaine held a news conference at the James River Reserve Fleet to acknowledge the progress made by MARAD and the Virginia Department of Environmental quality in protecting the water quality and fisheries of the James River. He noted that 84 vessels had been removed from the James River site since January 2001, and that all high- and moderate-risk ships had been removed.

As of the end of fiscal year 2009, MARAD made important progress in devising a ship-disposal plan for the Suisun Bay Reserve Fleet. Ship disposal efforts at Suisun Bay had been at a standstill for more than two years. New plans emphasize the cleaning of exfoliating paint from its worst condition vessels located in Suisun Bay.

To evaluate the Ship Disposal Program, MARAD uses four annual performance measures and goals. The program was more than successful by each of the performance measures:

- Number of obsolete vessels from the NDRF sites covered by disposal contract awards for subsequent disposal: The actual number of contracts awarded for obsolete, non-retention ships was 13, exceeding the fiscal year 2009 target by one.
- Number of obsolete vessels removed from the NDRF sites for subsequent disposal. The target was 14 vessels; the actual number of vessels removed in fiscal year 2009 was 14, meeting the fiscal year target as planned.
- Number of obsolete vessels disposed from the NDRF sites: The target was 15 ships. The actual number of vessels disposed in fiscal year 2009 was 23, exceeding the fiscal year 2009 target by eight, or more than 50 percent.
- Cost-per-ton for obsolete vessel disposal actions from the NDRF: The target cost was \$110 per ton.
- While scrap steel prices were on the decline in 2009 relative to 2008, the market prices were still favorable and resulted in the sale of five ships and the \$31 per ton disposal rate in 2009.

### **Nuclear Ship (NS) SAVANNAH**

In fiscal year 2009, MARAD continued to maintain the NS SAVANNAH in accordance with Nuclear Regulatory Commission (NRC) regulations. The NS SAVANNAH is maintained in protective storage at a commercial layberth in Baltimore, MD. The NS SAVANNAH is a National Register/National Historic Landmark.

### **Vessel Donation Program**

Not all obsolete ships are recycled. Sometimes they are repurposed. The Vessel Donation Program provides that excess or surplus vessels, shipboard equipment and other marine equipment owned by the United States may be made available by gift, loan, sale, lease, or charter to the Federal and State maritime academies and to any non-profit training institution that has been jointly approved by MARAD and the United States Coast Guard (USCG) as offering training courses, which meet federal regulations for maritime training.

The excess or surplus items are obtained mostly from the USCG, the General Services Administration, and MARAD. Upon approval, the facility must complete a donation agreement, which requires that the facility must use the donated property for 36 months before it can be disposed.



In fiscal year 2009, MARAD approved the donation of a former National Oceanic and Atmospheric Administration (NOAA) ship, the *ASSERTIVE*, to the Seattle Maritime Academy for use in the school's maritime training program.

### **Aquatic Invasive Species/Ballast Water Testing**

Even as ships carry goods, they can also carry unwanted travelers—non-indigenous species that can be transported on hulls or other surfaces and in water used for ballast. Once introduced into a body of water, non-indigenous aquatic species can displace native species, causing harm to the local ecosystem. The transfer of species in this way is a worldwide concern.

Procedures and treatments are needed that will kill or neutralize invasive species without harming the environment. While such treatments have been successfully used in laboratory conditions, there are challenges in using the technology aboard a working ship.

MARAD has become a leader in testing and verifying technologies to treat ballast water in order to reduce the risk of transfer of aquatic invasive species. The Agency sustained its collaboration with Northeast-Midwest Institute in the Great Ships Initiative (GSI), based in the Port of Superior, WI. GSI scientists conducted six bench-scale tests on promising treatment technologies and conducted a single land-based test for International Maritime Organization (IMO) compliance in 2009. The Agency is also collaborating with the California Maritime Academy and the University of Washington to expand its ballast water treatment technology testing initiative to include the use of school ships. Funding for the modifications to the Training Ship *Golden Bear* to allow for testing of ballast water treatment technologies is being provided by MARAD, the California State Lands Commission, and NOAA. Verification testing of the modified system is scheduled to be completed prior to the vessel's 2010 summer sea term.

### **Foreign Transfers**

MARAD must approve the transfer of any U.S.-flag vessels of 1,000 tons or more to foreign ownership or registry, with primary consideration given to whether the vessel is militarily useful. During fiscal year 2009, MARAD approved the transfer of 45 ships, each over 1,000 gross tons, to foreign ownership and/or registry.<sup>20</sup>

Three of the vessels approved for transfer to foreign registry in fiscal year 2009 were done so for the purpose of disposal: one to India and two to Canada. MARAD sends notification to EPA for all transfer/disposal requests prior to granting approval. EPA examines the transfer requests in order to ensure compliance with the Toxic Substance Control Act of 1976.

### **Environmental Excellence**

In fiscal year 2009, MARAD continued to expand on its commitment to improve its own environmental performance. Building upon its efforts to reduce the Agency's carbon footprint, MARAD joined a carbon cooperative through which it can track carbon emissions and progress toward emissions reduction. Through the cooperative, the Agency established a baseline against which to assess measures undertaken to improve energy efficiency and reduce carbon output. In

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<sup>20</sup> Appendix 6 provides a list of all vessels approved for transfer to foreign registry in fiscal year 2009.

addition, in 2009, the Agency embarked upon energy audits of its fleet and facility operations to identify such measures.

MARAD also expanded its Environmental Management System (EMS) implementation initiative in fiscal year 2009. The Agency anticipates that EMS programs will be fully implemented at each of its fleet sites and at the U.S. Merchant Marine Academy in fiscal year 2010.

### **International Marine Environmental Regulations and Standards**

MARAD continued its work on international and domestic marine air emissions issues serving as technical advisors to the U.S. delegation to the IMO Marine Environment Protection Committee (MEPC) on greenhouse gases, ballast water, and ship recycling. With regard to greenhouse gas emissions, the MEPC has been developing an energy efficiency design index, an energy efficiency operational indicator, and market-based approaches to improve energy conservation and reduce carbon emissions.

The Agency has also increased its role in working with industry to develop a consensus on voluntary international technical standards related to marine environmental protection. For example, the Agency has been working with an International Organization for Standardization working group to develop criteria for determining the effectiveness of ballast water treatment processes.



World Maritime Day, Official MARAD photo  
Then Acting Maritime Administrator David Matsuda speaks with cadets from the U.S. Merchant Marine Academy in Kings Point, NY.

## Reduced Congestion

MARAD supports DOT's goal of reduced congestion in the U.S. transportation system by promoting the intelligent and responsible use of waterborne transportation, which can relieve congestion on the land-based transportation system. To this end, MARAD supports and assists the U.S. shipbuilding industry, promotes the use of the Marine Highways, and administers the deepwater ports program to promote a water-based alternative for landside liquefied natural gas (LNG) facilities.

### **DEEPWATER PORTS**

MARAD plays a vital role in meeting Presidential energy directives, protecting the environment, building local economies, and improving mobility and safety in our Nation's ports through the operation and licensure of deepwater port energy receiving facilities.

Deepwater ports are offshore receiving facilities that provide a safe and efficient means for the delivery of LNG and oil into the United States.

With the consultation and advice of the USCG, MARAD is responsible for rendering a record of decision for each deepwater port license application and for approving, approving with conditions, or denying a license application.

During fiscal year 2009, the Agency's Office of Deepwater Ports evaluated and assessed six license applications; conducted numerous public licensing hearings throughout the United States; participated in national and international public energy outreach forums; and partnered with the USCG in hosting a series of interagency meetings with various Federal and State agencies to discuss the oversight of offshore import energy facilities.<sup>21</sup>

The Maritime Administration approved Port Dolphin Energy's license application for an offshore LNG facility to be located 28 miles southwest of Tampa, FL. Construction of the proposed port will begin in late 2012, and operations are planned to commence in 2013. As part of the final licensing process for the application, Port Dolphin Energy LLC signed a U.S. manning agreement to provide more than 100 employment and training opportunities to American officers, mariners, and cadets in the operation of the new facility.

MARAD will continue to seek similar agreements with future applicants. As of September 30, 2009, five deepwater-port license applications were under review, including projects proposed for construction and operation in the offshore waters of California, New York, New Jersey, Florida, and in the Gulf of Mexico.<sup>22</sup>

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<sup>21</sup> Appendix 7 provides a list of the Deepwater Port License applications evaluated and assessed during fiscal year 2009.

<sup>22</sup> Appendix 8 provides a map showing the deepwater port locations for previously approved and pending applications, fiscal year 2009 and earlier.

## MARINE HIGHWAYS

America's Marine Highway system accommodates the waterborne movement of passengers and freight between origins and destinations otherwise served solely by roads and railways. Its corridors run parallel to many of the Nation's most important landbased routes and connectors. These corridors are important components of the Nation's broader domestic marine transportation system, which consists of 25,320 miles of navigable waterways, including rivers, bays, and channels, and many thousands of additional miles on the Great Lakes Saint Lawrence Seaway System and coastal routes.

U.S. Secretary of Transportation Ray LaHood highlighted the importance of marine highways in July 2009, when he stated that America's Marine Highway system, "will help reduce land-based congestion and emissions, decrease our dependence on oil, and offer an alternative to building and maintaining costly new highway and rail systems."<sup>23</sup>

MARAD continued to work with both public and private industry stakeholders to expand the use of America's Marine Highway system, and integrate it into Federal, State, local and tribal transportation planning processes.

During fiscal year 2009, MARAD collaborated with the Marine Highways Cooperative (MHC) to commission a study to identify the needs of Metropolitan Planning Organizations to assist them in considering marine highways as a complementary intermodal alternative for congested land transportation corridors, and to identify the initial requirements for the development of a short sea shipping benefits- analysis tool that can be used to support and integrate maritime transportation into their transportation plans.

The Energy Act of 2007 required the U.S. Secretary of Transportation to create a short sea transportation program.<sup>24</sup> MARAD published an Interim Final Rule in October 2008 outlining the program and soliciting corridor recommendations.<sup>25</sup> In fiscal year 2009, MARAD received and processed these corridor recommendations and program comments resulting from the interim final rule. The resulting corridor proposals and the draft final rule have been submitted to the DOT for approval.

MARAD continues to meet with its counterparts in Mexico and Canada through the Trilateral Working Group, to discuss opportunities for, and impediments to expanding marine highway services between the three countries.

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<sup>23</sup> U.S. Department of Transportation Secretary LaHood, Remarks to the Marine Transportation System National Advisory Council, July 23, 2009.

<sup>24</sup> Energy Independence and Security Act of 2007 (Pub.L. 110-140), Title XI – Energy Transportation and Infrastructure, Subtitle C – Marine Transportation, Sec. 1121 – Short Sea Transportation Initiative.

<sup>25</sup> "America's Marine Highway Program," Interim final rule with request for comments, 73 Federal Register 197 (9 October 2008), pp.59530-59537; amended by "America's Marine Highway Program, Corrections" Correcting amendment, 73 Federal Register 212 (31 October 2008), p. 64885.

## SHIPBUILDING

### Maritime Guaranteed Loan Program – Title XI

The Maritime Guaranteed Loan Program promotes the growth and modernization of U.S. shipyards. The program authorizes the Federal Government to guarantee the repayment of debt obligations, including unpaid interest, obtained in the private sector by: (1) U.S. or foreign ship owners for the purpose of financing or refinancing either U.S.-flag vessels or eligible export vessels constructed, reconstructed, or reconditioned in U.S. shipyards, and (2) U.S. shipyards for the purpose of financing advanced and modern shipbuilding technology of a privately owned, general shipyard facility located in the United States.

The program permits guarantees up to 87.5 percent of the actual cost of projects eligible for financing. The maximum guarantee period is 25 years.

### Title XI Activities

During fiscal year 2009, the Maritime Administration issued two new commitments for ship financing loan guarantees. MARAD issued \$267 million in loan guarantees to Vessel Management Services, Inc. for the construction of five articulated tug barges, built at VT Halter Marine, Inc. in Pascagoula, MS to carry petroleum products in the Jones Act trades. The Agency also issued a letter of commitment to Canal Barge Company, Inc. for \$41 million for the construction of 30 hopper barges, and nine asphalt barges being constructed at Trinity Marine Group, Inc.

As of September 30, 2009, the ship financing loan guarantees portfolio consisted of \$2.44 billion in loan guarantees outstanding. The portfolio consists of 65 projects, which include drill rigs, tankers, barges, containerships, RO/RO vessels, fast ferries, supply vessels, tugs, and shipyard modernization projects.<sup>26</sup> As of September 30, 2009, there were eight pending applications for an aggregate of \$2.6 billion in new loan guarantees, and \$43 million in subsidy appropriations remaining available to issue new guarantee commitments.<sup>27</sup>

All companies in MARAD Title XI portfolio undergo periodic financial reviews; however, companies with a higher potential for default receive additional monitoring. This activity involves the preparation of detailed financial reports for senior management review. Summaries of these reports are presented to the DOT Credit Council. The Credit Council is an oversight and financial guidance body that objectively reviews all discretionary loans and loan guarantees made by DOT credit programs.

A total of \$449 million in guaranteed projects, or 18.4 percent of the Title XI portfolio, has been identified as experiencing financial difficulties and, as such, is receiving the highest level of monitoring. MARAD incurred two defaults in fiscal year 2009 in the passenger cruise sector, for a total payout of \$45 million.

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<sup>26</sup> Appendix 9 provides a list of the 65 projects in the Title XI loan guarantee portfolio as of September 30, 2009.

<sup>27</sup> Appendix 10 provides a list of the eight pending Title XI applications as of September 30, 2009.



With regard to the Title XI program, 46 USC 53718 requires the reporting of specific information in the Agency's annual report to Congress:

- (1) The size, in dollars, of the portfolio of loans guaranteed:

On September 30, 2009, a total of \$2,441,098,361 in Title XI guarantees were outstanding.

- (2) The size, in dollars, of projects in the portfolio facing financial difficulties:

On September 30, 2009 a total of \$449,355,210 in loans were facing financial difficulties.

- (3) The number and type of projects covered:

There were 65 loan guarantees outstanding, including two shipyard modernizations and over 300 vessels - including drill rigs, tankers, barges, containerships, RO/RO vessels, fast ferries, supply vessels, and tugs.

- (4) A profile of pending loan applications:

As of September 30, 2009, there were eight pending loan guarantee applications, for a total of 37 vessels with a requested total guarantee amount of \$2,564,839,223. These applications were for shuttle tankers, offshore support vessels, bunker barges, harbor tugs, jack-up drill rigs and articulated tug-barges.

- (5) The amount of appropriations available for new guarantees:

As of September 30, 2009, a total of \$42,907,257 was available for new guarantees.

- (6) A profile of each project approved since the last report:

On January 9, 2009, the Acting Maritime Administrator approved \$266,629,000 of loan guarantees for Vessel Management Services, Inc. for construction of five 185,000 bbl articulated tug/barges. This amount was subsequently increased by \$2,601,000 to \$269,230,000.

On September 30, 2009, the Acting Maritime Administrator approved \$40,799,000 of loan guarantees for Canal Barge Company, Inc. to support construction of nine asphalt tank barges and 30 hopper barges.

- (7) A profile of any defaults since the last report:

In December 2008, AQ Boat LLC defaulted on \$29,552,730 of Title XI guaranteed debt that was secured by a passenger cruise vessel.

In May 2009, Riverbarge Excursion Lines defaulted on \$15,163,784 of Title XI guaranteed debt that was secured by a river cruise vessel.

### **Construction Reserve Fund**

MARAD administers the Construction Reserve Fund (CRF), a financial assistance program that provides tax deferral benefits to U.S.-flag operators. The primary purpose of the CRF is to promote the construction, reconstruction, reconditioning, or acquisition of merchant vessels that are necessary for national defense and to the development of U.S. commerce. As of September 30, 2009, there were 90 agreements in place for this program.

### **Capital Construction Fund**

The Capital Construction Fund (CCF) Program was created to assist owners and operators of U.S.-flag vessels in accumulating the large amounts of capital necessary for the modernization and expansion of the U.S. merchant fleet. The program encourages construction, reconstruction, or acquisition of vessels through the deferment of Federal income taxes on certain deposits of money or other property placed into a CCF. The program is jointly administered by MARAD and NOAA. As of September 30, 2009, there was approximately \$2.6 billion in the CCF.



Washington State Ferry, photo courtesy Derek Taff  
Washington State Ferry at Sunrise

## Global Connectivity

DOT's global connectivity strategic goal calls for facilitating an international transportation system that promotes economic growth and development. MARAD programs work in the international arena to bolster America's maritime trade relationships, promote safe maritime commerce, and maintain the position of the U.S. merchant marine through cargo preference programs. In addition, an increasing area of activity in recent years has been providing expertise and coordination for large and complex port projects. Almost all of our Nation's international commerce flows through its ports, and it is critical that they remain efficient, modern, and safe.

### **PORT IMPROVEMENT PROJECTS**

#### **Port of Anchorage Intermodal Expansion Project**

MARAD, working with the Port of Anchorage and its prime contractor, has completed a substantial portion of the marine terminal redevelopment as a part of the overall Port of Anchorage Intermodal Expansion Project. Environmental mitigation measures have also included underwater noise and marine mammal monitoring during all in-water construction activities and measuring sound levels to ensure marine mammal safety. The completion of the project is vital to the economy of Alaska, since the port supports 80 percent of the commerce for 90 percent of the State. Additionally, as a strategic port, the Port of Anchorage also supports numerous military facilities including the Stryker Brigade located at Fort Wainwright, near Fairbanks, Alaska.

#### **Hawaii Harbors Expansion Program**

MARAD, working with Hawaii Department of Transportation's, Harbors Division and the Hawaii Harbors Users Group has completed a major renovation and improvement project for Pier 2A at Kawaihae Harbor, HI. The Agency has also awarded a \$400 million contract to complete numerous improvements at Hawaii's commercial harbors.

This seven-year contract will provide the Harbors Division the ability to combine financial resources from various entities to leverage on a single contract to accomplish its priority projects. Several of the initial projects that Harbors Division has identified are focused on reducing the unemployment rate in the State of Hawaii while improving facilities that will benefit the cruise and tourism industries, which are mainstays of the Hawaiian economy.

#### **Port of Guam Improvement Enterprise Program**

MARAD is working with the Government of Guam and the Port Authority of Guam to manage all Federal, non-Federal, and private funds appropriated or otherwise made available for the port modernization program, manage all contracting functions, coordinate all environmental permitting requirements, and oversee all financial reporting. In December 2008, the Agency issued a solicitation for a program management firm to oversee the \$200 million program. Successful

completion of the modernization is a key milestone necessary to meet the deadlines agreed upon with Japan for the relocation of military forces from Okinawa.

### **Port of Port Arthur Drydock Transfer**

MARAD, working with the Port of Port Arthur, the U.S. Navy, and the DOD's Office of Economic Adjustment has completed the remediation of polychlorinated biphenyls on a floating drydock owned by the Navy. The vessel was relocated from MARAD's Beaumont Reserve Fleet to the Port of Port Arthur in fiscal year 2009, which allowed the remediation work to be completed. As of September 30, 2009, the Navy was in the process of transferring the ownership of the vessel to the Port of Port Arthur, which will then lease the vessel to a ship-repair facility to be placed into operation supporting the inland barge and offshore oil rig industries.

### **PORT CONVEYANCE PROGRAM**

MARAD conveys surplus Federal property to eligible applicants at no cost to support the DOD's Base Realignment and Closure Program for port development purposes. Surplus Federal properties, when ultimately conveyed to local port authorities, serve an important role in expanding the capacity of our Nation's marine transportation system and building capacity in our economy. Since the inception of MARAD's Port Conveyance Program, approximately 2,700 acres of property have been conveyed to eligible entities.

MARAD receives and evaluates applications for surplus property and recommends assignment of the property to the disposal agency, which is the DOD for military property or the General Services Administration for all other non-military Federal properties. If the disposal agency concurs with MARAD's recommendation, the surplus property is conveyed to MARAD for re-conveyance to the applicant.

Recently, State and local governments have expressed interest in securing surplus property located in Orange, Texas; Tacoma, Washington; and Ceiba, Puerto Rico. MARAD has actively engaged in outreach to these communities in order to gauge their ability to benefit from port property and to offer assistance in completing applications to secure surplus Federal port properties.

