

DEPARTMENT OF TRANSPORTATION

Coast Guard

46 CFR Part 8

[CGD 96-055]

RIN 2115-AF37

Streamlined Inspection Program

AGENCY: Coast Guard, DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Coast Guard proposes to establish an optional Streamlined Inspection Program (SIP) to provide owners and operators of U.S. documented or registered vessels an alternative method of complying with Coast Guard inspection requirements. Vessel owners or operators would have their own personnel periodically perform many of the tests and examinations conducted by Coast Guard marine inspectors. Vessel owners and operators opting to participate in the program would maintain a vessel in compliance with a Vessel Action Plan (VAP). The Coast Guard expects that participating vessels would continuously meet a higher level of safety and inspection readiness throughout the inspection cycle.

DATES: Comments must be received on or before July 7, 1997.

ADDRESSES: Mail comments to the Executive Secretary, Marine Safety Council (G-LRA/3406) [CGD 96-055], U.S. Coast Guard Headquarters, 2100 Second Street SW., Washington, DC 20593-0001, or deliver them to room 3406 at the same address between 9:30 a.m. and 2 p.m., Monday through Friday, except Federal holidays. The telephone number is (202) 267-1477.

Comments on collection-of-information requirements must be mailed also to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street NW., Washington, DC 20593, ATTN: Desk Officer, U.S. Coast Guard.

The Executive Secretary maintains the public docket for this rulemaking. Comments will become part of this docket and will be available for inspection or copying at room 3406, U.S. Coast Guard Headquarters, between 9:30 a.m. and 2 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: CDR Mark D. Bobal, Vessel and Facility Operating Standards Division (G-MSO-2), U.S. Coast Guard Headquarters, 2100 Second Street, SW., Washington, DC 20593-0001, telephone (202) 267-1093.

SUPPLEMENTARY INFORMATION:

Request for Comments

The Coast Guard encourages interested persons to participate in this rulemaking by submitting written data, views, or arguments. Persons submitting comments should include their names and addresses, identify this rulemaking [CGD 96-055] and the specific section of this proposal to which each comment applies, and give the reason for each comment. Please submit two copies of all comments and attachments in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing. Persons wanting acknowledgment of receipt of comments should enclose stamped, self-addressed postcards or envelopes.

The Coast Guard will consider all comments received during the comment period. It may change this proposal in view of the comments.

The Coast Guard plans no public hearing. Persons may request a public hearing by writing to the Marine Safety Council at the address under **ADDRESSES**. The request should include the reason why a hearing would be beneficial. If it determines that the opportunity for oral presentations will aid this rulemaking, the Coast Guard will hold a public meeting at a time and place announced by a later document in the **Federal Register**.

Background and Purpose

Title 46 U.S.C. 3306 authorizes the Coast Guard to prescribe regulations necessary to carry out the inspection of vessels required to be inspected under 46 U.S.C. 3301. The inspection of vessels identified in 46 U.S.C. 3301 is required by statute; however, the specific procedures for conducting inspection are set out in Coast Guard regulations.

In 1992, as part of an initiative known as Maritime Regulatory Reform, the Coast Guard considered a number of alternatives for inspection of U.S. documented or registered vessels. Two of these alternatives are the Alternate Compliance Program (ACP) (46 CFR part 8) and the proposed Streamlined Inspection Program (SIP).

The SIP would be an optional alternative inspection program for owners and operators of U.S. documented or registered vessels. The objective of the SIP would be to have vessels participate in a constant state of regulatory compliance rather than the traditional cyclical readiness associated with vessels that must undergo Coast Guard periodic inspections. Under this alternative, the vessel owner or operator would work with a Coast Guard

representative to develop a Company Action Plan (CAP) and a Vessel Action Plan (VAP). A CAP describes the company's organization and its commitment to the SIP. The CAP also details how the company would train its employees on their specific SIP responsibilities. The VAP describes the Coast Guard regulations that apply to the vessel and the company's tailored plans for its employees to properly examine vessel systems and ensure these systems operate safely. To simplify the CAP and the VAP and to provide consistency throughout the country, the Coast Guard would provide specific guidance for prospective SIP companies and Coast Guard personnel. These guidance documents would be published for each regulatory subchapter applicable to particular types of vessels (e.g., 46 CFR chapter I, subchapters T, K, H, L, I, and D). Plans would contain detailed procedures for periodic examination and testing of vessel equipment and systems by company employees.

