# INTERAGENCY AGREEMENT
# BETWEEN
# U.S. NAVY MILITARY SEALIFT COMMAND
# AND
# U.S. MARITIME ADMINISTRATION
# FOR
# DEACTIVATION OF T-5 TANKERS

## 1. INTRODUCTION

The Office of the Chief of Naval Operations (OPNAV N42) directed the transfer of three (3) T-5 Tankers (T-AOT) from the Department of the Navy, Military Sealift Command (MSC) to the Department of Transportation, Maritime Administration (MARAD) for deactivation, lay-up, and retention in the National Defense Reserve Fleet (NDRF) as militarily useful vessels. Custody transfers will occur as detailed below and as each vessel's Certificate of Inspection (COI) expires in order to utilize these vessels to the greatest extent possible. The parties have agreed that MARAD will manage, on a cost reimbursable basis, the deactivation and lay-up of USNS PAUL BUCK, USNS SAMUEL L. COBB, and USNS RICHARD G. MATTHIESEN via this Interagency Agreement. After lay-up at MARAD's Beaumont Fleet facility, these vessels will be transferred to MARAD and become National Defense Reserve Fleet (NDRF) vessels.

## 2. PURPOSE

This is an Interagency Agreement (IA) between the Military Sealift Command (MSC), a component command of the U.S. Transportation Command (USTRANSCOM), Department of Defense (DOD), and the Maritime Administration, an agency of the Department of Transportation (DOT). Its purpose is to identify and establish the relationships and responsibilities of MSC and the Maritime Administration with regard to the deactivation and lay-up of the T-AOT Tankers.

## 3. AUTHORITY

The authority for the Navy to transfer these vessels and the Maritime Administration to accept vessels into the National Defense Reserve Fleet is 50 U.S.C. § 1744 (a). Under this statute, the Secretary of Transportation maintains a National Defense Reserve Fleet consisting of those vessels owned or acquired by the United States Government that the Secretary of Transportation, after consultation with the Secretary of the Navy, determines are of value for national defense purposes and that the Secretary of Transportation decides to place and maintain in the fleet. The Secretary of the Navy has determined that these three vessels are of value for national defense purposes.

The authority for the Maritime Administration to accomplish the tasks identified in this IA is the Economy Act, 31 U.S.C. § 1535.

**4. <u>DUTIES AND RESPONSIBILITIES OF THE MARITIME ADMINISTRATION AND MSC</u>**

a. On or about 30 September 2010, MSC will have USNS PAUL BUCK removed from the Naval Vessel Registry.

b. On or about 30 September 2010, MSC will have USNS SAMUEL L. COBB removed from the Naval Vessel Registry. Transfer to MARAD of the physical custody of the USNS SAMUEL L. COBB will occur in Fiscal Year 2011.

c. On or about 30 March 2011, MSC will have USNS RICHARD G. MATTHIESEN removed from the Naval Vessel Registry.

d. MSC shall pump off fuel and slops, conduct an end of contract inventory, remove all MSC Government Furnished Equipment items and spare parts, remove all classified material, remove Bandwidth Efficient Satellite Transmission communications equipment, remove all paints, solvents, and other consumables, and remove internal components from the two NERA-B antennas.

e. MSC shall deliver each vessel to the shipyard designated by MARAD that was awarded the deactivation work package. Should a shipyard not be identified at the time of physical custody transfer, the vessel shall be delivered to a mutually agreeable location. MSC shall be responsible for reimbursing MARAD for towing the vessels to the deactivation shipyard(s) and layberth costs.

f. Except as provided in this IA, MARAD shall agree to accept custody of the vessel "as-is" when the vessel is delivered to the agreed upon location. MSC shall remove all crew when vessel custody is transferred. MARAD will provide the appropriate crew to assure physical security of the vessel. Physical custody transfer shall occur when item 4d stated above is completed, funding is transferred to MARAD, and the vessel is delivered at the mutually agreeable location or soon thereafter.

g. Spare parts not removed prior to transfer shall be made available to MSC as necessary while the vessel is in MARAD custody. MSC shall update the vessels' inventory spreadsheets and provide them to MARAD at time of custody transfer. To facilitate re-activation of the vessels, if ever required, MSC shall provide MARAD with a listing of all spare parts and items removed and the related systems to which they apply.

h. MARAD will assign a General Agent to prepare deactivation dry-docking and lay-up specifications, solicit and award contract(s), and oversee deactivation dry-docking and lay-up.

i. Prior to lay-up, MARAD will dry-dock vessels in the Beaumont Reserve Fleet. The deactivation contract may include towing the vessel to/from the contractor's facility, general services, dry-docking, hull blasting and coating as required, blanking of all sea valves and overboards, stern tube seal renewal, shaft/rudder locks, cargo block inspection and lay-up preparations.