During fiscal year 2009, MARAD received one port conveyance application from the Orange County Navigation and Port District in Texas and processed that application in addition to applications for port properties from the Port of Tacoma, Washington and the Puerto Rico Ports Authority. Thirteen acres of former Federal land were conveyed to the Orange County Navigation and Port District, which will develop the former Navy Reserve Center to create a maritime industrial park and expand intermodal access to the port.

### **PORT SECURITY GRANT PROGRAM**

MARAD, in cooperation with the Department of Homeland Security (DHS), assisted in the allocation of congressional funding of grants to U.S. ports as a means to enhance port security in the United States. The program is a Federal and private shared-cost arrangement administered in cooperation with DHS and other Federal agencies. MARAD helped to review 190 applications and

to distribute funding on a competitive bidding process. In addition, MARAD participated in the review of 420 applications funded under the provisions of the Recovery Act.

MARAD has played a key role in the grant program since its inception in 2002 and it is the only non-DHS agency involved in the program. Unlike its partner agencies, MARAD brings a commercial viewpoint to the application review and approval process. It is also the principal Federal agency in the process that considers the impact of security measures on movement of our Nation's commerce. MARAD's gateway offices and headquarters have been actively involved in the Port Security Grant Program by reviewing and analyzing applications, recommending project selections and funding levels, as well as making policy recommendations.

## **GATEWAY OFFICES**

MARAD provides a Federal presence at major U.S. gateway ports, starting with 10 of the largest ports on the West, East, and Gulf coasts; the Great Lakes; and the inland river system. These gateway offices seek ways to improve our Nation's waterborne freight movement. The offices work with headquarters staff and State, local and tribal authorities on a broad range of environmental and community challenges in the ports and their intermodal connections. They also act as liaisons for the Agency to help ensure that measurable progress is made on specific projects and bring Agency and departmental expertise to the table.

## **CARGO PREFERENCE**

MARAD programs strengthen and promote a viable U.S.-flag merchant marine. One such program is cargo preference. Cargo Preference law requires a certain percentage of U.S. Government sponsored cargo moving in ocean-borne international trade to be carried on U.S.-flag vessels employing U.S. citizen crews. Reserving these preference cargoes to for U.S. carriers in international trade provides a revenue base to induce operations under U.S. registry. MARAD reimburses the U.S. Department of Agriculture (USDA) and the Agency for International Development (AID) for certain cost differentials that may result from the use of U.S.-flag vessels instead of foreign-flag vessels in the export of humanitarian food aid.

On October 14, 2008, Cargo Preference legislation was significantly modified to enhance MARAD's ability to enforce Cargo Preference requirements. This revised legislation was included in the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009.

On September 4, 2009, the Department of Transportation, and two major shippers of food aid cargo, the U.S. Department of Agriculture, and the United States Agency for International Development signed a significant Memorandum of Understanding detailing a unified U.S. Government position on the proper administration of the Cargo Preference laws. The shipper agencies are required to report the percentage of preference cargo they ship in U.S.-flag vessels computed separately by the type of vessel used. The inter-agency agreement provided a method for interpretation of the vessel type designations for "dry bulk carrier" and "dry cargo liner" as they are used in the Cargo Preference Act.

Detailed data for the Cargo Preference program can be found in the tables in Appendix 1.

The details in Appendix 1 are deemed to fulfill the Congressional reporting requirements that are contained in Cargo Preference legislation.

## **LEGAL ACTIVITIES**

### **Admiralty Personal Injury Matters**

As of September 30, 2009, the U.S. was the named defendant in 14 personal injury cases filed against MARAD in Federal District Court. Although liability for each case cannot be determined with precision, it is estimated that probable contingent liability for current cases may be up to \$1 million. This report fulfills the requirement that MARAD report to Congress on admiralty lawsuits.

## **INTERNATIONAL ACTIVITIES**

MARAD actively participates in international maritime transportation matters because foreign economic and political developments have a substantial influence on U.S. marine transport interests.

### **People's Republic of China**

On December 16, 2008, an American delegation led by the Maritime Administrator welcomed officials from China's Ministry of Transport to Memphis, TN for bilateral consultations held under the auspices of the two countries' standing maritime agreement. Memphis was chosen as a meeting site to highlight its importance as a major inland maritime gateway and international shipping hub.

The two governments discussed a range of important issues of concern to their maritime industries, including the effects of the global economic downturn on bilateral maritime commerce and relevant changes in competition policy, both in China and the European Union. The discussions also included explanations of the countries' respective policies affecting the maritime transportation market, China's re-flagging, and the U.S. cargo preference and maritime security programs.

This was the third round of annual bilateral discussions held under the U.S.-China Maritime Agreement that was signed in 2003. The next one is in 2010.

Also, in 2009, MARAD participated in the U.S.-China Transportation Forum by contributing to its Multimodal Freight Working Group (MFWG). The group brought together representatives of various DOT agencies and their counterparts from China's Ministry of Transport to share information on freight mobility, data collection, and performance measures to better prepare the infrastructure of both countries for predicted growth in bilateral trade. Over the summer of 2009, MARAD contributed to the MFWG's bilateral discussions and prepared a document on maritime freight performance measures in the U.S. as part of an exchange of information with China's Ministry of Transport. A report to be finalized next year will compare multimodal freight mobility and performance measures in both countries.

The U.S.-China Transportation Forum is part of the larger U.S.-China Strategic and Economic Dialogue led by the U.S. Department of Treasury and the U.S. Department State and also includes agencies across the U.S. Government.

### **Republic of the Philippines**

In response to increasing piracy off the coast of Somalia, MARAD Office of International Activities and the Embassy of the Philippines drafted a memorandum of cooperation between that nation and the U.S. on counter-piracy training and education. U.S. Secretary of Transportation Ray LaHood and Philippines Secretary of Foreign Affairs Alberto Gatmaitan Romulo signed the accord on July 31, 2009 in Washington, D.C.

The non-binding agreement calls upon both nations to develop best practices to enhance vessel security, conduct drills to ensure seafarers are prepared to respond to acts of piracy, and share information. The memorandum opens the door for academic, industry, and governmental exchanges to better prepare seafarers for the possibility of a pirate attack. The Philippines is the top source of seafaring labor in the world, and its seafarers have been disproportionately affected by the increase in piracy off the coast of Somalia.



Philippine Signing, Official DOT photo  
U.S. Secretary of Transportation Ray LaHood and Philippines Secretary of Foreign Affairs Alberto Gatmaitan Romulo sign the counter-piracy accord on July 31, 2009 as Philippines President Gloria Macapagal-Arroyo witnesses the event.

## **Western Hemisphere**

MARAD continued its ongoing work promoting maritime trade security in the Western Hemisphere in fiscal year 2009, primarily as the lead agency in the U.S. delegation to the Inter-American Committee on Ports (CIP) at the Organization of American States.

The CIP, as the committee is known by its Spanish initials, brings together port authorities and maritime officials from Western Hemisphere nations to share information on various aspects of port management, security, environmental protection and other related issues. MARAD leads the CIP's Technical Advisory Group (TAG) on Port Security, which works to promote safe commerce through the region's ports.

In September 2009, MARAD launched Safeports.org, an online clearinghouse and discussion forum on port security issues in the Western Hemisphere. The site, accessible in English, Spanish, and Portuguese, is intended to bolster the work of the TAG on Port Security by facilitating the exchange of information including best practices among regional port authorities, maritime officials, and industry.



# FINANCIAL STATEMENTS

## For Periods Ended September 30, 2009 and 2008

The Financial Statements include:

Balance Sheet

Statement of Net Cost

Statement of Changes in Net Position – Cumulative Result of Operations

Statement of Changes in Net Position – Unexpended Appropriations

Statement of Budgetary Resources

The financial statements presented here for MARAD are derived from information included in the Department of Transportation's (DOT) audited financial statements for fiscal year 2009. The notes accompanying this presentation are an integral part of the audited statements. These notes are from DOT's 2009 statements, but only apply to issues directly related to MARAD. Consequently, with non-applicable items missing, the notes are not consecutively numbered. Numbering corresponds to the notes as they appear in the DOT financial statements.

**Maritime Administration Financial Statements**

**Balance Sheet**

As of September 30, 2009 and 2008  
(Dollars in Thousands)

	<u>FY 2009</u>	<u>FY 2008</u>
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$736,903	\$592,281
Investments (Note 3)	29,856	42,052
Accounts Receivable, Net (Note 4)	15,945	37,808
Loans Receivable	-	-
Other Assets (Note 5)	<u>5,553</u>	<u>4,252</u>
Total Intragovernmental Assets	\$788,257	\$676,392
Cash and Other Monetary Assets	-	10
Investments (Note 3)	-	28,707
Accounts Receivable, Net (Note 4)	614	-
Loans Receivable and Related Foreclosed Property, Net (Note 6)	47,946	38,960
Inventory and Related Property, Net (Note 7)	229,362	247,163
General Property, Plant and Equipment, Net (Notes 8 and 9)	485,513	526,872
Other Assets (Note 5)	<u>-</u>	<u>-</u>
Total Assets	<u>\$1,551,691</u>	<u>\$1,518,104</u>
Liabilities (Note 10)		
Intragovernmental:		
Accounts Payable	\$493	\$291
Debt (Note 11)	170,070	128,082
Other Intragovernmental Liabilities (Note 15)	<u>188,690</u>	<u>198,095</u>
Total Intragovernmental Liabilities	\$359,253	\$326,469
Accounts Payable	16,136	51,511
Loan Guarantee Liability (Note 6)	310,593	257,929
Federal Employee and Veterans' Benefits (Note 12)	21,282	22,219
Environmental Cleanup and Disposal Liabilities (Note 13)	384,434	190,932
Other Liabilities (Notes 15 and 17)	<u>28,860</u>	<u>49,378</u>
Total Liabilities	<u>\$1,120,558</u>	<u>\$898,437</u>

<b>Maritime Administration Financial Statements</b>		
<b>Balance Sheet (continued)</b>		
As of September 30, 2009 and 2008 (Dollars in Thousands)		
	<u>FY 2009</u>	<u>FY 2008</u>
Net Position		
Unexpended Appropriations - Earmarked funds (Note 18)		
Unexpended Appropriations - Other funds	\$282,389	\$198,732
Cumulative Results of Operations - Earmarked funds (Note 18)	73,468	130,003
Cumulative Results of Operations - Other funds	<u>75,276</u>	<u>290,933</u>
Total Net Position	<u>431,133</u>	<u>619,667</u>
Total Liabilities and Net Position	<u>\$1,551,691</u>	<u>\$1,518,104</u>

<b>Statement of Net Cost</b>		
For Periods Ended September 30, 2009 and September 30, 2008 (Dollars in Thousands)		
	<u>FY 2009</u>	<u>FY 2008</u>
Program Costs (Notes 19 and 20):		
Gross Costs	\$1,122,074	\$823,452
Less: Earned Revenues	385,296	608,372
Net Cost of Operations	<u>\$736,778</u>	<u>\$215,080</u>

<b>Statement of Changes in Net Position - Cumulative Results of Operations</b>		
For Periods Ended September 30, 2009 and September 30, 2008 (Dollars in Thousands)		
	<u>FY 2009</u>	<u>FY 2008</u>
Beginning Balances	\$420,936	\$196,844
Adjustments (+/-)		
Changes in Accounting Principle	-	-
Corrections of Errors	-	-
Beginning Balances, Adjusted	\$420,936	\$196,848
Budgetary Financing Sources:		
Other Adjustments (Rescissions, etc.) (+/-)		
Appropriations Used	512,942	405,490
Non-Exchange Revenue	-	1
Donations and Forfeitures of Cash and Cash Equivalents	1,102	1,557
Transfers-In/Out Without Reimbursement (+/-)	15,956	6,500
Other Budgetary Financing Sources (+/-)	-	-
Other Financing Sources:		
Donations and Forfeitures of Property		
Transfers-In/Out Without Reimbursement (+/-)	-	21,000
Imputed Financing From Costs Absorbed by Others	7,850	6,497
Other (+/-)	<u>(73,263)</u>	<u>(1,873)</u>
Total Financing Sources	\$464,587	\$439,171
Net Cost of Operations	736,778	215,079
Net Change	<u>(272,192)</u>	<u>224,092</u>
Cumulative Results of Operations	<u>\$148,744</u>	<u>\$420,936</u>

**Maritime Administration Financial Statements****Statement of Changes in Net Position - Unexpended Appropriations**

For Periods Ended September 30, 2009 and September 30, 2008

(Dollars in Thousands)

	<u>FY 2009</u>	<u>FY 2008</u>
Beginning Balances	\$198,732	\$99,031
Adjustments (+/-)		
Changes in Accounting Principle	-	-
Corrections of Errors	-	-
Beginning Balances, Adjusted	\$198,732	\$99,031
Budgetary Financing Sources:		
Appropriations Received	598,100	506,358
Appropriations Transferred-In/Out (+/-)	0	7,746
Other Adjustments (Rescissions, etc.) (+/-)	(1,500)	(8,914)
Appropriations Used	(512,942)	(405,490)
Total Budgetary Financing Sources	<u>83,658</u>	<u>99,700</u>
Total Unexpended Appropriations	<u>\$282,389</u>	<u>\$198,732</u>

**Statement of Budgetary Resources**

For Periods Ended September 30, 2009 and

September 30, 2008

(Dollars in Thousands)

	<u>FY 2009</u>	<u>FY 2008</u>
Budgetary Resources:		
Unobligated Balance, Brought forward, October 1 (+/-)	\$499,972	\$427,378
Adjustment to unobligated balance brought forward	(8,139)	4,945
Recoveries of Prior Year Unpaid Obligations	59,833	52,851
Budget Authority:		
Appropriations Received	599,202	597,088
Borrowing Authority	209,000	219,000
Contract Authority	-	-
Spending Authority From Offsetting Collections:		
Earned:		
Collected	494,245	453,475
Change in receivables from Federal Sources	(21,835)	(5,874)
Change in Unfilled Customer Orders:		
Advance Received	45,174	9,539
Without Advance from Federal Sources	30,188	34,008
Expenditure transfers from trust funds	15,956	6,500
Anticipated for Rest of Year, Without Advances	-	-
Previously unavailable	-	-
Subtotal	<u>\$1,371,930</u>	<u>\$1,313,736</u>

Non Expenditure transfers, Net, Anticipated and Actual	-	7,746
Temporarily Not Available Pursuant to Public Law	-	-
Permanently Not Available	<u>(234,067)</u>	<u>(202,232)</u>
Total Budgetary Resources	<u>\$1,689,529</u>	<u>\$1,604,425</u>
<b>Maritime Administration Financial Statements</b>		
<b>Statement of Budgetary Resources (continued)</b>		
For Periods Ended September 30, 2009 and September 30, 2008 -- Cont. (Dollars in Thousands)		
	<u>FY 2009</u>	<u>FY 2008</u>
Status of Budgetary Resources:		
Obligations Incurred:		
Direct:	\$779,274	\$646,991
Reimbursable:	<u>367,068</u>	<u>457,461</u>
Subtotal	\$1,146,342	\$1,104,453
Unobligated Balance:		
Apportioned	247,781	178,515
Exempt from apportionment	<u>2,028</u>	<u>2,944</u>
Subtotal	\$249,809	\$181,459
Unobligated Balance Not Available:	293,378	318,513
Total Status of Budgetary Resources	<u>\$1,689,529</u>	<u>\$1,604,425</u>
Change in Obligated Balance:		
Obligated Balance, Net,		
Unpaid obligations, brought forward, Oct 1st (+)	\$369,343	\$298,285
Adjustment to unpaid obligations, brought forward, October 1 (+/-)	8,139	
Uncollected customer payments from Fed sources, brought forward, Oct 1(-)	(144,757)	(116,622)
Adjustment to uncollected customer payments from Fed sources , brought forward, October 1 (+/-)	-	-
Total, unpaid obligated balance, brought forward, net	232,725	181,663
Obligations Incurred (+):	1,146,342	1,104,453
Gross Outlays (-)	(1,061,790)	(980,544)
Obligated Balance Transfers, Net:		
Actual transfers, unpaid obligations (+ or -)	-	-
Actual transfers, uncollected customer payments from Federal sources (+ or -)		
Total, unpaid obligated balance transferred, net	\$ -	\$ -
Recoveries of prior-year unpaid obligations, actual (-)	(59,833)	(52,851)
Change in uncollected customer payments from Federal sources (+/-)	(8,354)	(28,134)
Obligated Balances, Net, End of Period:		
Unpaid Obligations (+)	402,202	369,343
Uncollected Customer Payments from Federal Sources (-)	<u>(153,110)</u>	<u>(144,757)</u>
Total, unpaid obligated balance, net, end of period	\$249,092	\$224,586
NET OUTLAYS		
Gross Outlays (+)	1,061,790	980,544
Less: Offsetting Collections (-)	<u>(555,375)</u>	<u>(469,514)</u>
Less: Distributed offsetting receipts	<u>(39,806)</u>	<u>(177,100)</u>
Net Outlays	<u>\$466,609</u>	<u>\$333,930</u>

Notes to the Financial Statements				
<u>Note 2. Fund Balances with Treasury:</u>				
(Dollars in Thousands)				
	Entity	Non-Entity	September 30, 2009	September 30, 2008
Fund Balances:	<u>Assets</u>	<u>Assets</u>	<u>Total</u>	<u>Total</u>
Trust Funds	\$ 22,779	\$ -	\$ 22,779	\$ 80,500
Revolving Funds	390,915	-	390,915	352,247
General Funds	323,057	-	323,057	159,323
Other Fund Types	<u>151</u>	<u>-</u>	<u>151</u>	<u>211</u>
Total	<u>\$ 736,903</u>	<u>\$ -</u>	<u>\$ 736,903</u>	<u>\$ 592,281</u>
Status of Fund Balance with Treasury:				
Unobligated Balance				
Available			\$ 249,003	\$ (67,933)
Unavailable			293,378	101
Obligated Balance Not Yet Disbursed			251,582	420,785
Less: Borrowing remaining balance after converted to Cash			(25,930)	-
Less: Investments & Suspense Funds			(31,131)	-
Non-Budgetary FBWT (Credit Reform Financing Accounts or other FBWT that do not have budget authority)			<u>-</u>	<u>239,328</u>
Total			<u>\$ 736,902</u>	<u>\$ 592,281</u>
Fund Balances with Treasury are the aggregate amounts of the entity's accounts with Treasury or which the entity is authorized to make expenditures and pay liabilities. Other Fund Types should include balances in deposit accounts, such as for the collections pending litigation, awaiting determination of the proper accounting disposition (i.e. clearing and suspense accounts), or being held by the entity in the capacity of a banker or agent for others, including miscellaneous receipt accounts.				
Entity Assets are fund balances, which are available to finance the reporting entity's activities. Non-Entity Assets are fund balances in deposit, and clearing accounts that are not available to finance the reporting entity's activities.				

