



UNIVERSITY-NATIONAL OCEANOGRAPHIC LABORATORY SYSTEM

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May 20, 2005

From: UNOLS Office

To: UNOLS Community

Re: Update regarding the UNOLS Ad-Hoc Committee to Address the Impact of Budget Reductions on UNOLS Fleet Operations

On February 25th Larry Clark sent a letter to UNOLS Chair, Peter Wiebe requesting UNOLS advice on dealing with a \$5M to \$8M shortfall in ship operations funding within the Ocean Sciences Division (OCE). Recommendations from UNOLS are requested prior to the summer scheduling meeting planned for July 20th. Subsequent to discussing these issues at the March 30 UNOLS Council meeting, an ad-hoc committee chaired by Marcia McNutt and including Denis Wiesenburg and Eileen Hofmann was appointed by the Council and their task statement was circulated to the community on April 11th.

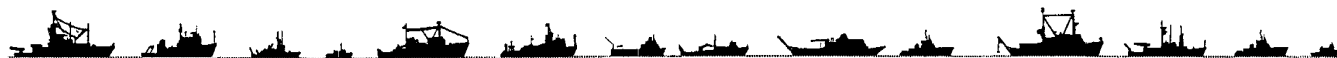
During this period, the first two items in their tasking have been addressed by the ship scheduling committee, the UNOLS office and agency program managers. Tentative schedules were created based on all known funded NSF work and all known funded or pending Navy, NOAA and other work. Ship utilization and cost estimates were projected from these schedules (Letters of Intent) and compared against projected agency budgets.

The total number of funded days is about a 20% decrease from 2005 and 29% from 2004. Large Global and Ocean Class ships account for 1,815 days, which represents a higher number of days and a higher percentage of the total days than in 2005 (47% in 2006 versus 34% in 2005). This, coupled with conservatively high estimates for daily rates results in a smaller percent decrease in total fleet operating costs, dropping from \$66.7M in 2005 to \$65.6M in 2006. This table indicates projected agency utilization and costs versus proposed budgets based on the preliminary schedules.

| Agency | 2006 Operating Days | 2006 Estimated Costs | Ship Ops Budget | Shortfall |
|------------------|---------------------|----------------------|-----------------|--|
| Other | 334 | 3,312,000 | 3,312,000 | Proposed budgets assumed to equal estimated costs based on available information to date |
| NOAA | 542 | 9,203,400 | 9,203,400 | |
| NAVY | 719 | 9,916,000 | 9,916,000 | |
| NSF - ODP,OPP,BE | 130 | 2,707,500 | 2,707,500 | |
| NSF - OCE | 2,134 | 40,484,000 | 36,000,000* | (4,484,000) |
| Total | 3,859 | 65,622,900 | 61,138,900 | (4,484,000) |

* Assumes that ship-lay up costs are \$1M, which may be optimistic

The immediate implication of these numbers is that some portion of the NSF/OCE days will have to be deferred until 2007 and no new days can be approved from the May panels without deferring even more “funded” work. Unless additional work comes from other sources or the NSF budget for ship operations is increased, the number of days will have to be reduced even more than they are already. \$4.5M is roughly equal to 180 days of Global ship use (est. at \$25K/day). This would reduce the total operating days for Global Class vessels to 1,635 and for the fleet to 3,674, exacerbating an already bleak picture.



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Utilization is already low before cutting any further days and with the cuts would add up to the following utilization:

| Class of Vessel Area of operations | 2006 Operating Days | Total Ship Days needed for Optimal Schedules | Number of available ships | Days per ship |
|---|------------------------|--|------------------------------|---------------|
| Global & Ocean | 1,635 | 2,075 | 7 | 234 |
| East Coast Regional and Intermediates | 973 | 1,260 | 6 | 162 |
| West Coast Regional and Intermediates | 505 | 830 | 4 | 126 |
| Gulf Coast Regional & Local | 292 | 510 | 3 | 97 |
| Other Local Vessels & <i>Alpha Helix</i> | 269 | 750 | 5 | 55 |
| Total | 3,674 | 5,275 | 25 | 153 |

The total number of ships is decreased from 27 to 25 in 2006 due to the retirement of *Gyre* and the probable replacement of the *Weatherbird II* with the *Seward Johnson II*. It appears that in addition to removing these two ships from the scheduling process, at least one Global or Ocean Class ship, one Regional or Intermediate on the East Coast, one Regional or Intermediate on the West Coast and the *Alpha Helix* will need to be laid-up if schedules are to be consolidated for cost efficiency. The Gulf Coast and Local Class vessel schedules are all very light and the *Alpha Helix* schedule contains all pending work, except one five day cruise. There may be opportunities to consolidate some work in the Gulf Coast area, but it is not clear whether that would save very much money. Ship lay-ups are not without cost, further reducing agency ship operation budgets.

The Ad-Hoc Committee is requesting additional information to help formulate their recommendations.

- Refined daily rate estimates from ship operators
- Recommendations regarding lay-ups and lay-up cost estimates from ship operators
- Recommendations regarding vessel retirements versus lay-ups from operators/community
- Recommendations from the community:
 - Regarding the balance between facilities and science budgets
 - Recommendations regarding the balance between fleet renewal budgets and current operations/science budgets
- Updated information about the level of ship operations budgets from agencies.

A more complete analysis of the ship utilization, costs and budgets and more detail on the other issues to be considered is included in an update document available on the UNOLS homepage. Also included are the specific requests for additional information.

The Committee would like to provide preliminary recommendations to the community and the UNOLS Council by mid-June. Your feedback and recommendations would be extremely helpful. Please visit the update page at: http://www.unols.org/_Projects/fleet_budget_impacts.asp
Or you can send an email with your recommendations to - office@unols.org