To provide flexibility and to encourage greater participation in the SIP, waiver provisions for the SIP procedural requirements are included in this proposed rule. A company could request a waiver for any provision of the proposed SIP regulations. After the cognizant OCM has reviewed the request, waivers would be considered on a case-by-case basis by the Coast Guard District Commander. For example, a waiver could be granted for a company to allow enrollment of a vessel that does not meet the 3-year ownership rule prior to the date of application as proposed in § 8.515. The waiver provisions in this proposed rule do not affect the equipment, operating, or other requirements of the regulatory subchapter applicable to the vessel.

The SIP would be premised on responsible company personnel performing vessel system examinations at a frequency ordinarily greater than, but at least equal to, examinations conducted by Coast Guard marine inspectors. The Coast Guard would continue to certificate vessels enrolled in the SIP and ensure that they meet applicable safety requirements. Under SIP, the company would have an interactive role in ensuring compliance with applicable laws and regulations. By participating in the development of a VAP with the Coast Guard, the company has greater control of its vessels' operations and procedures, and will be able to measure the success of the SIP. The CAP and VAP are expected to be dynamic working documents that would require continuous maintenance and periodic revision by the company to

ensure proper administration of its SIP as set forth in this proposed rule. A vessel enrolled in the SIP and operating under an approved VAP would still be inspected by a Coast Guard marine inspector, but the procedures for inspection would be contained in the VAP's Inspection Criteria References and the Inspection Schedule and Verification. These documents incorporate all inspection requirements for the vessel and conform to the inspection subchapters applicable to the vessel.

To ensure the high standards of the SIP are upheld, the Coast Guard is proposing disenrollment criteria. Under this proposal, the disenrollment of a vessel from the SIP may take two forms—voluntary and involuntary. Voluntary disenrollment would be granted at the company's request. Failure to maintain compliance with a CAP or VAP may lead to involuntary disenrollment of a company or a vessel.

Should this occur, the vessel would be inspected under traditional inspection methods or inspected under the ACP. Disenrolled companies and vessels would have to apply to the cognizant Officer in Charge, Marine Inspection (OCMI), if they wanted to participate in the SIP again. Companies would have the right to appeal the OCMI determinations under this proposed SIP as found in 46 CFR 1.03.

If vessels choose not to participate in the SIP, these vessels would continue to be inspected by the Coast Guard under traditional procedures or, perhaps, opt to be inspected by a Recognized Classification Society under the ACP.

Discussion of Proposed Rules

The Coast Guard proposes to add the SIP as an inspection alternative for qualified U. S. documented or registered vessels. The SIP would include inspections for certification, reinspections, and discrepancy follow-

ups. Dry-dock examinations would not be included in the SIP. Dry-dock examinations would be conducted as prescribed by the operational inspection subchapter in 46 CFR chapter I applicable to each vessel. As SIP performance data is collected and evaluated by the Coast Guard, dry-dock examinations may be added to this program.

The Coast Guard's proposed process to consider a company and at least one of its vessels for the SIP can be broken down into four phases as described in the following discussion.

Phase (1): Application

This phase would begin with a company's application submission to the OCMI and end with the OCMI's acceptance or rejection of the applicant. Illustration (1) shows the proposed process and lists the proposed regulatory sections for each step.