Notes to the Financial Statements

Notes to the Financial Statements					
<b>Note 3. Investments:</b>					
			(Dollars in Thousands)		
As of September 30, 2009					
		Amortized			Market
		(Premium)	Investments	Other	Value
	<u>Cost</u>	<u>Discount</u>	<u>(Net)</u>	<u>Adjustments</u>	<u>Disclosure</u>
Intragovernmental Securities:					
Marketable	\$ 29,402	\$ 122	\$ 29,524	\$ -	\$ 29,524
Non-Marketable, Par Value	-	-	-	-	-
Non-Marketable, Market-Based	-	-	-	-	-
Subtotal	<u>\$ 29,402</u>	<u>\$ 122</u>	<u>\$ 29,524</u>	<u>\$ -</u>	<u>\$29,524</u>
Accrued Interest	<u>332</u>		<u>332</u>		<u>332</u>
Total Intragovernmental Securities	<u>\$ 29,734</u>	<u>\$ 122</u>	<u>\$ 29,856</u>	<u>\$ -</u>	<u>\$ 29,856</u>
		Amortized			Market
		(Premium)	Investments	Other	Value
	<u>Cost</u>	<u>Discount</u>	<u>(Net)</u>	<u>Adjustments</u>	<u>Disclosure</u>
Securities with the Public :					
Marketable	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Marketable, Par Value	-	-	-	-	-
Non-Marketable, Market-Based	-	-	-	-	-
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accrued Interest	<u>-</u>		<u>-</u>		<u>-</u>
Total Securities with the Public	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



<u>Note 3. Investments</u> <u>(continued):</u>						
As of September 30, 2008			(Dollars in Thousands)			
		Amortized (Premium)	Investments	Other	Market	
	<u>Cost</u>	<u>Discount</u>	<u>(Net)</u>	<u>Adjustments</u>	<u>Disclosure</u>	
Intragovernmental Securities:						
Marketable	\$ 41,402	\$ (546)	\$ 40,856	\$ 1,196	\$ 42,052	
Non-Marketable, Par Value	-	-	-	-	-	
Non-Marketable, Market-Based	-	-	-	-	-	
Subtotal	\$ 41,402	\$ (546)	\$ 40,856	\$ 1,196	\$ 42,052	
Accrued Interest	-	-	-	-	-	
Total Intragovernmental Securities	\$ 41,402	\$ (546)	\$ 40,856	\$ 1,196	\$ 42,052	
Securities with the Public :						
Marketable	\$ 28,535	\$ 106	\$ 28,641	\$ (356)	\$ 28,285	
Non-Marketable:						
Par Value	-	-	-	-	-	
Market-Based	-	-	-	-	-	
Subtotal	\$ 28,535	\$ 106	\$ 28,641	\$ (356)	\$ 28,285	
Accrued Interest	422	-	422	-	422	
Total Securities with the Public	\$ 28,957	\$ 106	\$ 29,063	\$ (356)	\$ 28,707	

Notes to the Financial Statements

Notes to the Financial Statements				
<u>Note 4. Accounts Receivable:</u>				
(Dollars in Thousands)				
As of September 30, 2009				
		Gross Amount	Allowance for Uncollectible Amounts	Net Amount
Intragovernmental:		<u>Due</u>	<u>Amounts</u>	<u>Due</u>
Entity				
Accounts Receivable		\$ 15,945	\$ -	\$ 15,945
Accrued Interest		<u>-</u>	<u>-</u>	<u>-</u>
Total Intragovernmental		<u>\$ 15,945</u>	<u>\$ -</u>	<u>\$ 15,945</u>
Non-Entity:				
Accounts Receivable		\$ -	\$ -	\$ -
Accrued Interest		<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Entity Intragovernmental		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Intragovernmental Receivables		<u>\$ 15,945</u>	<u>\$ -</u>	<u>\$ 15,945</u>
Public:				
Entity				
Accounts Receivable		\$ 614	\$ -	\$ 614
Accrued Interest		<u>-</u>	<u>-</u>	<u>-</u>
Total Public		<u>\$ 614</u>	<u>\$ -</u>	<u>\$ 614</u>
Non-Entity:				
Accounts Receivable		\$ -	\$ -	\$ -
Accrued Interest		<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Entity Public		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Public Receivables		<u>\$ 614</u>	<u>\$ -</u>	<u>\$ 614</u>
Total Receivables		<u>\$ + 16,559</u>	<u>\$ -</u>	<u>\$ 16,559</u>
As of September 30, 2008				
		Gross Amount	Allowance for Uncollectible Amounts	Net Amount
Intragovernmental:		<u>Due</u>	<u>Amounts</u>	<u>Due</u>
Entity				
Accounts Receivable		\$ 37,808	\$ -	\$ 37,808
Accrued Interest		<u>-</u>	<u>-</u>	<u>-</u>
Total Intragovernmental		<u>\$ 37,808</u>	<u>\$ -</u>	<u>\$ 37,808</u>

Non-Entity:				
Accounts Receivable		\$ -	\$ -	\$ -
Accrued Interest		-	-	-
Total Non-Entity Intragovernmental		\$ -	\$ -	\$ -
Total Intragovernmental Receivables		\$ 37,808	\$ -	\$ 37,808
Note 4. Accounts Receivable (continued):				
Public:				
Entity				
Accounts Receivable		\$ -	\$ -	\$ -
Accrued Interest		-	-	-
Total Public		\$ -	\$ -	\$ -
Non-Entity:				
Accounts Receivable		\$ -	\$ -	\$ -
Accrued Interest		-	-	-
Total Non-Entity Public		\$ -	\$ -	\$ -
Total Public Receivables		\$ -	\$ -	\$ -
Total Receivables		\$ 37,808	\$ -	\$ 37,808
Entity Accounts Receivable are collected by the reporting entity for use in its operations. Non-Entity Accounts Receivable are collected by the reporting entity, but are not available to the agency, such as when amounts collected must be transferred to the General Fund.				

Notes to the Financial Statements

Notes to the Financial Statements		
<u>Note 5. Other Assets</u>		
	(Dollars in Thousands)	
Intragovernmental:		
	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Advances and Prepayments	\$ 5,553	\$ 4,252
Undistributed Assets and Payments	-	-
Total Entity Intragovernmental	<u>\$ 5,553</u>	<u>\$ 4,252</u>
Non-Entity:		
Advances and Prepayments	\$ -	\$ -
Undistributed Assets and Payments	-	-
Total Non-Entity Intragovernmental	<u>\$ -</u>	<u>\$ -</u>
Total Intragovernmental Other Assets	<u>\$ 5,553</u>	<u>\$ 4,252</u>
Public:		
Advances to the States for Right of Way	\$ -	\$ -
Other Advances and Prepayments	-	-
Undistributed Assets and Payments	-	-
Total Entity Public	<u>\$ -</u>	<u>\$ -</u>
Non-Entity:		
Advances and Prepayments	\$ -	\$ -
Undistributed Assets and Payments	-	-
Total Non-Entity Public	<u>\$ -</u>	<u>\$ -</u>
Total Public Other Assets	<u>\$ -</u>	<u>\$ -</u>

Entity Assets are available to the reporting entity in its operations. Non-Entity Assets are held by the reporting entity but not available, such as when amounts must be transferred to the General Fund.

Notes to the Financial Statements

Note 6. Direct Loans and Loan Guarantees, Non-Federal Borrowers:

(Dollars in Thousands)

The Federal Credit Reform Act of 1990 divides direct loans and loan guarantees into two groups:

(1) Pre-1992 the direct loan obligations or loan guarantee commitments made prior to FY 1992 and the resulting direct loans obligations or loan guarantees, and

(2) Post-1991 the direct loan obligations or loan guarantee commitments made after FY 1991 and the resulting direct loans or loan guarantees.

The Act provides that, for direct loan obligations or loan guarantee commitments made after FY 1991, the present value of subsequent subsidy costs (which arises from interest rate differentials, interest subsidies, delinquencies and defaults, fee offsets,

An analysis of loans receivable, allowance for subsidy costs, liability for loan guarantees, foreclosed property, modifications and reestimates associated with direct loans and loan guarantees is provided in the following sections:

Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method)

					Value of Assets Related to Defaulted Loans Receivable, Interest Foreclosed Property Allowance	Receivable, Net
Fed Ship Liquidating Fund (Title XI)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Defaulted Guaranteed Loans from Post-1991 Guarantees

					Value of Assets Related to Defaulted Loans Receivable, Interest Foreclosed Property Allowance for Subsidy	Receivable, Net
FY 2009						
Defaulted Guaranteed Loans						
Loan Guarantee Programs	Gross	Receivable	Property	for Subsidy		Receivable, Net
Federal Ship Financing Fund (Title XI)	\$ 68,945	\$ 1,974	\$ 28,110	\$(51,083)		\$ 47,946
Total	\$ 68,945	\$ 1,974	\$ 28,110	\$ 51,083		\$ 47,946

<u>Note 6. Direct Loans and Loan Guarantees, Non-Federal Borrowers</u> (continued)					
	2008				Value of Assets Related to Default Guaranteed Loans
	Defaulted				
	Guaranteed				
	Loans				
	Receivable,	Interest	Foreclosed	Allowance	Loans
<u>Loan Guarantee Programs</u>	<u>Gross</u>	<u>Receivable</u>	<u>Property</u>	<u>for Subsidy</u>	<u>Receivable, Net</u>
Federal Ship Financing Fund (Title XI)	\$ 43,680	\$ 600	\$ -	\$ (5,320)	\$ 38,960
Total	\$ 43,680	\$ 600	\$ -	\$ (5,320)	\$38,960
<u>Guaranteed Loans Outstanding</u>		Outstanding Principal of Guaranteed Loans, Face Value		Amount of Outstanding Principal Guaranteed	
<u>Loan Guarantee Programs</u>		\$2,441,098		\$2,441,098	
Federal Ship Financing Fund (Title XI)		\$ 2,441,098		\$ 2,441,098	
Total					
		FY 2009			
<u>New Guaranteed Loans Disbursed</u>		Outstanding Principal of Guaranteed Loans, Face Value		Amount of Outstanding Principal Guaranteed	
<u>Loan Guarantee Programs</u>		\$ 269,230		\$ 269,230	
Federal Ship Financing Fund (Title XI)		\$ 269,230		\$ 269,230	
Total					
		FY 2008			
		Outstanding Principal of Guaranteed Loans, Face Value		Amount of Outstanding Principal Guaranteed	
<u>Loan Guarantee Programs</u>		\$ 2,430,760		\$ 2,430,760	
Federal Ship Financing Fund (Title XI)		\$ 2,430,760		\$ 2,430,760	
Total					







<u>Note 6. Direct Loans and Loan Guarantees, Non-Federal Borrowers:</u> (Continued)					
Total Loan Guarantee Subsidy Expense					
<u>Loan Guarantee Programs</u>	<u>FY 2009</u>	<u>FY 2008</u>			
Federal Ship Financing Fund (Title XI)	\$ 67,349	\$ (90,909)			
Total	\$ 67,349	\$ (90,909)			
<u>Budget Subsidy Rates for Loan Guarantees for the Current Year Cohort</u>					
	<u>FY 2009</u>				
<u>Loan Guarantee Programs</u>	Interest		Fees and Other		
	<u>Supplements</u>	<u>Defaults</u>	<u>Collections</u>	<u>Other</u>	<u>Total</u>
Federal Ship Financing Fund (Title XI)	0.00%	11.14%	(4.89%)	0.00%	6.25%
Total	0.00%	11.14%	(4.89%)	0.00%	6.25%
<u>Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees)</u>					
<u>Beginning Balance, Changes, and Ending Balance</u>				<u>FY 2009</u>	<u>FY 2008</u>
Beginning Balance of the loan guarantee liability				\$ 257,929	\$ 336,410
Add: subsidy expense for guaranteed loans disbursed during the reporting years by component:					
Interest Supplement Costs				-	-
Default costs (net of recoveries)				15,588	38,599
Fees and other collections				-	(23,108)
Other subsidy costs				-	-
Total of the above subsidy expense components				\$15,588	\$15,491
Adjustments:					
Loan Guarantee Modifications				-	-
Fees Received				-	-
Interest Supplements Paid				-	-
Foreclosed Property and Loans Acquired				-	-
Claim Payments to Lenders				-	-
Interest accumulation on the liability balance				13,749	11,905

Other				<u>(28,435)</u>	<u>523</u>
Ending balance of the loan guarantee liability before reestimates				258,831	364,329
<u>Note 6. Direct Loans and Loan Guarantees, Non-Federal Borrowers:</u> (Continued)					
Add or subtract subsidy reestimates by component:					
Interest Rate Reestimate				-	-
Technical/default reestimate				<u>51,761</u>	<u>(106,400)</u>
Total of the above reestimate components				51,761	(106,400)
Ending balance of the loan guarantee liability				<u>\$ 310,592</u>	<u>\$ 257,929</u>

Notes to the Financial Statements			
Note 7. Inventory and Related Property:			
(Dollars in Thousands)			
September 30, 2009		Allowance	
	<u>Cost</u>	<u>for Loss</u>	<u>Net</u>
Inventory by Category:			
Inventory Held for Current Sale	\$ -	\$ -	\$ -
Inventory Held in Reserve for Future Sale	-	-	-
Excess, Obsolete and Unserviceable Inventory	-	-	-
Inventory Held for Repair	-	-	-
Inventory Work In Process	-	-	-
Other	-	-	-
Total Inventory	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operating Materials and Supplies by Category:			
Items Held for Use	\$ 183,592	\$ 1,881	\$ 181,711
Items Held in Reserve for Future Use	45,299	-	45,299
Excess, Obsolete and Unserviceable Items	-	-	-
Items Held for Repair	2,352	-	2,352
Other	-	-	-
Total Operating Materials & Supplies	<u>\$ 231,243</u>	<u>\$ 1,881</u>	<u>\$ 229,362</u>
Total Inventory and Related Property			<u>\$ 229,362</u>
September 30, 2008			
	<u>Cost</u>	<u>for Loss</u>	<u>Net</u>
Inventory:			
Inventory Held for Current Sale	\$ -	\$ -	\$ -
Inventory Held in Reserve for Future Sale	-	-	-
Excess, Obsolete and Unserviceable Inventory	-	-	-
Inventory Held for Repair	-	-	-
Inventory Work In Process	-	-	-
Other	-	-	-
Total Inventory	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Note 7. Inventory and Related Property (continued):</u>			
Operating Materials and Supplies:			
Items Held for Use	\$ 180,045	\$ 4,856	\$ 175,189
Items Held in Reserve for Future Use	65,903	-	65,903
Excess, Obsolete and Unserviceable Items	-	-	-
Items Held for Repair	6,071	-	6,071
Other	-	-	-
Total Operating Materials & Supplies	<u>\$ 252,019</u>	<u>\$ 4,856</u>	<u>\$ 247,163</u>
Total Inventory and Related Property			<u>\$ 247,163</u>
Additional Disclosure:			
		<u>September 30, 2009</u>	<u>September 30, 2008</u>
Gross Inventory - Balance beginning of year		\$ 252,019	\$ 253,559
Prior-period adjustment (not restated)		-	-
Adjusted beginning balance		252,019	253,559
Capitalized acquisitions from the public during fiscal year		-	-
Capitalized acquisitions from federal agencies during fiscal year		-	-
Inventory Sold or used		17,801	6,396
Gross Inventory - Balance end of year		234,218	247,163
Total Allowance for inventories and related property		-	-
Inventory, Net - balance end of year		\$ 234,218	\$ 247,163
Capitalized acquisitions from Federal agencies by trading partner categories.			
General Service Administration		\$ -	\$ -
Department of Defense		-	-
Department of Interior		-	-
Department of Justice		-	-
National Aeronautics and Space Administration		-	-
All other departments		-	-
Total Capitalized assets from federal agencies		\$ -	\$ -

Notes to the Financial Statements

Note 8. General Property, Plant and Equipment:

(Dollars in Thousands)

<u>Major Classes</u>	<u>Service Life</u>	<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>	<u>September 30, 2009 Net Book Value</u>
Land and Improvements	Not Depreciable	\$ 3,962	\$ -	\$ 3,962
Buildings and Structures	20 SL	172,361	66,487	105,874
Furniture and Fixtures		-	-	-
Equipment	5-10 SL	28,175	26,758	1,418
ADP Software		1,012	935	78
Electronics	5-10 SL	738	738	-
Assets Under Capital Lease		-	-	-
Leasehold Improvements		-	-	-
Aircraft		-	-	-
Ships and Vessels	25 SL	1,639,129	1,289,052	350,077
Small Boats	10 SL	295,542	291,554	3,988
Other Vehicles		-	-	-
Construction in Progress	Not Depreciable	20,117	-	20,117
Property Not in Use		-	-	-
Other Miscellaneous Property		-	-	-
Total		<u>\$ 2,161,036</u>	<u>\$ 1,675,523</u>	<u>\$ 485,513</u>





Note 8. General Property, Plant and Equipment (continued):	Service	Acquisition	Accumulated	September 30, 2008
Major Classes	Life	Value	Depreciation	Net Book Value
Land	Not Depreciable	\$ 3,962	\$ -	\$ 3,962
Buildings and Structures	20 SL	150,943	59,798	91,145
Furniture and Fixtures		-	-	-
Equipment	5-10 SL	23,647	23,431	216
ADP Software		1,012	735	277
Electronics	5-10 SL		738	-
Assets Under Capital Lease		-	-	-
Leasehold Improvements		-	-	-
Aircraft		-	-	-
Ships and Vessels	25 SL	1,656,764	1,241,137	415,627
Small Boats	10 SL	17,724	15,180	2,544
Other Vehicles		-	-	-
Construction in Progress	Not Depreciable	13,101	-	13,101
Property Not in Use		-	-	-
Other Miscellaneous Property		-	-	-
Total		<u>\$ 1,867,891</u>	<u>\$ 1,341,019</u>	<u>\$ 526,872</u>
Additional Disclosure:				
		PP& E Acquisition Value	Accumulated Depreciation	FY 2009 Net Book Value
Gross PP&E - Balance beginning of year		\$ 1,867,891	\$ 1,341,019	\$ 526,872
Prior-period adjustment (not restated)		-	-	-
Adjusted beginning balance		1,867,891	1,341,019	526,872
Capitalized acquisitions from the public during current fiscal year		-	-	-
Capitalized acquisitions from federal agencies during current fiscal year		311,298	278,414	32,884
Deletions from the Balance Sheet		18,153	16,402	1,751

Revaluations		-	-	-
<u>Note 8. General Property, Plant and Equipment (continued):</u>				
Stewardship reclassifications		-	-	-
Depreciation/amortization Current Year Expense - (Enter amount in Accumulated Depreciation column only)		-	72,491	(72,491)
PP&E - balance end of year ( Must Agree to PPE, net on Balance Sheet)		<u>\$2,161,036</u>	<u>\$ 1,675,522</u>	<u>\$ 485,514</u>
		Acquisition	Accumulated	FY 2008
		Value	Depreciation	Net Book Value
Gross PP&E - Balance beginning of year		\$1,853,233	\$ 1,270,010	\$ 583,223
Prior-period adjustment (not restated)		-	-	-
Adjusted beginning balance		-	-	-
Capitalized acquisitions from the public during current fiscal year		-	-	-
Capitalized acquisitions from federal agencies during current fiscal year		14,443	70,794	(56,351)
Deletions from the Balance Sheet		-	-	-
Revaluations		-	-	-
Stewardship reclassifications		-	-	-
Depreciation/amortization Current Year Expense		-	-	-
PP&E - balance end of year ( Must Agree to PP&E, net on Balance Sheet)		<u>\$1,867,676</u>	<u>\$ 1,340,804</u>	<u>\$ 526,872</u>
Provide capitalized asset amounts from Federal agencies amounts by the following trading partner categories				
		FY 2009	FY 2008	
General Service Administration		\$ -	\$ -	
Department of Defense		275,801	2,751	
Department of Interior		-	-	
Department of Justice		-	-	
National Aeronautics and Space Administration		-	-	
All other departments		<u>35,497</u>	-	
Total Capitalized assets from federal agencies (Total amount must agree w/ total capitalized acquisitions from federal agencies above)		<u>\$ 311,298</u>	<u>\$ 2,751</u>	

Notes to the Financial Statements

Note 9. Stewardship Property, Plant and Equipment (Heritage Assets):

1) Explain in a concise statement how the stewardship assets relate to the mission of the entity

Implied within the agency's mission is the promotion of the nation's rich maritime heritage. One aspect of this entails the collection, maintenance and distribution of maritime artifacts removed from MARAD ships prior to their disposal. These artifacts are sought for public display in museums, aboard memorial ships, and in facilities used by government organizations and issued on a long-term loan basis for this purpose.

2) Provide a description of the stewardship policies for the heritage assets. Stewardship policies for heritage assets are goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of heritage assets consistent with statutory requirements, prohibitions, and limitations governing the entity and the heritage assets.

MARAD has established a list of artifact-type items that are typically found aboard agency-owned ships. As ships are assigned to a non-retention status in preparation for disposal, artifact items are collected, inventoried, photographed and relocated to secure shoreside storage facilities. This resulting inventory of artifacts is made available for long-term loan to qualified organizations for public display purposes. Qualified organizations have access to the artifact inventory via web-based system. The artifact loan process is also managed on-line via this system. The program is also supports required NHPA processing prior to vessel disposal. Funding for the maintenance of heritage items is typically the responsibility of the organization requesting the loan. As all items are durable and restorable, disposal is not a consideration.