j. MARAD will install a fire and flooding alarm system for the Beaumont Reserve Fleet monitoring system and de-humidification units for the main engine, waste heat boiler and oil fired boiler.

k. MARAD will purchase all materials, including, but not limited to, fenders, mooring wires, clips, cathodic protection system equipment, shore power cables, and connectors required for lay-up in the Beaumont Reserve Fleet.

l. MARAD will provide labor to accomplish and complete lay-up and to monitor and maintain the vessels, including the installation of de-humidification systems.

m. Once laid up, the vessels are to be maintained by MARAD as Militarily Useful and capable of activating in support of DOD missions. As a retention asset, MARAD would be able to re-activate the vessel in approximately 45 days upon the request and funding of DOD.

n. All of the foregoing activities listed in clauses (f) – (l) shall be for the account of the Navy and the costs thereof shall be the subject of the advance transfer of funds to MARAD or the reimbursement of MARAD by MSC.

## 5. <u>FUNDING</u>

a. The funding provided by MSC to the Maritime Administration for implementation and/or execution of the above stated requirements is estimated to be $2.9 million for the initial vessel and $2.65 million for each of the following two vessels. Funding will be passed from MSC to the Maritime Administration by appropriate reimbursable funding documents via current funding channels. The transfer of funding for the first vessel will occur this fiscal year. The transfer of funding for the remaining two vessels shall occur prior to the date of physical custody transfer of said vessels. The parties agree that the funding provided to the Maritime Administration upon the custody transfer date shall be available to the Maritime Administration for obligation and expenditure by the Maritime Administration. Funds shall be obligated in their respective fiscal year of distribution. If additional funds are required, then MARAD shall request additional funding per paragraph 5(e) of this IA.

b. In no event will the amounts charged to MSC by the Maritime Administration exceed the actual costs (direct and indirect) of the goods or services provided by the Maritime Administration, inclusive of the Maritime Administration's administrative costs. If the funds provided to the Maritime Administration via Military Interdepartmental Purchase Request (MIPR) exceed the Maritime Administration's actual costs, remaining funds will be returned to MSC to the extent that the Maritime Administration has not obligated them before the end of the period specified in the MIPR for their use.

c. Payment of invoices for supplies and services will be determined by the date of service. That is, services received and material ordered before the date of custody transfer will be paid for by MSC. Services received and material ordered after custody transfer date will be paid for by the Maritime Administration.

d. The Maritime Administration will receive from MSC, FY 2010 and FY 2011, Military Interdepartmental Purchase Requests, subject to availability of funds, for reimbursable management of supplies and services. The Maritime Administration will bill MSC monthly for goods and services provided. Copies of all certified invoices to be reimbursed will be provided to MSC at the time of the billing. In accordance with DOD policy, the Maritime Administration is not permitted to advance bill prior to goods or services being provided.

e. The Maritime Administration will monitor the status of available funds and notify MSC if additional funds are required to meet performance costs in excess of budget estimates. Should costs exceed such estimates, subject to the availability of funds, the Navy will have the responsibility of funding such costs in accordance with the requirements of applicable law. The budget execution process will be followed for unexpected or unplanned costs, through MSC/Navy.

## 6. POINTS OF CONTACT FOR THE PARTIES OF THIS AGREEMENT

MSC: Director, Strategic Sealift & Prepositioning; currently filled by Mr. Christopher Thayer, (202)685-5549, christopher.thayer@navy.mil

MARAD: Associate Administrator for National Security; currently filled by Mr. Kevin Tokarski, MAR-600, (202)366-5400, kevin.tokarski@dot.gov

## 7. DURATION OF AGREEMENT, AMENDMENTS AND MODIFICATIONS

This agreement will become effective when signed by both parties. The agreement will terminate when all invoices are paid in full. The time may be extended by mutual consent of the parties. This agreement is subject to the availability of funds. This IA may be amended by deletion or modification of any provisions, provided that such amendment is in writing and is signed by all parties to the Agreement.

## 8. THIRD PARTY RIGHTS

This IA does not confer any rights or benefits on any third party.

## 9. LIABILITY

Each party to this Agreement shall be liable for the acts and omissions of its own employees.

## 10. RESOLUTION OF DISPUTES

At the first opportunity for review of the agreement, all necessary changes will be accomplished either by an amendment to this agreement or by entering into a new agreement, whichever is deemed expedient to the interests of both parties. Should a dispute arise under this Agreement, both signature parities will prepare a briefing for their respective senior management. The Maritime Administrator and Commander of the Military Sealift Command will be the determining officials.

Mark H Buzby ________________ *Date:* 21 SEP 10

***MARK H. BUZBY***
***Commander***
***Military Sealift Command***
***Department of the Navy***

David T. Matsuda ________________ *Date:* 9/22/10

***DAVID T. MATSUDA***
***Administrator***
***Maritime Administration***
***Department of Transportation***