Heritage Assets should be fully disclosed as a footnote per SFFAS 29

HERITAGE ASSETS SUMMARY									
NUMBER OF PHYSICAL UNITS									
September 30, 2009									
	Units as of				Units as of				
Heritage Assets:	09/30/08	Additions	Withdrawals		9/30/2009				
Personal Property:									
Collections:									
Artifacts	41	-	-		41				
Museum	516	12	4		524				
Other Collections	101	-	20		81				
Total Collections	658	12	24		646				
Total Personal Property									
Heritage Assets	658	12	24		646				

<u>Note 9. Stewardship Property, Plant and Equipment (Heritage Assets):</u>									
<u>Heritage Assets:</u>		Units as of			Units as of				
		<u>09/30/08</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>9/30/2009</u>				
Real Property:									
Buildings and Structures		-	-	-	-				
Total Real Property									
Heritage Assets		_____ =	_____ =	_____ =	_____ =				
<p><u>Artifacts</u> are those of the Maritime Administration. Maritime Administration artifacts are generally on loan to single purpose memorialization and remembrance groups, such as AMVets and preservation societies.</p>									
<p><u>Museum and Other Collections</u> are owned by the Maritime Administration. They are merchant marine artifacts, composed of ships' operating equipment, obtained from obsolete ships. They are inoperative and in need of preservation and restoration. Museum items are on loan to organizations whose purpose is historic preservation, education, and remembrance, open to the public during regularly scheduled hours. Other collections are on loan to public and private entities, the display of which is incidental to maritime affairs, such as county and state buildings, port authorities, pilots associations, public and college libraries, and other organizations.</p>									

Notes to the Financial Statements

Note 10. Liabilities Not Covered by Budgetary Resources:

	(Dollars in Thousands)	
Intragovernmental:	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Accounts Payable	\$ -	\$ -
Debt	-	-
Other Liabilities	<u>78,383</u>	<u>96,690</u>
<b>Total Intragovernmental</b>	<b><u>\$ 78,383</u></b>	<b><u>\$ 96,690</u></b>
Accounts Payable	\$ -	\$ -
Federal Employee and Veterans' Benefits Payable	21,282	22,219
Environmental and Disposal Liabilities	384,434	190,932
Other Liabilities	<u>17,226</u>	<u>36,888</u>
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b><u>\$ 501,325</u></b>	<b><u>\$ 346,729</u></b>
<b>Total Liabilities Covered by Budgetary Resources</b>	<b><u>619,233</u></b>	<b><u>551,708</u></b>
<b>Total Liabilities</b>	<b><u>\$ 1,120,558</u></b>	<b><u>\$ 898,437</u></b>

Liabilities Not Covered by Budgetary Resources are Liabilities incurred which are not covered by realized budgetary resources as of the Balance Sheet date.

Notes to the Financial Statements

Notes to the Financial Statements						
<u>Note 11. Debt:</u>						
Intragovernmental Debt:						
(Dollars in Thousands)						
As of September 30, 2009						
	2008	2008	2008		2009	2009
	Beginning	Net	Ending		Beginning	Net
	Balance	Borrowing	Balance		Balance	Borrowing
Covered by Budgetary Resources:						
Debt to the Treasury	\$ 198,408	\$ (70,326)	\$128,082		\$128,082	\$ 41,988
Debt to the Federal Financing Bank	-	-	-		-	-
Debt to Other Federal Agencies	-	-	-		-	-
Total Covered by Budgetary Resources	<u>\$ 198,408</u>	<u>\$ (70,326)</u>	<u>\$128,082</u>		<u>\$128,082</u>	<u>\$ 41,988</u>
Not Covered by Budgetary Resources:						
Debt to the Treasury	\$ -	\$ -	\$ -		\$ -	\$ -
Debt to the Federal Financing Bank	-	-	-		-	-
Debt to Other Federal Agencies	-	-	-		-	-
Total Not Covered by Budgetary Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>
Total Intragovernmental Debt	<u>\$ 198,408</u>	<u>\$ (70,326)</u>	<u>\$128,082</u>		<u>\$128,082</u>	<u>\$ 41,988</u>

Notes to the Financial Statements

Note 12. Federal Employee Benefits Payable:

(Dollars in Thousands)

	<u>2009</u>	<u>2008</u>
Intragovernmental Liability for FECA (Note 15)	\$ 4,188	\$ 4,535
Expected Future Liability for FECA	<u>21,282</u>	<u>22,218</u>
Total Federal Employee Benefits Payable	<u>\$ 25,470</u>	<u>\$ 26,753</u>

The Department of Labor calculates the FECA liability for DOT as a whole. FECA liabilities include the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases, plus a component for incurred but not reported claims. The estimated liability is not covered by budgetary resources and thus will require future appropriated funding.

The intragovernmental FECA liability represents amounts billed to DOT by the DOL for FECA payments made on DOT's behalf. Funding for the liability will be made provided by future appropriations. The intragovernmental amount is not an actuarial liability.



Notes to the Financial Statements

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
<u>Note 13. Environmental and Disposal Liabilities:</u>		
	(Dollars in Thousands)	
	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Public		
Environmental Liabilities:		
Environmental Remediation (Describe Below)	\$ 202,434	\$ 79,700
Asset Disposal (Describe Below)	<u>182,000</u>	<u>111,232</u>
Total Public	<u>\$ 384,434</u>	<u>\$ 190,932</u>
Not Covered by Budgetary Resources:		
Environmental Liabilities:		
Environmental Remediation (Describe Below)	\$ -	\$ -
Environmental Cleanup (Describe)	-	-
Asset Disposal (Describe Below)	<u>-</u>	<u>-</u>
Total Not Covered by Budgetary Resources	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 384,434</u>	<u>\$ 190,932</u>
Components of the Liability		
MARAD Environmental Remediation Liability		

MARAD's environmental remediation liability generally occurs under the Resource Conservation and Recovery Act of 1976 (RCRA), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA or Superfund) or the Toxic Substances Control Act (TSCA) Environmental remediation includes the fuel storage tank program, fuels, solvents, industrial, and chemicals, and other environmental cleanup associated with normal operations or as a result of an accident. Cost estimates for environmental cleanup and asset disposal liabilities are not adjusted for inflation and are subject to revision as a result of changes in technology and environmental laws and regulations.

MARAD Asset Disposal Liability		

The National Maritime Heritage Act requires that the Maritime Administration dispose of certain merchant vessels owned by the U.S. government, including non-retention ships in the National Defense Reserve Fleet. Residual fuel, asbestos, and solid polychlorinated biphenyls (PCB) sometimes exist onboard MARAD's non-retention ships. MARAD is reporting future costs for disposing existing non-retention ships as unfunded asset disposal liabilities.

Notes to the Financial Statements			
<u>Note 15. Other Liabilities:</u>		(Dollars in Thousands)	
Intragovernmental:	Non-Current	Current	FY 2009
	<u>Liabilities</u>	<u>Liabilities</u>	<u>Total</u>
<u>Covered by Budgetary Resources:</u>			
Advances and Prepayments	\$ -	\$ 141,114	\$ 141,114
Accrued Pay and Benefits	-	-	-
Undisbursed Loans	-	-	-
Federal Employees Compensation Act Billings	-	-	-
Uncleared Disbursements and Collections	-	102	102
Deferred Credits	-	-	-
Deposit Funds	-	-	-
Other - Employer Contribution & Payroll Taxes Payable	-	-	-
Other Liabilities	<u>-</u>	<u>5,970</u>	<u>5,970</u>
Total Intragovernmental Covered by Budgetary Resources	<u>\$ -</u>	<u>\$ 147,186</u>	<u>\$ 147,186</u>
<u>Not Covered by Budgetary Resources:</u>			
Federal Employees Compensation Act (FECA)			
2008 Bill (Current)	\$ -	\$ 1,913	\$ 1,913
2009 Bill (Non-Current)	1,829	-	1,829
4th Quarter of FY 2009 (Non-Current)	446	-	446
Unbilled Accrued Benefits (Non-Current)	<u>-</u>	<u>-</u>	<u>-</u>
Total FECA Liabilities	\$ 2,275	\$ 1,913	\$ 4,188
Other Accrued Liabilities - Ocean Freight Differential	-	-	-
Other - Deferred Credit			
Other - Advances and Prepayments			
Other Accrued Liabilities - Custodial Liabilities	1	-	1
Other Unfunded Employment related Liabilities	36,878	438	37,316
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	<u>36,878</u>	<u>-</u>	<u>36,878</u>
Total Intragovernmental Not Covered by Budgetary Resources	<u>\$ 76,032</u>	<u>\$ 2,351</u>	<u>\$ 78,383</u>
Total Intragovernmental Other Liabilities	<u>\$ 76,032</u>	<u>\$ 149,537</u>	<u>\$ 225,569</u>
Public:			
<u>Covered by Budgetary Resources:</u>			
Accrued Unbilled State Payments	\$ -	\$ -	\$ -
Other Accrued Unbilled Payments	-	-	-

Accrued Pay and Benefits	-	5,780	5,780	
Uncleared Disbursements and Collections	-	50	50	
<u>Note 15. Other Liabilities (continued):</u>				
Advances and Prepayments	-	3,583	3,583	
Deposit Funds	-	-	-	
Deferred Credits	-	2,220	2,220	
Capital Leases	-	-	-	
Total Public Covered by Budgetary Resources	<u>\$ -</u>	<u>\$ 11,633</u>	<u>\$ 11,633</u>	
Not Covered by Budgetary Resources:				
Accrued Pay and Benefits	\$ -	\$ -	\$ -	
Deposit Funds	-	-	-	
Legal Claims	10,004	-	10,004	
Capital Leases	-	-	-	
Other - Unfunded Leave	7,222	-	7,222	
Other - Other Deferred Revenue	-	-	-	
Other - Custodial Liabilities	-	-	-	
Total Public Not Covered by Budgetary Resources	<u>\$ 17,227</u>	<u>\$ -</u>	<u>\$ 17,227</u>	
Total Public Other Liabilities	<u>\$ 17,227</u>	<u>\$ 11,633</u>	<u>\$ 28,860</u>	
As of September 30, 2008				
Intragovernmental:	Non-Current	Current	FY 2008	
	<u>Liabilities</u>	<u>Liabilities</u>	<u>Total</u>	
Covered by Budgetary Resources:				
Advances and Prepayments	\$ -	\$ 95,949	\$ 95,949	
Accrued Pay and Benefits	-	-	-	
Undisbursed Loans	-	-	-	
FECA Billings (Note 12)	-	-	-	
Uncleared Disbursements and Collections	-	(499)	(499)	
Deferred Credits	-	(15)	(15)	
Deposit Funds	-	-	-	
Other Liabilities (2990)	-	5,970	5,970	
Total Intragovernmental Covered by Budgetary Resources	<u>\$ -</u>	<u>\$ 101,405</u>	<u>\$ 101,405</u>	
		2,162	2,162	

Not Covered by Budgetary Resources:	-			
Federal Employees Compensation Act (FECA) 2007 Bill (Current)				
2008 Bill (Non-Current)	\$ 1,913	\$ -	\$ 1,913	
<u>Note 15. Other Liabilities (continued)</u>				
	Non-Current	Current	FY 2008	
	<u>Liabilities</u>	<u>Liabilities</u>	<u>Total</u>	
Quarter of FY 2008 (Non-Current)	460	-	460	
Unbilled Accrued Benefits (Non-Current)	-	-	-	
Total FECA Liabilities	\$ 2,373	\$ 2,162	\$ 4,535	
Other Accrued Liabilities - Ocean Freight Differential	91,696	-	91,696	
Other - Deferred Credit	-	-	-	
Other - Advances and Prepayments	-	-	-	
Other Accrued Liabilities - Custodial Liabilities	3	-	3	
Other Unfunded Employment related Liabilities	456	-	456	
Total Intragovernmental Not Covered by Budgetary Resources	\$ 94,528	\$ 2,162	\$ 96,690	
Total Intragovernmental Other Liabilities	\$ 94,528	\$ 103,567	\$ 198,095	
Public:				
Covered by Budgetary Resources:				
Accrued Unbilled State Payments	\$ -	\$ -	\$ -	
Other Accrued Unbilled Payments	-	-	-	
Accrued Pay and Benefits	-	3,859	3,859	
Uncleared Disbursements and Collections	-	615	615	
Advances and Prepayments	-	3,575	3,575	
Deposit Funds	-	-	-	
Deferred Credits	4,440	-	4,440	
Capital Leases	-	-	-	
Total Public Covered by Budgetary Resources	\$ 4,440	\$ 8,049	\$ 12,489	
Not Covered by Budgetary Resources:				
Accrued Pay and Benefits	\$ -	\$ -	\$ -	
Deposit Funds	-	-	-	
Legal Claims	2,901	-	2,901	
Capital Leases	-	-	-	
Other - Unfunded Leave	7,201	-	7,201	
Other - Other Deferred Revenue	26,789	-	26,789	
Other - Custodial Liabilities	(3)	-	(3)	

Total Public Not Covered by Budgetary Resources	\$ 36,888	\$ -	\$ 36,888		
Total Public Other Liabilities	\$ 41,328	\$ 8,049	\$ 49,377		

Notes to the Financial Statements

Note 17. Contingencies and Commitments:

Describe any contingencies. A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity. The uncertainty should ultimately be resolved when one or more future events occur or fail to occur. The likelihood that the future event or events will confirm the loss or the incurrence of a liability can range from probable to remote.

Statement of Federal Financial Accounting Standards (SFFAS) No. 5, as amended by SFFAS No. 12, contains the criteria for recognition and disclosure of contingent liabilities. In addition to the contingent liabilities required by SFFAS No. 5, the following shall also be disclosed: (1) An estimate of obligations related to canceled appropriations for which the reporting entity has a contractual commitment for payment, and (2) Amounts for contractual arrangements which may require future financial obligations (commitments), e.g., undelivered orders.

(Dollars in Thousands)

1. Legal Claims							
	Federal Tort Claim	\$	4				
	Refund Midshipmen Fees		9,000				
	Seaman Injury		<u>1,000</u>				
	Total	\$	<u>10,004</u>				

Notes to the Financial Statements

Note 18. Earmarked Funds:

Section A: A description of each fund's purpose, how the entity accounts for and reports the fund, and its authority to use those revenues and other financing sources.

War Risk Insurance Fund - MARAD is authorized to insure against loss or damage from marine war risks until commercial insurance can be obtained on reasonable terms and conditions. This insurance includes war risk hull and disbursement interim insurance, war risk protection and indemnity interim insurance, second seaman's war risk interim insurance and war risk cargo insurance standby program.

Special Study, Services & Project Fund - All payments for work or services performed or to be performed under the Act shall be deposited in this separate account which may be used to pay directly the costs of such work or services.

Gifts and Bequests Fund - The Secretary is authorized to accept, hold, and administer gifts and bequests of property, both real and personal for the purpose of aiding or facilitating the work of Department of Transportation.

Section B: The sources of revenue or other financing for the period and an explanation of the extent to which they are inflows of resources to the Government or the result of intragovernmental flows.

Section C: Any change in legislation during or subsequent to the reporting period and before the issuance of the financial statements that significantly changes the purpose of the fund or that redirects a material portion of the accumulated balance.

None.

(Dollars in Thousands)

Section D:

	FY 2009
	MARAD Earmarked Funds
Balance Sheet as of September 30, 2009	
Assets	
Fund Balance with Treasury	\$ 39,791
Investments, Net	29,856
Accounts Receivable, Net	-
Property, Plant & Equipment	3,831
Other	-
Total Assets	<u>\$ 73,478</u>
Liabilities and Net Position	
Accounts Payable	\$ 10
FECA Liabilities	-
Grants Accrual	-
Other Liabilities	-
Unexpended Appropriations	-
Cumulative Results of Operations	<u>73,468</u>
Total Liabilities and Net Position	<u>\$ 73,478</u>
Statement of Net Cost for the Period Ended	
September 30, 2009	
Program Costs	\$ 58,843
Less Earned Revenue	1,206
Net Program Costs	57,637
Costs Not Assigned to Programs (OST and OIG only)	-

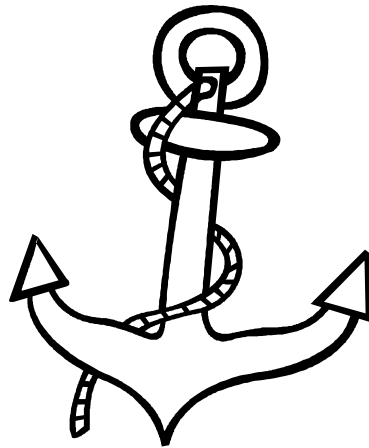
Less Earned Revenues Not Assigned to Programs		-
Net Cost of Operations		<u>\$ 57,637</u>
Note 18. Earmarked Funds (continued):		
Statement of Changes in Net Position For the Period Ended September 30, 2009		
Beginning Net Position		\$ 130,003
Budgetary Financing Sources		1,102
Other Financing Sources		-
Net Cost of Operations		<u>57,637</u>
Net Position End of Period		<u>\$ 73,468</u>
		FY 2008
		MARAD Earmarked Funds
Balance Sheet as of September 30, 2008		
Assets		
Fund Balance with Treasury		\$ 83,736
Investments, Net		42,473
Accounts Receivable, Net		-
Property, Plant & Equipment		3,794
Other		<u>-</u>
Total Assets		<u>\$ 130,003</u>
Liabilities and Net Position		
Liabilities (explain the types of liabilities)		\$ -
Accounts Payable		-
FECA Liabilities		-
Grants Accrual		-
Other Liabilities		-
Unexpended Appropriations		-
Cumulative Results of Operations		<u>130,003</u>
Total Liabilities and Net Position		<u>\$ 130,003</u>
Statement of Net Cost for the Period Ended September 30, 2008		
Program Costs		\$ 20,118
Less Earned Revenue		90,206
Net Program Costs		(70,088)
Costs Not Assigned to Programs		-
Less Earned Revenues Not Assigned to Programs		<u>-</u>
Net Cost of Operations		<u>\$ (70,088)</u>
Statement of Changes in Net Position For the Period Ended September 30, 2008		
Beginning Net Position		\$ 58,358
Budgetary Financing Sources		1,557
Other Financing Sources		-
Net Cost of Operations		<u>(70,088)</u>
Net Position End of Period		<u>\$ 130,003</u>

Notes to the Financial Statements

Note 19. Intragovernmental Costs and Exchange Revenues:

(Dollars in Thousands)

				Intragovernment	With the Public	FY 2009 Total
Maritime Transportation:						
	Gross Costs			\$70,163	\$1,051,911	\$1,122,074
	Less Earned Revenue			<u>378,422</u>	<u>6,874</u>	<u>385,296</u>
	Net Program Costs			<u>(\$308,259)</u>	<u>\$1,045,037</u>	<u>\$736,778</u>





Notes to the Financial Statements

Note 21. Statement of Budgetary Resources:						
(Dollars in Thousands)						
	FY 2009			FY 2008		
	<u>Direct</u>	<u>Reimbursable</u>	<u>Total</u>	<u>Direct</u>	<u>Reimbursable</u>	<u>Total</u>
The amount of direct and reimbursable obligations incurred against amounts apportioned under Category A, B and Exempt from apportionment as of the end of the period:						
Category A	\$ 111,459	\$ 363,627	\$ 475,086	\$ 116,709	\$ 456,517	\$ 573,226
Category B	632,880	3,441	636,321	442,863	945	443,808
Exempt from apportionment	<u>34,935</u>	<u>-</u>	<u>34,935</u>	<u>87,419</u>	<u>-</u>	<u>87,419</u>
Total	<u>\$779,274</u>	<u>\$367,068</u>	<u>\$1,146,342</u>	<u>\$646,991</u>	<u>\$457,462</u>	<u>\$1,104,453</u>
	FY 2009	FY 2008				
Available Contract Authority as of the end of the period:	\$ -	\$ -				
Available Borrowing Authority as of the end of the period:	\$ 209,000	\$ 219,000				
Undelivered orders, Unpaid at the end of the period	\$ 379,809	\$ 312,910				
Adjustments during the fiscal year to Beginning Balance of Budgetary Resources:						
	FY 2009	FY 2008				
Cumulative Authorizations in Excess of Obligation Limitation	\$ -	\$ -				
Rescissions	-	-				
Prior Year Recoveries	-	-				
Temporarily Not Available	-	-				
Cancelled Authority	-	-				
Permanently Not Available	-	-				
Other Adjustments (Fully Describe Below)	<u>-</u>	<u>-</u>				
Total Adjustments to Beginning Balance of Budgetary Resources	<u>\$ -</u>	<u>\$ -</u>				

Notes to the Financial Statements

Note 23. Reconciliation of Net Cost of Operations to Budget

(Dollars in Thousands)

Line Description	Amount	
1. Obligations Incurred	1,146,342	
2. Less: Spending Authority from Offsetting Collections and Recoveries	623,561	
3. Obligations Net of Offsetting Collections and Recoveries	522,781	
4. Less: Distributed Offsetting Receipts	(39,806)	
5. Net Obligations	482,975	
Other Resources		
6. Donations and Forfeitures of Property	-	
7. Transfers In/Out Without Reimbursement (+/-)	-	
8. Imputed Financing From Costs Absorbed by Others	7,850	
9. Other Resources (+/-)	(73,263)	
10. Net Other Resources Used to Finance Activities	(65,413)	
11. Total Resources Used to Finance Activities	417,562	
Resources Used to Finance Items Not Part of the Net Cost of Operations		
12. Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not yet Provided	68,200	
13. Resources That Fund Expenses Recognized in Prior Periods	93,793	
14. Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations	-	
14a. Credit Program Collections That Increase Liabilities for Loan Guarantees or Allowances for Subsidy	(102,386)	
14b. Other/Change in Unfilled Customer Orders	(76,464)	
14c. Anticipated Resources not yet realized	-	
15. Resources That Finance the Acquisition of Assets	(102,970)	

<u>Note 23. Reconciliation of Net Cost of Operations to Budget (continued):</u>		
16. Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	(18,931)	
17. Total Resources Used to Finance Items Not Part of the Net Cost Of Operations	(138,758)	
18. Total Resources Used to Finance the Net Cost of Operations	556,320	
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods:		
19. Increase in Annual Leave Liability	(21)	
20. Increase in Environment and Disposal Liability	(193,502)	
21. Upward/Downward Reestimates of Credit Subsidy Expense (+/-)	(39,360)	
22. Increase in exchange revenue receivable from the public	-	
23. Change in Other Liabilities (+/-)	(48,061)	
24. Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	106,103	
Components Not Requiring or Generating Resources:		
25. Depreciation and Amortization	72,430	
26. Revaluation of Assets or Liabilities (+/-)	1,751	
27. Other Expenses and Adjustments not Otherwise Classified Above (+/-)	-	
28. Total Components of Net Cost of Operations That Will Not Require or Generate Resources	74,181	
29. Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	180,284	
Other Adjustments (un-reconciled difference to SNC)	<u>174</u>	
30. Net Cost of Operations	<u>736,778</u>	

Notes to the Financial Statements

Note 24. Fiduciary Activities

The Title XI Escrow Fund was authorized pursuant to the Merchant Marine Act of 1936, as amended. The fund was originally established to hold guaranteed loan proceeds pending construction of MARAD approved and financed vessels.

The Act was recently amended to allow the deposit of additional cash security items such as reserve funds or debt reserve funds. Individual shipowners provide funds to serve as security on MARAD guaranteed loans. Funds deposited and invested by the Maritime Administration (MARAD) remain the property of individual shipowners. In the event of default, MARAD will use the escrow funds to offset the shipowners' debt to the Government.

Fund investments are limited to U.S. Government securities purchased by MARAD through the Treasury.

Schedule of Fiduciary Activity

For the quarter ended September 30, 2009

(Dollars in Thousands)

	<u>FY 2009</u>	
Fiduciary Net Assets, beginning of year	\$ 141,681	
Fiduciary revenues	-	
Contributions	-	
Investment earnings	-	
Gain (Loss) on disposition of investments, net	-	
Administrative and other expenses	-	
Disbursements to and on behalf of beneficiaries	-	
Increases/(Decreases in fiduciary net assets	-	
Fiduciary net assets, end of period	<u>\$ 141,681</u>	
<u>Fiduciary Net Assets</u>		
As of September 30, 2009		
<u>Fiduciary Assets</u>		
Fiduciary Fund Balance with Treasury	\$ 75	
Investments in Treasury Securities	141,681	
	-	
Other Assets	-	

<u>Fiduciary Liabilities</u>		
Less: Liabilities	141,756	
Total Fiduciary Net Assets	=====	
<u>Note 24. Fiduciary Activities (continued):</u>		
Contributions increase fiduciary net assets. Contributions include cash collected from beneficiaries and directly increase a beneficiary's equity.		
Disbursements to and on behalf of beneficiaries decrease fiduciary net assets. Disbursements are equity distributions to or on behalf of beneficiaries.		
Fiduciary net assets, end of period should equal Total Fiduciary Net Assets.		

<u>Deferred Maintenance:</u>				
				(Dollars in Thousands)
DOT			Asset	Cost to Return to
<u>Entity</u>	<u>Major Class of Asset</u>	<u>Method of Measurement</u>	<u>Condition*</u>	<u>Acceptable Condition</u>
MARAD	Vessels, Ready Reserve	Condition Assessment	2	6,285
	Force (Various Locations)	Survey		
	Real Property, Anchorage	Condition Assessment	2	40
		Survey		
	Other - Real Property, Buildings	Condition Assessment	2 & 3	350
		Survey		
	Other (Pier and Berthing Surveys and Studies)	Estimate	2	35
	Other	Other (Heritage Assets)		
		Condition Assessment	3 & 4	200
		Survey		
			Total	\$ 6,910

\*Asset Condition Rating Scale:

1 - Excellent			
2 - Good			
3 - Fair			
4 - Poor			
5 - Very Poor			

This Non-Appropriated Fund Instrumentality (NAFI) data is provided in accordance with the Department of Defense Authorization Act of 2001, Public Law 106-398, which contains the following section on a report to be submitted to the Congress.

Report to Congress			
Funds Administered by the Maritime Administration			
Not appropriated to the Maritime Administration			
For Fiscal Year Ended September 30, 2009			
		(Dollars in Thousands)	
The Department of Defense Authorization Act of 2001, Public Law 106-398, which contains the following section on a report to be submitted to the Congress:			
<b>SEC. 3506. REPORTING OF ADMINISTERED AND OVERSIGHT FUNDS.</b>			
The Maritime Administration, in its annual report to Congress under Section 208 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1118), and in its annual budget estimate submitted to			
Congress, shall state separately the amount, source, intended use, and nature of any funds (other than those appropriated to the Administration or to the Secretary of Transportation			
for use by the Administration) administered, or subject to oversight, by the Administration.			
Fund Source	Intended Use	FY 2009 Amount	
Funds Credited in Vessel Operating Revolving Fund (VORF)			
Commerce, Economic Dev. Admin. (EDA)	Port Authority of Guam investment	\$2,000	
Commerce, NOAA	Support of miscellaneous buoy - Pay & Benefits	8	
Defense Advanced Research Project Agency	Support of Falcon HTV-2A program	1,933	
Defense Energy Support Center	Support of CHESAPEAKE-SALM & SPMS	5,000	
Department of the Navy	Ex-TRIPOLI Pay & Benefits	6	
Department of the Navy	Hurricane Ike repairs at Beaumont Reserve Fleet	2,798	
Department of the Navy	Support of ADM CALLAGHAN	843	
Department of the Navy	Support of CAPE DIAMOND	578	
Department of the Navy	Support of CAPE DUCATO	542	
Department of the Navy	Support of CAPE FAREWELL	2,320	
Department of the Navy	Support of CAPE GIB/WAS/DCS/DMG/DGL	3,449	
Department of the Navy	Support of CAPE HUDSON	588	
Department of the Navy	Support of CAPE JACOB	12,311	
Department of the Navy	Support of CAPE MAY	3,038	
Department of the Navy	Support of CAPE WRA/DIA/INT/ISB/ISL	3,241	
Department of the Navy	Support of CAPE WRATH & INSCRIPTION	1,189	
Department of the Navy	Support of CORNHUSKER STATE	2,103	
Department of the Navy	Support of CURTISS	1,604	
Department of the Navy	Support of GRAND CANYON STATE	890	
Department of the Navy	Support of NDRF & RRF vessels	277,176	

<b>Fund Source</b>	<b>Intended Use</b>	<b>FY 2009 Amount</b>
Department of the Navy	Support of SS CURTISS	2,503
Department of the Navy	Support of SS WRIGHT Carolina Hornet exercise	27
Department of the Navy	Support of Title XI ship loan guarantee program IAW	48,000
Department of the Navy	Support of TS KENNEDY conversion	10,000
Dept of Homeland Security (DHS)	Support of CAPE CHALMERS	50
DOD, Office of Economic Adjustment	Port of Anchorage-Intermodal Marine Facility	10,000
DOT, NHTSA	Support of NCCIPS at Stennis Space Center	288
MDA	Support of Pacific Collector	3,382
MDA	Support of Pacific Tracker	8,000
MDA	Support of Pacific Tracker - Maintenance/Outporting	3,998
MDA	Support of Pacific Tracker (formerly Beaver State)	10,877
Military Sealift Command	Support of SS CAPE JACOB	286
Missile Defense Agency (MDA)	Pacific Collector - Operation & Maintenance	3,887
Naval Air Systems Command	Support of CAPE RACE	63
Naval Sea Systems Command (NAVSEA)	INACTIVE vessels in NDRF for required shipboard maintenance	536
Naval Surface Warfare Center (NSWC)	Support of Shipboard tests aboard RRF vessels	250
NAVSPECWARDEVGRU	DELMONTE training range	682
NAVSPECWARDEVGRU	Support of DEL MONTE	175
Navy Expeditionary Combat Command (NECC)	Keystone State/Grand Canyon State/Gem Stone/MARAD TAC ship training	209
NCHB	TAC vessel training	30
NECC	CAPE ANN training & evaluation of tools	43
NECC	Misc Crane ship training	103
NSWC	Crane ship pendulation control system project	30
NSWC	Large Vessel Interface-Lift On/Off	100
U.S. Air Force	Large Vessel Interface-Lift On/Off	2,900
U.S. Air Force	Support of Pacific Collector	2,500
U.S. Army	80th training command at Fort Eustis	20
U.S. Army	Barge repair at Beaumont Reserve Fleet	1,500
U.S. Army	Crane ship training at Cheatum Annex	6
U.S. Army	Support of CAPE MAY	994
U.S. Army	Support of NDRF-STURGIS Pay & Benefits	32
U.S. Coast Guard (USCG)	Training onboard CAPE TEXAS	1
U.S. Marine Corps	SS WRIGHT LOADEX training	37
U.S. Marine Corps	Support of USS CURTIS	20
U.S. Navy Cargo Handling Battalion (NHCB)	TAC Vessel training	100
USCG	Salary support for IRIS/PLAINTREE/STORIS	45

Total Vessel Operating Revolving		<u>433,287</u>
<b><u>Fund Source</u></b>	<b><u>Intended Use</u></b>	<b><u>FY 2009 Amount</u></b>
<b>Funds Credited in Operations &amp; Training (O&amp;T):</b>		
Alaska Dept of the Environmental Conservation	Marine Board-Aleutians Risk Assessment	\$30
CG ISC Boston	Administrative services	88
Department of the Navy	Marine Cargo Terminal Grant with Philadelphia Regional Port Authority	250
DOT, Federal Transit Administration	Team One Solutions, Inc service contract	1
DOT, RITA-VOLPE Center	Support of MARAD hydrogen projects	50
Military Sealift Command	SOCP membership fee	5
Military Surf Deployment & District Command (MSDDC)	ICODES project	220
NAVSEA	Systems engineering efforts/travel for PEO ships	50
NAVSPECWARDEVGRU	Marine grade gasoline during training	3
NOAA	Ships Operation Cooperative Program (SOCP)	5
Office of Naval Research	MARAD Domain Awareness Public Facing Web Portal	12
Office of the Secretary	Special Achievement Award	1
U.S. Army	Cost associated with travel & contractual services.	10
U.S. Coast Guard (USCG)	Administrative support services to International Standards Org Technical Advisory Group	95
USCG	SOCP membership fee	5
USCG	Support of Marine Board	<u>120</u>
<b>Total Operations and Training Reimbursables (O&amp;T)</b>		<b><u>\$945</u></b>
Operations & Training Transfers		14,246
Federal Highway Allocations		7,183
USMMA Collections		<u>234</u>
<b>Total Operations and Training (O&amp;T)</b>		<b><u>\$22,608</u></b>



<b>NAFI REVENUES:</b>			
		<b>FY 2009 Amount</b>	
<b>Gifts and Bequests Trust Fund (GF)</b>			
<b>GF</b>	USMMA	\$1,102	
	Gifts & Bequests		
	MARAD receives gifts and bequests from external contributors, individuals and organizational donors. The agency receives restricted gifts specify the purpose for the contributed funding. Unrestricted gifts can be applied to agency priorities. The large share of gifts and bequests received by MARAD are for the USMMA.		
<b>Total Gifts and Bequests Trust Fund (GF)</b>		<b>\$1,102</b>	
<b>Special Studies, Services, and Projects Trust Fund (SSSP)</b>		\$10,122	
	Federal, State and Local		
	Government Sources		
	MARAD may receive funding from non-Federal sources, including states, municipalities, and private entities for collaborative, cost-sharing efforts advancing maritime missions.		
<b>Total Special Studies, Services, and Projects Trust Fund (SSSP)</b>		<b>\$10,122</b>	
		<b>FY 2009 Amount</b>	
<b>SUMMARY:</b>			
<b>Total Vessel Operating Revolving Fund</b>		<b>\$433,287</b>	
<b>Total Operations &amp; Training</b>		<b>22,608</b>	
<b>Total Gifts and Bequests</b>		<b>1,102</b>	
<b>Total Special Studies, Services, and Projects</b>		<b>10,122</b>	
<b>Total FY 2008 Funding Authority</b>		<b>\$467,120</b>	

(In Thousands of Dollars)					
	NAFI	Operating Revenue	Midshipman Fees	Total Revenues/1	Cash Balances/2
1	Athletic Association	\$ 50	\$ 502	\$ 552	\$ 6
2	Chapel	25	-	25	8
3	Cultural Events	1	33	34	18
4	Employees Association	6	-	6	37
5	Faculty & Staff Housing	24	-	24	28
6	Fiscal Control Office	-	1,974	1,974	4,313
7	Melville Hall	1,617	-	1,617	105
8	Midshipmen Publication	42	87	129	79
9	Morale	70	207	276	99
10	Museum	3	-	3	6
11	Music Program	1	-	1	1
12	Sail, Power & Crew Association	5	161	166	-
13	Ship's Service	<u>120</u>	<u>951</u>	<u>1,071</u>	<u>423</u>
	Sub-Total	\$1,963	3,915	5,878	5,122
14	GMATS	<u>7,500</u>	-	<u>7,500</u>	<u>5,000</u>
	Grand Total	<u>\$ 9,463</u>	<u>\$ 3,915</u>	<u>\$ 13,378</u>	<u>\$ 10,122</u>
<i>1/ NAFI revenues are reported on an academic year July 1, 2008 to June 30, 2009.</i>					
<i>2/ Cash balances in Commercial Bank Accounts as of 9/30/09</i>					

## Appendix 1

### Government Sponsored Cargoes For Fiscal Years 2008 - 2004

<b>GOVERNMENT SPONSORED CARGOES - FY 2008</b>				
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</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	369,063	2,499,775	1,941,382	77.7%
<b>Department of Agriculture</b>				
--PL 480 - Title I	8,442	44,200	44,200	100%
--Food for Progress	27,583	135,520	132,270	97.6%
--Food for Education	23,462	113,432	95,129	83.9%
--Section 416(b)	309	1,895	1,895	100.0%
<b>TOTALS</b>	<b>428,859</b>	<b>2,794,822</b>	<b>2,214,876</b>	<b>79.2%</b>
<b>CIVILIAN AGENCIES</b>				
<b>U.S.-Flag</b>				
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Metric Tons</b>	<b>Metric Tons</b>	<b>Metric Tons</b>
<b>Congressional Supplementary</b>				
--Iraq Reconstruction	14,071	14,724	14,681	99.7%
<b>Defense Security Cooperative Agency</b>				
--Foreign Military Funding	6,301	27,019	15,046	55.7%
--Fuel: Israel	19,434	350,115	350,115	100.0%
<b>Department of Defense</b>				
--USACE/Civilian	887	3,843	152	4.0%
<b>Department of Energy</b>				
--Western Area Power Administration	-	-	-	0.0%
--Bonneville Power	-	-	-	0.0%
<b>Department of Health and Human Services</b>				
--Public Health	-	-	-	0.0%
<b>Department of State</b>				
--International Narcotics & Law Enforcement	-	765	-	0.0%
--Overseas Building Office	149	857	400	46.7%
--Transportation Travel Management	550	639	409	64.0%
--U.S. Dispatch Agencies	7,280	15,944	7,331	46.0%
<b>Department of Transportation</b>				
--Federal Transit Administration	18,028	19,063	11,717	61.5%
--MARAD Title XI	215	245	230	93.9%
<b>Export-Import Bank</b>				
--Public Resolution 17	10,355	16,573	13,352	80.6%
<b>General Services Administration</b>				
	20	10	10	100.0%

<b><u>GOVERNMENT SPONSORED CARGOES - FY 2008 (Continued)</u></b>				
<b>Independent Federal Agencies</b>				
--National Science Foundation				
<b>U.S. Agency for International Development (AID)</b>				
--AID Loans and Grants	3,709	35,192	25,238	71.7%
--AIDS Prevention	885	1,856	1,355	73.0%
<b>U.S. Economic Support Fund</b>				
--Israeli Grain: Side Letter	-	-	-	0.0%
<b>TOTALS</b>	<b>81,903</b>	<b>486,855</b>	<b>440,046</b>	<b>90.4%</b>
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Revenue Tons</b>	<b>Revenue Tons</b>	<b>Revenue Tons</b>
<b>MILITARY CARGOES</b>				
Military Cargoes (Measurement Tons - Dry Cargo)	662,309	10,843,639	9,197,876	84.8%
Military Cargoes (Metric Tons - Dry Cargo)	135,557	82,749	80,442	97.2%
Military Cargoes (Metric Tons - Petroleum)	17,515	5,570,260	3,361,256	60.3%
<b>TOTALS</b>	<b>815,381</b>	<b>16,496,648</b>	<b>12,639,574</b>	<b>76.6%</b>

<b>GOVERNMENT SPONSORED CARGOES -</b>				
<b><u>FY 2007</u></b>				
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Metric Tons</b>	<b>Metric Tons</b>	<b>Metric Tons</b>
<b><u>HUMANITARIAN FOOD AID</u></b>				
<b>Agency for International Development (AID)</b>				
--PL 480 - Title II	237,781	1,989,124	1,618,474	81.4%
<b>Department of Agriculture</b>				
--PL 480 - Title I	3,895	42,500	42,500	100.0%
--Food for Progress	59,556	421,639	365,779	86.8%
--Food for Education	15,751	88,065	83,383	94.7%
--Section 416(b)	2,777	12,436	11,965	96.2%
<b>TOTALS</b>	<b>319,760</b>	<b>2,553,764</b>	<b>2,122,101</b>	<b>83.1%</b>
<b><u>CIVILIAN AGENCIES</u></b>				
<b>Congressional Supplementary</b>				
--Iraq Reconstruction	3,706	4,326	3,740	86.5%
<b>Defense Security Cooperative Agency</b>				
--Foreign Military Funding	14,460	37,866	26,794	70.8%
--Fuel: Israel	17,464	323,526	323,526	100.0%
<b>Department of Defense</b>				
--USACE/Civilian	48	2,044	190	9.3%
<b>Department of Energy</b>				
--Western Area Power Administration	-	-	-	0.0%
--Bonneville Power	-	-	-	0.0%
<b>Department of Health and Human Services</b>				
--Public Health	-	2	-	0.0%
<b>Department of State</b>				
--International Narcotics & Law Enforcement	-	204	-	0.0%
--Overseas Building Office	2,241	6,896	2,701	39.2%
--Transportation Travel Management	527	1,064	274	25.8%
--U.S. Dispatch Agencies	7,024	13,554	6,752	49.8%
<b>Department of Transportation</b>				
--Federal Transit Administration	6,906	14,514	7,108	49.0%
--MARAD Title XI	459	1,247	965	77.4%
<b>Export-Import Bank</b>				
--Public Resolution 17	24,724	66,964	28,319	42.3%
<b>General Services Administration</b>				
	22	34	25	73.5%
<b>Independent Federal Agencies</b>				
--National Science Foundation	-	-	-	0.0%
<b>U.S. Agency for International Development (AID)</b>				
--AID Loans and Grants	3,198	56,973	41,896	73.5%

<b>GOVERNMENT SPONSORED CARGOES</b>				
<b>- FY 2007 (Continued)</b>				
--AIDS Prevention	762	1,994	1,292	64.8%
<b>U.S. Economic Support Fund</b>				
--Israeli Grain: Side Letter	-	-	-	
<b>TOTALS</b>	<b>81,541</b>	<b>531,208</b>	<b>443,582</b>	<b>83.5%</b>
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Revenue Tons</b>	<b>Revenue Tons</b>	<b>Revenue Tons</b>
<b>MILITARY CARGOES</b>				
Military Cargoes (Measurement Tons - Dry Cargo)	734,315	13,099,685	10,282,858	78.5%
Military Cargoes (Metric Tons - Dry Cargo)	181,856	98,749	96,847	98.1%
Military Cargoes (Metric Tons - Petroleum)	3,194	5,677,832	3,580,545	63.1%
<b>TOTALS</b>	<b>919,365</b>	<b>18,876,266</b>	<b>13,960,250</b>	<b>73.9%</b>

<b>GOVERNMENT SPONSORED CARGOES</b>				
<b>- FY 2006</b>				
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Metric Tons</b>	<b>Metric Tons</b>	<b>Metric Tons</b>
<b><u>HUMANITARIAN FOOD AID</u></b>				
<b>Agency for International Development (AID)</b>				
--PL 480 - Title II	318,742	2,830,361	2,067,251	73.0%
<b>Department of Agriculture</b>				
--PL 480 - Title I	5,952	92,709	70,000	75.5%
--Food for Progress	69,233	624,300	431,217	69.1%
--Food for Education	19,309	103,094	87,935	85.3%
--Section 416(b)	1,167	4,433	4,395	99.1%
<b>TOTALS</b>	<b>414,403</b>	<b>3,654,897</b>	<b>2,660,798</b>	<b>72.8%</b>
<b><u>CIVILIAN AGENCIES</u></b>				
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Metric Tons</b>	<b>Metric Tons</b>	<b>Metric Tons</b>
<b>Congressional Supplementary</b>				
--Iraq Reconstruction	48,922	43,428	41,321	95.2%
<b>Defense Security Cooperative Agency</b>				
--Foreign Military Funding	12,123	34,779	28,130	80.9%
--Fuel: Israel	16,922	353,607	353,607	100.0%
<b>Department of Defense</b>				
--USACE/Civilian	970	25,620	3,835	15.0%
<b>Department of Energy</b>				
--Western Area Power Administration	-	-	-	0.0%
--Bonneville Power	65	192	192	100.0%
<b>Department of Health and Human Services</b>				
--Public Health	-	-	-	0.0%
<b>Department of State</b>				
--International Narcotics & Law Enforcement	-	-	-	0.0%
--Overseas Building Office	1,760	11,170	4,418	39.6%
--Transportation Travel Management	35	14	12	85.7%
--U.S. Dispatch Agencies	6,154	11,446	6,782	59.3%
<b>Department of Transportation</b>				
--Federal Transit Administration	4,341	8,409	5,153	61.3%
--MARAD Title XI	110	909	667	73.4%
<b>Export-Import Bank</b>				
--Public Resolution 17	16,657	26,734	18,966	70.9%
<b>General Services Administration</b>				
	19	9	9	100.0%
<b>Independent Federal Agencies</b>				
--National Science Foundation	-	-	-	0.0%
<b>U.S. Agency for International Development (AID)</b>				
--AID Loans and Grants	2,330	21,560	12,963	60.1%

<b>GOVERNMENT SPONSORED CARGOES</b>				
<b>- FY 2006 (Continued)</b>				
--AIDS Prevention	172	1,383	240	17.4%
<b>U.S. Economic Support Fund</b>				
--Israeli Grain: Side Letter	2,473	61,820	61,820	100.0%
<b>TOTALS</b>	<b>113,053</b>	<b>601,080</b>	<b>538,115</b>	<b>92.6%</b>
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Revenue Tons</b>	<b>Revenue Tons</b>	<b>Revenue Tons</b>
<b>MILITARY CARGOES</b>				
Military Cargoes (Measurement Tons - Dry Cargo)	574,557	9,796,536	8,435,100	86.1%
Military Cargoes (Metric Tons - Dry Cargo)	210,292	113,892	111,941	98.2%
Military Cargoes (Metric Tons - Petroleum)	not available	5,281,932	4,865,821	92.1%
<b>TOTALS</b>	<b>784,849</b>	<b>15,192,360</b>	<b>13,412,862</b>	<b>88.2%</b>



<b>GOVERNMENT SPONSORED CARGOES -</b>				
<b>FY 2005</b>				
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Metric Tons</b>	<b>Metric Tons</b>	<b>Metric Tons</b>
<b><u>HUMANITARIAN FOOD AID</u></b>				
<b>Agency for International Development (AID)</b>				
--PL 480 - Title II	293,996	2,961,100	1,910,397	64.5%
<b>Department of Agriculture</b>				
--PL 480 - Title I	14,547	245,588	186,263	75.8%
--Food for Progress	44,508	432,983	335,258	77.4%
--Food for Education	10,699	64,235	58,772	91.5%
--Section 416(b)	15,645	74,937	68,228	91.0%
<b>TOTALS</b>	<b>379,395</b>	<b>3,778,843</b>	<b>2,558,918</b>	<b>67.7%</b>
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Metric Tons</b>	<b>Metric Tons</b>	<b>Metric Tons</b>
<b><u>CIVILIAN AGENCIES</u></b>				
<b>Congressional Supplementary</b>				
--Iraq Reconstruction	10,748	26,285	15,393	58.6%
<b>Defense Security Cooperative Agency</b>				
--Foreign Military Funding	14,370	45,881	34,681	75.6%
--Fuel: Israel	15,158	330,774	330,774	100.0%
<b>Department of Defense</b>				
--USACE/Civilian	4,391	71,909	11,453	15.9%
<b>Department of Energy</b>				
--Western Area Power Administration	8	233	27	11.6%
--Bonneville Power	-	-	-	0.0%
<b>Department of Health and Human Services</b>				
--Public Health	-	-	-	0.0%
<b>Department of State</b>				
--International Narcotics & Law Enforcement	-	-	-	0.0%
--Overseas Building Office	1,273	6,440	3,252	0.0%
--Transportation Travel Management	-	-	-	
--U.S. Dispatch Agencies	7,643	12,361	9,259	74.9%
<b>Department of Transportation</b>				
--Federal Transit Administration	4,364	7,628	3,647	47.8%
--MARAD Title XI	4	76	4	5.3%
<b>Export-Import Bank</b>				
--Public Resolution 17	10,943	30,037	16,722	55.7%
<b>General Services Administration</b>				
--	-	-	-	0.0%
<b>Independent Federal Agencies</b>				
--National Science Foundation	214	342	322	94.2%
<b>U.S. Agency for International Development (AID)</b>				
--AID Loans and Grants	6,437	45,651	30,504	66.8%
--AIDS Prevention	546	1,901	834	43.9%

U.S. Economic Support Fund				
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**GOVERNMENT SPONSORED CARGOES -**

**FY 2005 (Continued)**

--Israeli Grain: Side Letter	13,993	349,818	349,818	100.0%
<b>TOTALS</b>	<b>90,090</b>	<b>929,336</b>	<b>806,690</b>	<b>86.8%</b>
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Revenue Tons</b>	<b>Revenue Tons</b>	<b>Revenue Tons</b>
<b>MILITARY CARGOES</b>				
Military Cargoes (Measurement Tons - Dry Cargo)	559,735	11,427,869	10,659,354	93.3%
Military Cargoes (Metric Tons - Dry Cargo)	288,771	147,444	144,506	98.0%
Military Cargoes (Metric Tons - Petroleum)	4,581	5,467,132	4,868,053	89.0%
<b>TOTALS</b>	<b>853,087</b>	<b>17,042,445</b>	<b>15,671,913</b>	<b>91.9%</b>

<b>GOVERNMENT SPONSORED CARGOES -</b>				
<b>FY 2004</b>				
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Metric Tons</b>	<b>Metric Tons</b>	<b>Metric Tons</b>
<b><u>HUMANITARIAN FOOD AID</u></b>				
<b>Agency for International Development (AID)</b>				
--PL 480 - Title II	318,738	3,123,701	2,247,075	71.9%
<b>Department of Agriculture</b>				
--PL 480 - Title I	18,986	253,669	209,208	82.5%
--Food for Progress	81,802	678,257	561,377	82.8%
--Food for Education	20,854	132,317	113,472	85.8%
--Section 416(b)	14,558	74,511	65,919	88.5%
<b>TOTALS</b>	<b>454,938</b>	<b>4,262,455</b>	<b>3,197,051</b>	<b>75.0%</b>
<b><u>CIVILIAN AGENCIES</u></b>				
<b>Congressional Supplementary</b>				
--Iraq Reconstruction	688	992	812	81.9%
<b>Defense Security Cooperative Agency</b>				
--Foreign Military Funding	16,043	49,766	38,838	78.0%
--Fuel: Israel	16,750	383,059	383,059	100.0%
<b>Department of Defense</b>				
--USACE/Civilian	117	20,728	519	2.5%
<b>Department of Energy</b>				
--Western Area Power Administration	2	346	14	4.1%
--Bonneville Power	-	-	-	0.0%
<b>Department of Health and Human Services</b>				
--Public Health	-	-	-	0.0%
<b>Department of State</b>				
--International Narcotics & Law Enforcement	-	-	-	0.0%
--Overseas Building Office	2,885	14,896	8,224	55.2%
--Transportation Travel Management	-	-	-	
--U.S. Dispatch Agencies	6,766	14,375	11,528	80.2%
<b>Department of Transportation</b>				
--Federal Transit Administration	8,348	84,503	81,709	97.3%
--MARAD Title XI	-	36	-	0.0%
<b>Export-Import Bank</b>				
--Public Resolution 17	14,865	72,688	49,087	67.5%
<b>General Services Administration</b>				
	-	-	-	0.0%
<b>Independent Federal Agencies</b>				
--National Science Foundation	-	30	-	0.0%
<b>U.S. Agency for International Development (AID)</b>				
--AID Loans and Grants	4,824	74,808	51,514	68.9%
--AIDS Prevention	101	561	142	25.3%

<b>U.S. Economic Support Fund</b>				
--Israeli Grain: Side Letter	14,463	361,563	361,563	100.0%
<b>TOTALS</b>	<b>85,852</b>	<b>1,078,351</b>	<b>987,009</b>	<b>91.5%</b>
<b><u>GOVERNMENT SPONSORED CARGOES -</u></b>				
<b><u>FY 2004 (Continued)</u></b>				
	<b>U.S.-Flag</b>			
	<b>Revenue</b>	<b>Total</b>	<b>U.S.-Flag</b>	<b>% U.S.-Flag</b>
	<b>(\$1,000)</b>	<b>Revenue Tons</b>	<b>Revenue Tons</b>	<b>Revenue Tons</b>
<b>MILITARY CARGOES</b>				
Military Cargoes (Measurement Tons - Dry Cargo)	344,694	8,967,128	8,637,743	96.3%
Military Cargoes (Metric Tons - Dry Cargo)	508,700	341,897	338,328	98.9%
Military Cargoes (Metric Tons - Petroleum)	10,428	5,499,708	3,607,556	65.6%
<b>TOTALS</b>	<b>863,822</b>	<b>14,808,733</b>	<b>12,583,627</b>	<b>84.9%</b>

## Appendix 2

# Presidential Proclamation

*National Maritime Day is a United States day of observance created to recognize the maritime industry and often used to recognize the work and the sacrifices of the U.S. Merchant Marine. It is observed on May 22, the date that the American steamship Savannah set sail from Savannah, Georgia, on the first-ever transoceanic voyage under steam power. The observance was created by the United States Congress on May 20, 1933, and has been honored with a Presidential proclamation every year since.*

## BARACK OBAMA

XLIV President of the United States: 2009-Present

383 - Proclamation 8384 -

National Maritime Day, 2009

May 20, 2009

Americans have long looked to the sea as a source of security and prosperity. Bounded by two oceans and the Gulf of Mexico and criss-crossed by a myriad of inland waterways, America's destiny as a maritime nation was a story foretold.

The Merchant Marine took up arms alongside the Continental Navy to help defeat the British Navy during the American Revolution. Since then, they have served bravely as the United States has faced threats ranging from war to piracy, and our seafaring fleet has proven instrumental in protecting our safety. In times of conflict and crisis, the Armed Forces rely on the Merchant Marine's sealift capability to transport critical equipment and supplies. Time and again, mariners have demonstrated their willingness and ability to meet daunting challenges.

Waterways have also enabled much of the commerce that has expanded America's economy. Domestic and international commerce occurred along rivers and coasts even before our Nation's birth. Great cities have sprouted near waterways, and maritime activity remains crucial to our economy today.

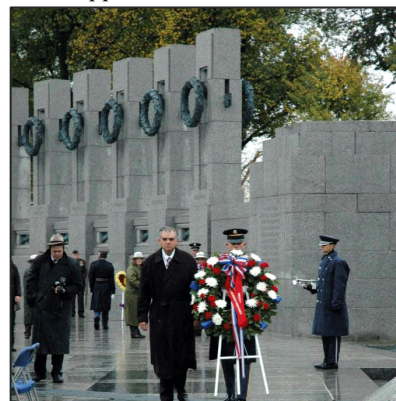
The men and women of the U.S. Merchant Marine and the many other workers who have supported the maritime industry have made significant contributions to our leadership in the global marketplace, and to our security.

On this National Maritime Day, we also mark the opening of a permanent exhibition at the Smithsonian Institution, "On the Water." It demonstrates the importance of the maritime industry and chronicles our history as a maritime nation.

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, 2009, as National Maritime Day. I call upon the people of the United States to mark this observance by honoring the service of merchant mariners and by displaying 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.

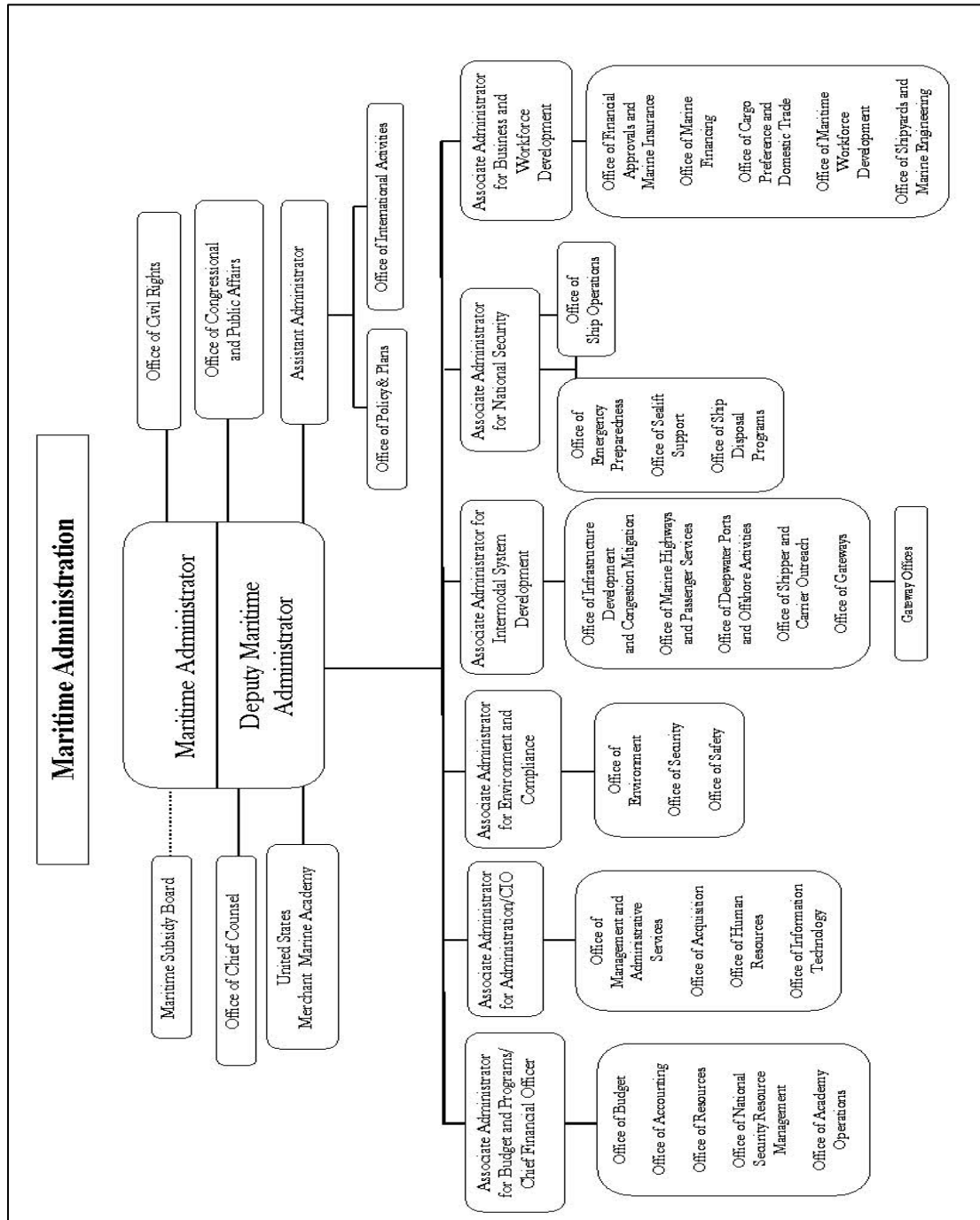
IN WITNESS WHEREOF, I have hereunto set my hand this twentieth day of May, in the year of our Lord two thousand nine, and of the Independence of the United States of America the two hundred and thirty-third.



Secretary of Transportation Ray LaHood advances with a wreath and military escort to honor U.S. merchant mariners and America's armed services at the World War II Memorial in Washington, D.C., on Veterans Day, Nov. 11, 2009. Official DOT photo

Appendix 3

# Organization Chart



## Appendix 4

# List of MSP Participants

September 30, 2009

<u>MSP Contract No.</u>	<u>Vessel Name</u>	<u>Company Name</u>	<u>Ship Type</u>
MA/MSP-48	LIBERTY	Fidelio Limited Partnership	RO/RO
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	PRESIDENT JACKSON	APL Marine Services, Ltd.	Containership
MA/MSP-55	APL CHINA	APL Marine Services, Ltd.	Containership
MA/MSP-56	PRESIDENT POLK	APL Marine Services, Ltd.	Containership
MA/MSP-57	PRESIDENT TRUMAN	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	PATRIOT	Fidelio Limited Partnership	RO/RO
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	ALLIANCE 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
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  
MA/MSP-91

SEA-LAND LIGHTENING  
SEA-LAND METEOR

Maersk Line, Limited  
Maersk Line, Limited

Containership  
Containership

# List of MSP Participants

September 30, 2009  
(Continued)

<u>MSP Contract No.</u>	<u>Vessel Name</u>	<u>Company Name</u>	<u>Ship Type</u>
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 Geared
MA/MSP-96	MAERSK CALIFORNIA	Maersk Line, Limited	Containership
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 ATLAS	Patriot Shipping LLC	Heavy Lift
MA/MSP-103	M/V OCEAN TITAN	Patriot Titan LLC	Heavy Lift
MA/MSP-104	GREEN BAY	Waterman Steamship Corporation	RO/RO
MA/MSP-105	GREEN DALE	Waterman Steamship Corporation	RO/RO Geared
MA/MSP-106	MAERSK ALABAMA	Waterman Steamship Corporation	Containership Geared
MA/MSP-107	MAERSK ARKANSAS	Waterman Steamship Corporation	Containership

## Appendix 5

# VISA Vessel Listing

## September 30, 2009

<u>Vessel Name</u>	<u>Company Name</u>	<u>Vessel Type</u>	<u>Program Type</u>
STRONG MARINER	America Cargo Transport Corp.	ITB	International
THUNDER & LIGHTNING	America Cargo Transport Corp.	ITB	International
INDEPENDENCE II	American International Shipping, LLC	RO/RO	MSP
LTC CALVIN P. TITUS	American President Lines, Ltd.	Cont-RO/RO	International
APL CHINA	APL Marine Services, Ltd.	Containership	MSP
APL KOREA	APL Marine Services, Ltd.	Containership	MSP
APL PHILIPPINES	APL Marine Services, Ltd.	Containership	MSP
APL SINGAPORE	APL Marine Services, Ltd.	Containership	MSP
APL THAILAND	APL Marine Services, Ltd.	Containership	MSP
PRESIDENT ADAMS	APL Marine Services, Ltd.	Containership	MSP
PRESIDENT JACKSON	APL Marine Services, Ltd.	Containership	MSP
PRESIDENT POLK	APL Marine Services, Ltd.	Containership	MSP
PRESIDENT TRUMAN	APL Marine Services, Ltd.	Containership	MSP
SP5 ERIC G. GIBSON	APL Maritime, Ltd.	Cont-RO/RO	International
APL BALBOA	APL Maritime, Ltd.	Cont-SS	International
APL CYPRINE	APL Maritime, Ltd.	Geared Container	International
APL AGATE	APL Maritime, Ltd.	Geared Container	International
APL PEARL	APL Maritime, Ltd.	Geared Container	International
APL JAPAN	APL Maritime, Ltd.	Geared Container	International
GREEN COVE	Central Gulf Lines, Inc.	RO/RO	MSP
GREEN LAKE	Central Gulf Lines, Inc.	RO/RO	MSP
GREEN POINT	Central Gulf Lines, Inc.	RO/RO	MSP
GREEN RIDGE	Central Gulf Lines, Inc.	RO/RO	MSP
COASTAL NAVIGATOR	Coastal Transportation, Inc.	Breakbulk	Jones
COASTAL TRADER	Coastal Transportation, Inc.	Breakbulk	Jones
COASTAL VENTURE	Coastal Transportation, Inc.	Containership	Jones
ALLIANCE NORFOLK	Farrell Lines Inc.	RO/RO	MSP
ALLIANCE ST. LOUIS	Farrell Lines Inc.	RO/RO	MSP
MAERSK OHIO	Farrell Lines Inc.	Containership	MSP
MAERSK MONTANA	Farrell Lines Inc.	Containership	MSP
MAERSK IOWA	Farrell Lines Inc.	Containership	MSP
LIBERTY	Fidelio Limited Partnership	RO/RO	MSP
HONOR	Fidelio Limited Partnership	RO/RO	MSP
FREEDOM	Fidelio Limited Partnership	RO/RO	MSP
INTEGRITY	Fidelio Limited Partnership	RO/RO	MSP
PATRIOT	Fidelio Limited Partnership	RO/RO	MSP
RESOLVE	Fidelio Limited Partnership	RO/RO	MSP
COURAGE	Fidelio Limited Partnership	RO/RO	MSP
DELTA MARINER	Foss Maritime Company	RO/RO	USAF
ST LOUIS EXPRESS	Hapag Lloyd, USA , LLC	Geared Container	MSP
WASHINGTON EXPRESS	Hapag Lloyd, USA , LLC	Geared Container	MSP
CHARLESTON EXPRESS	Hapag Lloyd, USA , LLC	Geared Container	MSP
YORKTOWN EXPRESS	Hapag Lloyd, USA , LLC	Geared Container	MSP
PHILADELPHIA EXPRESS	Hapag Lloyd, USA , LLC	Geared Container	MSP
HORIZON ANCHORAGE	Horizon Lines, LLC	Containership	Jones
HORIZON CHALLENGER	Horizon Lines, LLC	Containership	Jones
HORIZON CONSUMER	Horizon Lines, LLC	Containership	Jones/Intl

HORIZON CRUSADER

Horizon Lines, LLC

Containership

Jones

## VISA Vessel Listing

### September 30, 2009

(Continued)

<u>Vessel Name</u>	<u>Company Name</u>	<u>Vessel Type</u>	<u>Program Type</u>
HORIZON DISCOVERY	Horizon Lines, LLC	Containership	Jones
HORIZON ENTERPRISE	Horizon Lines, LLC	Containership	International
HORIZON FAIRBANKS	Horizon Lines, LLC	Containership	Jones/Intl
HORIZON HAWAII	Horizon Lines, LLC	Containership	Jones/Intl
HORIZON KODIAK	Horizon Lines, LLC	Containership	Jones
HORIZON NAVIGATOR	Horizon Lines, LLC	Containership	Jones/Intl
HORIZON PACIFIC	Horizon Lines, LLC	Containership	International
HORIZON PRODUCER	Horizon Lines, LLC	Containership	Jones/Intl
HORIZON RELIANCE	Horizon Lines, LLC	Containership	International
HORIZON SPIRIT	Horizon Lines, LLC	Containership	International
HORIZON TACOMA	Horizon Lines, LLC	Containership	Jones
HORIZON TRADER	Horizon Lines, LLC	Containership	Jones/Intl
HORIZON HAWK	Horizon Lines, LLC	Containership	International
HORIZON EAGLE	Horizon Lines, LLC	Containership	International
HORIZON FALCON	Horizon Lines, LLC	Containership	International
HORIZON HUNTER	Horizon Lines, LLC	Containership	International
HORIZON TIGER	Horizon Lines, LLC	Containership	International
ALLIANCE NEW YORK	Liberty Global Logistics, LLC	RO/RO	MSP
LIBERTY EAGLE	Liberty Shipping Group	Bulk Carrier	International
LIBERTY GLORY	Liberty Shipping Group	Bulk Carrier	International
LIBERTY GRACE	Liberty Shipping Group	Bulk Carrier	International
LIBERTY SPIRIT	Liberty Shipping Group	Bulk Carrier	International
LIBERTY STAR	Liberty Shipping Group	Bulk Carrier	International
LIBERTY SUN	Liberty Shipping Group	Bulk Carrier	International
MAERSK CAROLINA	Maersk Line, Limited	Containership	MSP
MAERSK GEORGIA	Maersk Line, Limited	Containership	MSP
MAERSK MISSOURI	Maersk Line, Limited	Containership	MSP
MAERSK VIRGINIA	Maersk Line, Limited	Containership	MSP
MAERSK WYOMING	Maersk Line, Limited	Containership	MSP
MAERSK WISCONSIN	Maersk Line, Limited	Containership	MSP
SEA-LAND CHARGER	Maersk Line, Limited	Containership	MSP
SEA-LAND COMET	Maersk Line, Limited	Containership	MSP
SEA-LAND MERCURY	Maersk Line, Limited	Containership	MSP
SEA-LAND INTREPID	Maersk Line, Limited	Containership	MSP
SEA-LAND LIGHTNING	Maersk Line, Limited	Containership	MSP
SEA-LAND METEOR	Maersk Line, Limited	Containership	MSP
MAERSK IDAHO	Maersk Line, Limited	Containership	MSP
MAERSK KENTUCKY	Maersk Line, Limited	Containership	MSP
MAERSK CALIFORNIA	Maersk Line, Limited	Geared Container	MSP
SEA-LAND RACER	Maersk Line, Limited	Containership	MSP
MAERSK CONSTELLATION	Maersk Line, Limited	RO/RO	International
MAERSK TENNESSEE	Maersk Line, Limited	Cont & RO/RO	International
MAERSK TEXAS	Maersk Line, Limited	Cont & RO/RO	International
SEA-LAND CHAMPION	Maersk Line, Limited	Containership	MSP
MAERSK UTAH	Maersk Line, Limited	Containership	MSP
SEA-LAND EAGLE	Maersk Line, Limited	Containership	MSP
LIHUE	Matson Navigation Company, Inc.	Containership	Jones
KAUAI	Matson Navigation Company, Inc.	Containership	Jones

# VISA Vessel Listing

## September 30, 2009

(Continued)

<u>Vessel Name</u>	<u>Company Name</u>	<u>Vessel Type</u>	<u>Program Type</u>
MAHI MAHI	Matson Navigation Company, Inc.	Containership	International
MANOA	Matson Navigation Company, Inc.	Containership	International
MANUKAI	Matson Navigation Company, Inc.	Containership	Jones
MAUI	Matson Navigation Company, Inc.	Containership	Jones
MAUNAWILI	Matson Navigation Company, Inc.	Containership	Jones
MAUNALEI	Matson Navigation Company, Inc.	Containership	Jones
MOKIHANA	Matson Navigation Company, Inc.	Containership	International
MANULANI	Matson Navigation Company, Inc.	Containership	Jones
R.J. PFEIFFER	Matson Navigation Company, Inc.	Containership	Jones
LURLINE	Matson Navigation Company, Inc.	Cont-RO/RO	Jones
MATSONIA	Matson Navigation Company, Inc.	Cont-RO/RO	Jones
NATIONAL GLORY	National Shipping of America, LLC	Containership	Jones
JEAN ANNE	Pasha Hawaii Transport Lines, LLC	RO/RO	International
OCEAN ATLAS	Patriot Shipping, LLC	Heavylift breakbulk	MSP
OCEAN TITAN	Patriot Titan, LLC	Heavylift breakbulk	MSP
BLACK EAGLE	Red River Holdings, LLC	Containership	International
EL MORRO	Sea Star Line, LLC	RO-RO/LO-LO	Jones
EL YUNQUE	Sea Star Line, LLC	RO-RO/LO-LO	Jones
EL FARO	Sea Star Line, LLC	RO/RO	Jones
ADVANTAGE	Sealift Inc.	Breakbulk	International
CLEVELAND	Sealift Inc.	Breakbulk	International
HARRIETTE	Sealift Inc.	Bulk Carrier	International
MARILYN	Sealift Inc.	Bulk Carrier	International
NOBLE STAR	Sealift Inc.	Breakbulk	International
ASCENSION	Sealift Inc.	Containership	International
TSGT JOHN A. CHAPMAN	Sealift Inc.	Breakbulk	International
SAGAMORE	Sealift, Inc.	Containership	International
GREAT LAND	Totem Ocean Trailer Express	RO/RO	Jones
MIDNIGHT SUN	Totem Ocean Trailer Express	RO/RO	Jones
NORTH STAR	Totem Ocean Trailer Express	RO/RO	Jones
MV GEYSIR	TransAtlantic Lines, LLC	Containership	DOD PREF
GREEN BAY	Waterman Steamship Corp.	RO/RO	MSP
MAERSK ALABAMA	Waterman Steamship Corp.	Geared Container	MSP
MAERSK ARKANSAS	Waterman Steamship Corp.	Geared Container	MSP
GREEN DALE	Waterman Steamship Corp.	RO/RO	MSP
 <b><u>TUGS AND BARGES</u></b>			
BARGE #15	A Way to Move, Inc.	Barge	
TUG WHITE HILL	A Way to Move, Inc.	Tug	
Z BIG 1	America Cargo Transport Corp.	Barge	
AMERICAN TRADER	America Cargo Transport Corp.	Barge	
MOBRO 2300	Beyel Brothers, Inc.	Barge	
GUS J HENRICH	Beyel Brothers, Inc.	Tug	
SEAMARK III	Beyel Brothers, Inc.	Tug	
COLUMBIA BALTIMORE	Columbia Coastal Transport, LLC	Barge	
COLUMBIA CHARLESTON	Columbia Coastal Transport, LLC	Barge	
COLUMBIA ELIZABETH	Columbia Coastal Transport, LLC	Barge	
COLUMBIA HOUSTON	Columbia Coastal Transport, LLC	Barge	

## VISA Vessel Listing

### September 30, 2009

(Continued)

<u>Vessel Name</u>	<u>Company Name</u>	<u>Vessel Type</u>	<u>Program Type</u>
COLUMBIA NEW YORK	Columbia Coastal Transport, LLC	Barge	
COLUMBIA NEWARK	Columbia Coastal Transport, LLC	Barge	
PFE-LB	CRC Marine Services, Inc.	LASH Barge	
CRIMSON ACE	Crimson Shipping Co., Inc.	Barge-RO/RO	
CRIMSON CLOVER	Crimson Shipping Co., Inc.	Barge-RO/RO	
CRIMSON TIDE	Crimson Shipping Co., Inc.	Barge-RO/RO	
EL CONQUISTADOR	Crowley Liner Services, Inc.	Barge	
EL REY	Crowley Liner Services, Inc.	Barge	
FORTALEZA	Crowley Liner Services, Inc.	Barge	
JACKSONVILLE	Crowley Liner Services, Inc.	Barge	
LA PRINCESA	Crowley Liner Services, Inc.	Barge	
LA REINA	Crowley Liner Services, Inc.	Barge	
MIAMI	Crowley Liner Services, Inc.	Barge	
PONCE	Crowley Liner Services, Inc.	Barge	
SAN JUAN	Crowley Liner Services, Inc.	Barge	
DEFENDER	Crowley Marine Services, Inc.	Tug	
ENSIGN	Crowley Marine Services, Inc.	Tug	
EXPLORER	Crowley Marine Services, Inc.	Tug	
MONITOR	Crowley Marine Services, Inc.	Tug	
ADVENTURER	Crowley Marine Services, Inc.	Tug	
PATRIARCH	Crowley Marine Services, Inc.	Tug	
PILOT	Crowley Marine Services, Inc.	Tug	
PIONEER	Crowley Marine Services, Inc.	Tug	
SENTINEL	Crowley Marine Services, Inc.	Tug	
SENTRY	Crowley Marine Services, Inc.	Tug	
BARGE 240-1	Crowley Marine Services, Inc.	Barge	
BARGE 250-6	Crowley Marine Services, Inc.	Barge	
BARGE 408	Crowley Marine Services, Inc.	Barge	
BARGE 410	Crowley Marine Services, Inc.	Barge	
BARGE 411	Crowley Marine Services, Inc.	Barge	
BARGE 416	Crowley Marine Services, Inc.	Barge	
BARGE 420	Crowley Marine Services, Inc.	Barge	
BARGE 500-1	Crowley Marine Services, Inc.	Barge	
ISLA BONITA	Crowley Marine Services, Inc.	Barge	
ISLA DEL SOL	Crowley Marine Services, Inc.	Barge	
CAVALIER	Crowley Marine Services, Inc.	Tug	
CENTURION	Crowley Marine Services, Inc.	Tug	
COMMANDER	Crowley Marine Services, Inc.	Tug	
CRUSADER	Crowley Marine Services, Inc.	Tug	
GAUNTLET	Crowley Marine Services, Inc.	Tug	
HUNTER	Crowley Marine Services, Inc.	Tug	
INVADER	Crowley Marine Services, Inc.	Tug	
MARINER	Crowley Marine Services, Inc.	Tug	
PATHFINDER	Crowley Marine Services, Inc.	Tug	
RANGER	Crowley Marine Services, Inc.	Tug	
SATURN	Crowley Marine Services, Inc.	Tug	
SEA BREEZE	Crowley Marine Services, Inc.	Tug	
SEA SWIFT	Crowley Marine Services, Inc.	Tug	

## VISA Vessel Listing

### September 30, 2009

(Continued)

<u>Vessel Name</u>	<u>Company Name</u>	<u>Vessel Type</u>	<u>Program Type</u>
SEA VICTORY	Crowley Marine Services, Inc.	Tug	
SENECA	Crowley Marine Services, Inc.	Tug	
SIOUX	Crowley Marine Services, Inc.	Tug	
SPARTAN	Crowley Marine Services, Inc.	Tug	
FOSS 185-C1	Foss Maritime Company	Barge	
FOSS 185-C2	Foss Maritime Company	Barge	
FOSS 185-C3	Foss Maritime Company	Barge	
FOSS 185-C4	Foss Maritime Company	Barge	
KAHOLO	Foss Maritime Company	Barge	
DREW FOSS	Foss Maritime Company	Tug	
JUSTINE FOSS	Foss Maritime Company	Tug	
CORBIN FOSS	Foss Maritime Company	Tug	
LAUREN FOSS	Foss Maritime Company	Tug	
GRAYSON LAB	Laborde Marine, L.L.C.	OSV	
RED LAB	Laborde Marine, L.L.C.	OSV	
JOHN P. LAB	Laborde Marine, L.L.C.	OSV	
LOCKWOOD 2002	Lockwood Brothers, Inc.	Barge	
MARY BENNETT	Lockwood Brothers, Inc.	Tug	
STICKEEN	Lynden Incorporated	Barge	
ALASKA PROVIDER	Lynden Incorporated	Barge-Deck	
BARANOF PROVIDER	Lynden Incorporated	Barge-Deck	
CHATHAM PROVIDER	Lynden Incorporated	Barge-Deck	
CHICHAGOFF PROVIDER	Lynden Incorporated	Barge-Deck	
SOUTHEAST PROVIDER	Lynden Incorporated	Barge-Deck	
TAKU PROVIDER	Lynden Incorporated	Barge-Deck	
TONGASS PROVIDER	Lynden Incorporated	Barge-Deck	
NANA PROVIDER	Lynden Incorporated	Barge-Deck	
ANCHORAGE PROVIDER	Lynden Incorporated	Barge-Railcar	
FAIRBANKS PROVIDER	Lynden Incorporated	Barge-Railcar	
WHITTIER PROVIDER	Lynden Incorporated	Barge-Railcar	
ARCTIC BEAR	Lynden Incorporated	Tug	
HALEAKALA	Matson Navigation Company, Inc.	Container Barge (SS)	
ISLANDER	Matson Navigation Company, Inc.	Container Barge (SS)	
MAUNA LOA	Matson Navigation Company, Inc.	Container Barge (SS)	
WAIALEALE	Matson Navigation Company, Inc.	Container-RO/RO Barge	
ATLANTIC TRADER	McAllister Towing & Transp. Co.	Container Barge	
CHESAPEAKE TRADER	McAllister Towing & Transp. Co.	Container Barge	
MAC 4000	McAllister Towing & Transp. Co.	Barge	
MAC 4001	McAllister Towing & Transp. Co.	Barge	
AMY McALLISTER	McAllister Towing & Transp. Co.	Tug	
BARBARA McALLISTER	McAllister Towing & Transp. Co.	Tug	
BRIDGET McALLISTER	McAllister Towing & Transp. Co.	Tug	
BRUCE A McALLISTER	McAllister Towing & Transp. Co.	Tug	
CHRISTINE McALLISTER	McAllister Towing & Transp. Co.	Tug	
COLLEEN McALLISTER	McAllister Towing & Transp. Co.	Tug	
EILEEN McALLISTER	McAllister Towing & Transp. Co.	Tug	
ELIZABETH McALLISTER	McAllister Towing & Transp. Co.	Tug	
IONA McALLISTER	McAllister Towing & Transp. Co.	Tug	



# VISA Vessel Listing

## September 30, 2009

(Continued)

<u>Vessel Name</u>	<u>Company Name</u>	<u>Vessel Type</u>	<u>Program Type</u>
JUSTINE McALLISTER	McAllister Towing & Transp. Co.	Tug	
KATIE G McALLISTER	McAllister Towing & Transp. Co.	Tug	
MARIANNE McALLISTER	McAllister Towing & Transp. Co.	Tug	
MARJORIE B McALLISTER	McAllister Towing & Transp. Co.	Tug	
MARK McALLISTER	McAllister Towing & Transp. Co.	Tug	
McALLISTER BOYS	McAllister Towing & Transp. Co.	Tug	
McALLISTER GIRLS	McAllister Towing & Transp. Co.	Tug	
McALLISTER SISTERS	McAllister Towing & Transp. Co.	Tug	
MEGAN McALLISTER	McAllister Towing & Transp. Co.	Tug	
MICHAEL J. McALLISTER	McAllister Towing & Transp. Co.	Tug	
MICHAELA McALLISTER	McAllister Towing & Transp. Co.	Tug	
RELIANCE	McAllister Towing & Transp. Co.	Tug	
RESOLUTE	McAllister Towing & Transp. Co.	Tug	
RON G.	McAllister Towing & Transp. Co.	Tug	
ROWAN McALLISTER	McAllister Towing & Transp. Co.	Tug	
SUSAN McALLISTER	McAllister Towing & Transp. Co.	Tug	
VICKIE M. McALLISTER	McAllister Towing & Transp. Co.	Tug	
BARGE BRISTOL BAY			
TRADER	Northland Services, Inc.	Barge	
LANA ROSE	Resolve Towing & Salvage, Inc.	Tug	
RMG 400	Resolve Towing & Salvage, Inc.	Barge	
ANNAHOOTZ	Samson Tug & Barge Company	Barge Combo Deck/Tank	
POWHATAN	Samson Tug & Barge Company	Tug	
SAMSON MARINER	Samson Tug & Barge Company	Tug	
HO'OMAKE HOU	Sea Star Line, LLC	Barge	
CHEMCARIBE	Sea Star Line, LLC	Barge	
FOSS 343	Sea Star Line, LLC	Barge	
HALLE FOSS	Sea Star Line, LLC	Tug	
SEATAC 300	SeaTac Marine Services, LLC	Barge	
T/V ISLAND TRADER	Stevens Towing Co., Inc.	Coastal Tug	
SJ-214	Stevens Towing Co., Inc.	Hopper Barge	
T/V ISLAND BOY	Stevens Towing Co., Inc.	Push Boat	
T/V ISLAND EXPRESS	Stevens Towing Co., Inc.	Push Boat	
T/V ISLAND TIDE	Stevens Towing Co., Inc.	Push Boat	
T/V ISLAND PROGRESS	Stevens Towing Co., Inc.	Push Boat	
T/V ROYAL ENGINEER	Stevens Towing Co., Inc.	Push Boat	
ISLAND FOX	Stevens Towing Co., Inc.	Tug	
SJ-160	Stevens Towing Co., Inc.	Barge-Hopper	
SJ-170	Stevens Towing Co., Inc.	Barge-Hopper	
SJ-199	Stevens Towing Co., Inc.	Barge-Hopper	
SJ-208	Stevens Towing Co., Inc.	Barge-Hopper	
SJ-212	Stevens Towing Co., Inc.	Barge-Hopper	
SJ-213	Stevens Towing Co., Inc.	Barge-Hopper	
SJ-215	Stevens Towing Co., Inc.	Barge-Hopper	
N-103	Superior Marine Services, Inc.	Barge	
BETTY	Superior Marine Services, Inc.	Tug	
BARANOF	Totem Ocean Trailer Express	Barge	
SITKA	Totem Ocean Trailer Express	Barge-Tank	

## VISA Vessel Listing

### September 30, 2009

(Continued)

<u>Vessel Name</u>	<u>Company Name</u>	<u>Vessel Type</u>	<u>Program Type</u>
EMMA FOSS	Totem Ocean Trailer Express	Tug	
COLUMBIA BOSTON	Totem Ocean Trailer Express	Barge	
ATLANTA BRIDGE	Trailer Bridge, Inc.	Barge-LO/LO	
BROOKLYN BRIDGE	Trailer Bridge, Inc.	Barge-LO/LO	
CHARLOTTE BRIDGE	Trailer Bridge, Inc.	Barge-LO/LO	
CHICAGO BRIDGE	Trailer Bridge, Inc.	Barge-LO/LO	
MEMPHIS BRIDGE	Trailer Bridge, Inc.	Barge-LO/LO	
JAX SAN JUAN BRIDGE	Trailer Bridge, Inc.	Barge-RO/RO	
SAN JUAN JAX BRIDGE	Trailer Bridge, Inc.	Barge-RO/RO	
GUANTANAMO BAY EXPRESS	TransAtlantic Lines, LLC	Barge	
SPENCE	TransAtlantic Lines, LLC	Tug	
MOBRO 1007	Troika International, Ltd.	Barge	
MOBRO 2501	Troika International, Ltd.	Barge	
BARGE 250-8	Troika International, Ltd.	Barge	
MOBRO 1008	Troika International, Ltd.	Barge	
MOBRO 2007	Troika International, Ltd.	Barge	
MOBRO 2503	Troika International, Ltd.	Barge	
CHEETAH	Troika International, Ltd.	Tug	
EL PUMA GRANDE	Troika International, Ltd.	Tug	
YBOR CITY	Troika International, Ltd.	Tug	

## Appendix 6

# List of Vessels Approved for Transfer To Foreign Registry in Fiscal Year 2009

VESSEL NAME	TYPE OF VESSEL	U.S. OWNER	PURCHASER	COUNTRY OF FLAG AND REGISTRY	PROPOSED USE
OVERSEAS AMBERMAR	Tanker	Ambermar Tanker Corp.	Ambermar Product Carrier Corp.	Marshall Islands	To transport petroleum
PR 3	Barge	Port Richmond Marine 3	Marinol Servicios Maritimas	Mexico	Bunkering service
B NO 105	Barge	B NO 105 Corporation	No sale involved	St. Kitts & Nevis	Use for oil storage
E M FORD	Cargo	American Transport Leasing Inc.	Purvis Marine Ltd.	Canada	For scrapping Canada
TRADER II	Barge	Ferouz Amin	No sale involved	Guyana	To transport molasses
PEACE RIVER	Barge	Puerto Rico Maritime Consulting	Patchway Group Inc.	Panama	To operate in South America
BARANOF TRADER	Barge	NVLC Freight LLC	North Arm Transportation	Canada	To operate in Canada
ATC 12000	Barge	Allied Transportation LLC	Velmore Group S.A.	Honduras	To transport cement
ITB JACKSONVILLE	Towing/barge	ITB Jacksonville LLC	Platinum Fleet Ltd.	Panama	To transport petroleum
SAHARA	Ind. Vessel	SMY & S Inc.	Venice Lagoon	Italy	Convert to yacht-hotel
ENSCO 68	Drilling unit	ENSCO Offshore Company	No sale involved	Liberia	Drilling
ENSCO 89	Drilling unit	ENSCO Offshore Company	No sale involved	Liberia	Drilling
ENSCO 7500	Drilling unit	ENSCO Offshore Company	No sale involved	Liberia	Drilling
GROTON	Towing/barge	ITB Groton LLC	Platinum Fleet Ltd.	Panama	To transport petroleum
COLUMBIA NEW YORK	Barge	Compass Marine Leasing LLC	CMA Ships	France	To operate in France
MAUNA KEA	Barge	Matson Navigation Company	CMA Ships	France	Operate international waters
OVERSEAS INTEGRITY	Tanker	Overseas Integrity LLC	Twin Oilfield Services	Belize	Use for oil storage
RIG 8	Drilling unit	Blake Offshore LLC	No sale involved	Panama	Drilling
BISCAYNE	Barge	Production Barge LLC	Brittania U Equity	Nigeria	To operate in Nigeria
DELAWARE 65	Barge	SLS Services LLC	Brittania U Equity	Nigeria	To operate in Nigeria
CLEVELAND	Tanker	Victory Maritime Company	Snow-Drop Co. Ltd.	B.V.I	For scrapping in India
OCEAN TOWER	Drilling unit	Diamond Offshore Services Co.	MMEER Marshall Islands	Marshall Islands	Drilling
OCEAN SUMMIT	Drilling unit	Diamond offshore Services Co.	Kennebec Services Corp.	Panama	Drilling
ENSCO 90	Drilling unit	ENSCO Offshore Company	No sale involved	Liberia	Drilling
ENSCO 98	Drilling unit	ENSCO Offshore Company	No sale involved	Liberia	Drilling
M-300	Barge	OSG 300 LLC	Adedapo Abiodua	St. Kitts	Use for storage in Nigeria
Barge 450-11	Barge	Crowley Marine Services Inc.	Island Tug & Barge Ltd.	Canada	To operate in Canada
CB-3	Barge	Global Mobile Offshore LLC	Barada Marine Services	St. Vincent	Marine operations
KTC 71	Barge	K-Sea Operating Partnership	Black Stallion Enterprise	Panama	To operate in Dominican Republic
HOS DEEPWATER	Supply Vessel	Hornbeck Offshore Services	No sale involved	Mexico	Offshore support work

HTCO 2515	Barge	Ceres Consulting LLC	Rain CII Carbon LLC	U.S.	Moored on the Ohio River in Moundsville, West Virginia,
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**List of Vessels Approved for Transfer  
To Foreign Registry in Fiscal Year 2009  
(Continued)**

VESSEL NAME	TYPE OF VESSEL	U.S. OWNER	PURCHASER	COUNTRY OF FLAG AND REGISTRY	PROPOSED USE
CPL LOUIS J HAUGE	Freighter	Wilmington Trust Company	No sale involved	Marshall Islands	Marine operations
D B BREMERTON	Barge	General Construction Company	Kiewit/Flatiron Gen Partnership	Canada	Heavy lift marine operation
ZBO 260	Barge	Barge Leasing Company	Amix/Salvage & Sales Co.	Canada	Waterfront crane operation
MAKAHANI	Barge	Young Brothers Ltd	Pacific Cachalot Ltd.	Canada	Log carrier
VB 53	Barge	Vane Line Bunkering	Porteadores del Noroeste	Mexico	To operate in Mexico
BONNY	Freighter	Star Maritime Corporation	No sale involved	St. Kitts & Nevis	Marine transportation
ANDERS	RORO	Star Maritime Corporation	No sale involved	St. Kitts & Nevis	Marine transportation
HOLOKAI	Barge	Southbay Barge, Inc.	Porteadores del Noroeste	Mexico	To operate in Mexico
ENERGY 1110	Barge	Hornbeck Offshore Services	Upton Maritime	Panama	To be used as storage for fuel
T/B PELICAN	Barge	Louisiana Marine Transport Inc.	Hapeg Shipping Corp.	Netherlands	Commerical use
MAKAH	Barge	American Construction Co.	Humphries Tug & Barge	Canada	Commerical use
PERE MARQUETTE	Barge	Escanaba & Lake Superior	Dean Construction Co.	Canada	For scrapping in Canada
STATIA HORIZON	Barge	Seabulk Towing Inc.	Wiesbaden Technical Dredging Corp.	Panama	Bunkering in Venezuelan
PENN NO. 400	Barge	Caribbean Marine, Inc.	Leasing Advisory & Services	Colombia	To be used as storage in Colombia

## Appendix 7

### List of Deepwater Port License Applications Evaluated and Assessed during Fiscal Year 2009

#	Project Name	Applicant (Parent Company)	Location
1	Bienville Offshore Energy Terminal	TORP Technology, LP	63 miles south of Mobile Point, Alabama
2	Calypso LNG	Calypso LNG (GDF SUEZ Energy North America)	12 miles northeast of Port Everglades, Florida
3	Clearwater Port	Northern Star Natural Gas	10.5 miles west of Oxnard, California
4	Oceanway Secure Energy	Woodside Natural Gas	28 miles southwest of Los Angeles, California
5	Port Dolphin	Port Dolphin Energy (Höegh LNG)	28 miles southwest of Tampa, Florida
6	Safe Harbor Energy	Atlantic Sea Island Group	13.5 miles south of Long Beach, New York and 19 miles east of Highlands, New Jersey
7	Texas Offshore Oil Port	Oiltanking Houston, LP	30 miles southeast of Freeport, Texas

## Appendix 8

### Map of Deepwater Port Locations



#### Operational

1. Gulf Gateway
2. Northeast Gateway
3. Louisiana Offshore Oil Port

#### Approved

4. Gulf Landing
5. Main Pass Energy Hub
6. Neptune LNG
7. Port Pelican

#### Under review

8. Bienville
9. Clearwater Port
10. Port Dolphin
11. Safe Harbor Energy
12. Texas Offshore Oil Port
13. Calypso LNG\*
14. Oceanway Secure Energy\*

\*Applicant withdrew application during Fiscal Year 2009. As of September 30, 2009, five applications were under review.

## Appendix 9

### List of Loan Guarantees in the Title XI Portfolio As of September 30, 2009

SHIPOWNER	VESSELS	MA. NUMBER	TOTAL MORTGAGE BALANCE
AHL SHIPPING COMPANY	DOWNING/ANAZI/NEW RIVER/MONSIGNOR	MA-13011	\$87,590,000
ALTER BARGE LINE INC	88 COVERED HOPPER BARGES	MA-13710	\$13,687,000
ASTRO OFFSHORE CORPORATION	ASTRO BARRACUDA/1 SUPPLY VESSEL	MA-13478	\$8,459,000
BILLYBEY FERRY COMPANY LLC	16 FERRY VESSELS	MA-13988	\$15,008,201
CAL DIVE I TITLE XI INC	DEEPWATER MULTI-SERVICE VESSEL	MA-13599	\$119,235,197
CANAL BARGE COMPANY INC	CBC 325-CBC 328	MA-12870	\$1,000,000
CANAL BARGE COMPANY INC	CBC 329-355, 110-114, 118-227, 761-762	MA-13535	\$15,604,000
CANAL BARGE COMPANY INC	21 RIVER BARGES	MA-13199	\$5,952,000
CANAL BARGE COMPANY INC	CBC 100-109, CBC 301-302, CBC 366-368	MA-13730	\$9,183,000
CANAL BARGE COMPANY INC	CBY 222-251, CBC 1267-8, 903-912	MA-13394	\$6,272,000
CANAL BARGE COMPANY INC	CBC 193, 197-199, 2 DECK BARGES	MA-13019	\$1,222,000
CANAL BARGE COMPANY INC	39 BARGES	MA-14123	\$0 <sup>28</sup>
CASHMAN EQUIPMENT CO	CEC 251-CC-255	MA-13491	\$3,647,002
CASHMAN EQUIPMENT CO	7 OCEAN DECK BARGES	MA-13351	\$4,301,000
EASTERN SHIPBUILDING GROUP INC	SHIPYARD MODERNIZATION	MA-13544	\$2,642,000
EMPRESA ENERGETIA CORINIO LTD	MARGARITA II	MA-13498	\$8,900,000
ENSCO OFFSHORE COMPANY	ENSCO 7500	MA-13552	\$82,339,000
ENSCO OFFSHORE COMPANY	ENSCO 105	MA-13674	\$51,750,000
GLOBAL INDUSTRIES LTD	HERCULES	MA-13576	\$61,380,000
GUAM INDUSTRIAL SERVICES INC	ONE DRY DOCK	MA-13819	\$2,792,273
HAWAII SUPERFERRY, INC.	PASSENGER/VEHICLE FERRIES	MA-14018	\$135,774,872
LAKE EXPRESS LLC	PASSENGER /CAR FERRY	MA-13902	\$12,029,270
LIGHTSHIP TANKERS I LLC	S R BRISTOL BAY	MA-13176	\$31,731,509
LIGHTSHIP TANKERS II LLC	HMI BRENTON REEF	MA-13182	\$32,849,480
LIGHTSHIP TANKERS III, LLC	SEABULK PRIDE	MA-13458	\$35,753,000
LIGHTSHIP TANKERS IV, LLC	SEABULK ARCTIC	MA-13464	\$35,821,000
LIGHTSHIP TANKERS V, LLC	SEABULK MARINER	MA-13468	\$35,908,000
MANSON CONST & ENGINEERING	ROCKPORT	MA-13056	\$1,695,502
MANSON CONST & ENGINEERING	SOUTHPORT	MA-13282	\$1,729,771
MANSON CONST & ENGINEERING	NORTHPORT AND EASTPORT	MA-13122	\$2,057,552
MANSON INTERNATIONAL INC	HR MORRIS	MA-13570	\$5,250,208
MATSON NAVIGATION COMPANY INC	MANUKAI, MAUNAWILI	MA-13853	\$85,800,000

<sup>28</sup> Note: While this guarantee had been approved by September 30, 2009, the mortgage was not in place because the closing had not yet occurred.

PARKER TOWING COMPANY	PTC 421-440 1001-1002	MA-13144	\$417,000
PASHA HAWAII TRANSPORT LINES LLC	JEAN ANNE	MA-13620	\$63,507,766

**List of Loan Guarantees in the Title XI Portfolio**  
**As of September 30, 2009**  
**(Continued)**

SHIPOWNER	VESSELS	MA. NUMBER	TOTAL MORTGAGE BALANCE
PENN ATB INC	HULLS 133-134 266-267	MA-13272	\$23,296,000
PENN BARGE INC	ATLANTIC ELIZA CARIBBEAN LUCIA	MA-13037	\$7,791,300
PENN TRANSPORT INC	3 DOUBLE HULL BARGES	MA-13753	\$28,425,000
PENN TUG & BARGE INC	EVERGLADES	MA-13662	\$6,040,000
PERFORADORA CENTRAL, SA	TONALA	MA-13794	\$54,896,000
PETRODRILL FIVE LIMITED	PRIDE PORTLAND	MA-13511	\$99,477,000
PETRODRILL FOUR LIMITED	PRIDE RIO DE JANEIRO	MA-13505	\$92,775,000
PETRODRILL FOUR LIMITED	PRIDE PORTLAND/RIO DE JANEIRO	MA-2004	\$12,759,000
REINAUER MARITIME COMPANY	TWO TUG-BARGE UNITS	MA-13723	\$37,541,000
ROWAN COMPANIES INC	GORILLA V	MA-13259	\$12,775,000
ROWAN COMPANIES INC	GORILLA VI	MA-13442	\$35,613,000
ROWAN COMPANIES INC	GORILLA VII	MA-13540	\$69,523,000
ROWAN COMPANIES INC	BOB PALMER	MA-13683	\$124,859,000
ROWAN COMPANIES INC	SCOOTER YEARGAIN	MA-13839	\$60,798,000
ROWAN COMPANIES INC	BOB KELLER	MA-13844	\$65,746,000
STERLING EQUIPMENT INC	E CARROL/CAPT FOURNIER/JOE VERROCHI	MA-13742	\$6,317,000
SUPERIOR ENERGY LIFTBOATS LLC	SUPERIOR GALE AND SUPERIOR STORM	MA-13770	\$14,571,000
TOTEM OCEAN TRAILER EXPRESS INC	M/V NORTH STAR	MA-13882	\$91,518,000
TOTEM OCEAN TRAILER EXPRESS INC	MIDNIGHT SUN	MA-13760	\$150,796,161
TRAILER BRIDGE INC	THREE CARRIER BARGES	MA-13346	\$10,055,574
TRAILER BRIDGE INC	CHICAGO BRIDGE AND CHARLOTTE BRIDGE	MA-13306	\$6,032,563
TRICO MARINE INTERNATIONAL INC	SPIRIT RIVER AND HONDO RIVER	MA-13517	\$6,287,000
TT BARGE SERVICES	SHIPYARD MODERNIZATION	MA-13357	\$713,300
TUGZ INTERNATIONAL LLC	TWO MULTI-PURPOSE TRACTOR TUGS	MA-13242	\$1,771,000
VANE LINE BUNKERING INC	DOUBLE SKIN 51 AND DOUBLE SKIN 52	MA-13813	\$8,464,860
VANE LINE BUNKERING INC	DOUBLE SKIN 55, DOUBLE SKIN 57	MA-13959	\$9,428,000
VESSEL MANAGEMENT SERVICES INC	5 ARTICULATED TUG BARGES	MA-14106	\$269,230,000
VESSEL MANAGEMENT SERVICES INC	10 TUGS	MA-13472	\$43,200,000
VESSEL MANAGEMENT SERVICES INC	ALBERT/ATTENTIVE/AWARE/ROGER G/ GUS E	MA-13667	\$22,880,000
VESSEL MANAGEMENT SERVICES INC	SEA RELIANCE AND SOUND RELIANCE	MA-13718	\$41,169,000
VESSEL MANAGEMENT SERVICES INC	OCEAN RELIANCE AND COASTAL RELIANCE	MA-13766	\$45,062,000
<b>TOTAL GUARANTEES OUTSTANDING</b>			<b>\$2,441,098,361</b>



## Appendix 10

### List of Pending Applications for Title XI Financing As of September 30, 2009

<u>Applicant</u>	<u>Project Description</u>	<u>\$ Requested</u>	<u>Date Received</u>
Foss Maritime Company	3 bunker barges and 2 harbor tugs	\$36,500,000	1/2/09
AmNav Maritime Services	1 harbor tug	\$4,600,000	1/2/09
Rowan Companies, Inc.	7 jack-up drill rigs	\$1,263,605,000	1/14/09
Boldini, S.A.	5 platform supply vessels	\$265,000,000	3/10/09
Penn Marine Transport, Inc.	3 double-hull articulated tug barges	\$81,039,560	5/18/09
Seabulk Towing, Inc.	4 bunker barges	\$37,094,663	5/21/09
Overseas Shipholding Group, Inc.	2 double-hull articulated tug barges and 2 shuttle tankers	\$525,000,000	6/10/09
Vessel Management Services, Inc.	3 double-hull articulated tug barges	<u>\$352,000,000</u>	8/12/09
<b>Total</b>		<b>\$2,564,839,223</b>	



Chief Navigation, Official MARAD photo  
Capt. John Verrilli (*left*) explains bridge and vessel operations to U.S. Secretary of Transportation Ray LaHood as Associate Administrator Kevin Tokarski looks on during a tour of the ship.



New look for cruise terminal, Official DOT Photo

U.S. Secretary of Transportation Ray LaHood gets a tour of Detroit's Public Dock and Terminal Project by Congresswoman Carolyn Kilpatrick (left). As part of *American Recovery Project*, the dock and terminal reconstruction created over 450 construction jobs

**U.S. Department of Transportation  
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