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Illustration (1) -- Application to OCMI

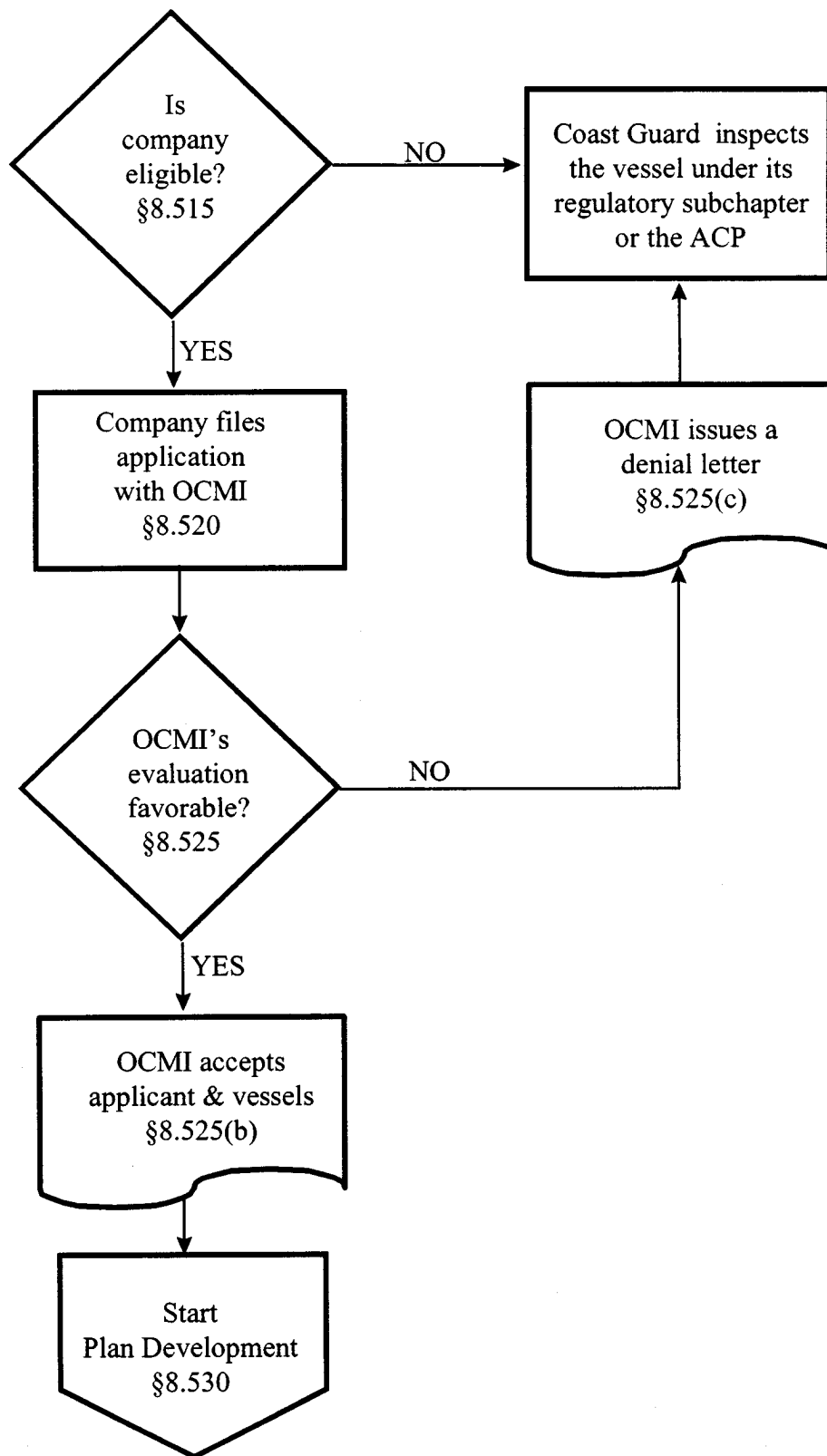
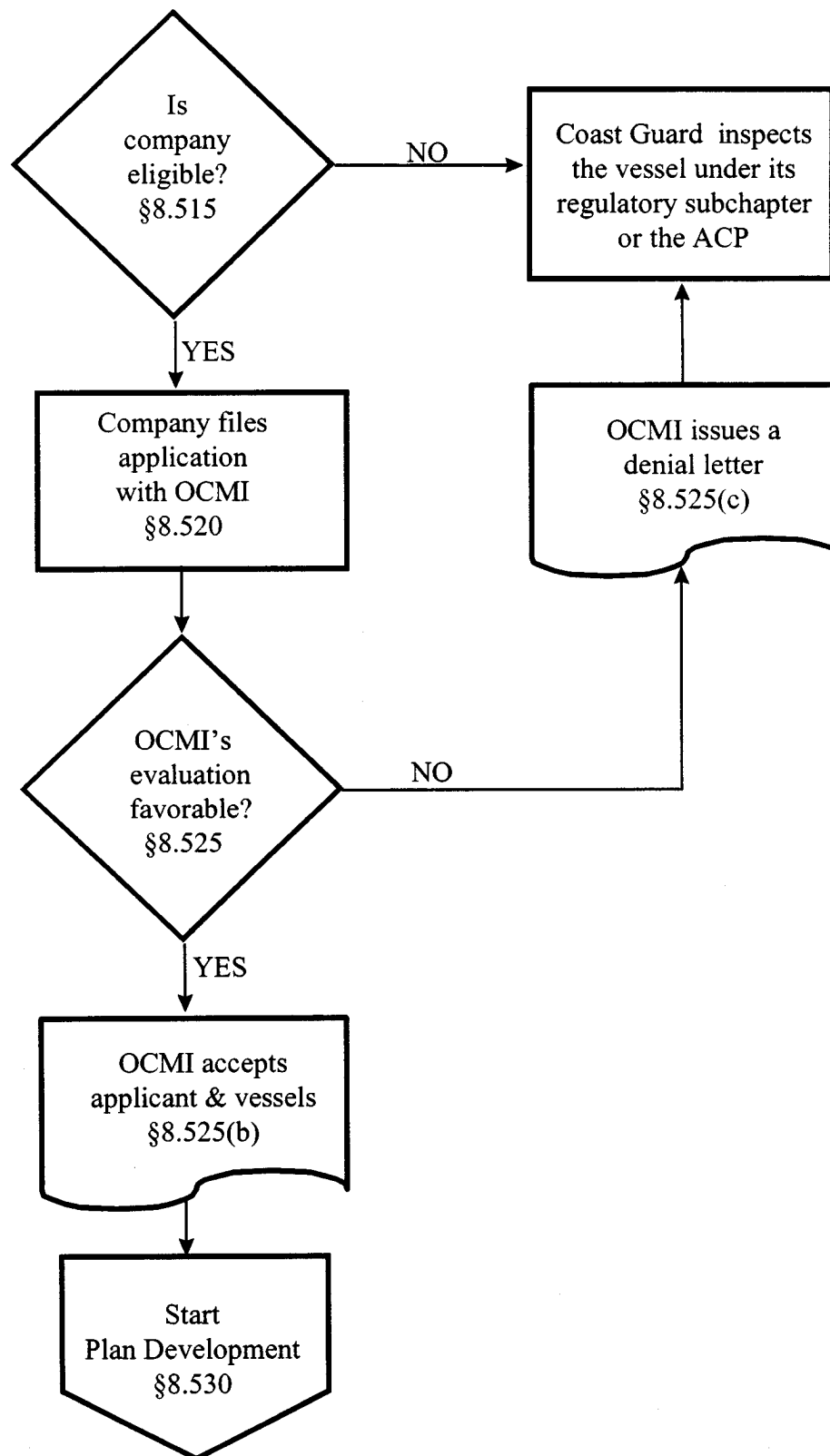


Illustration (1) -- Application to OCMI



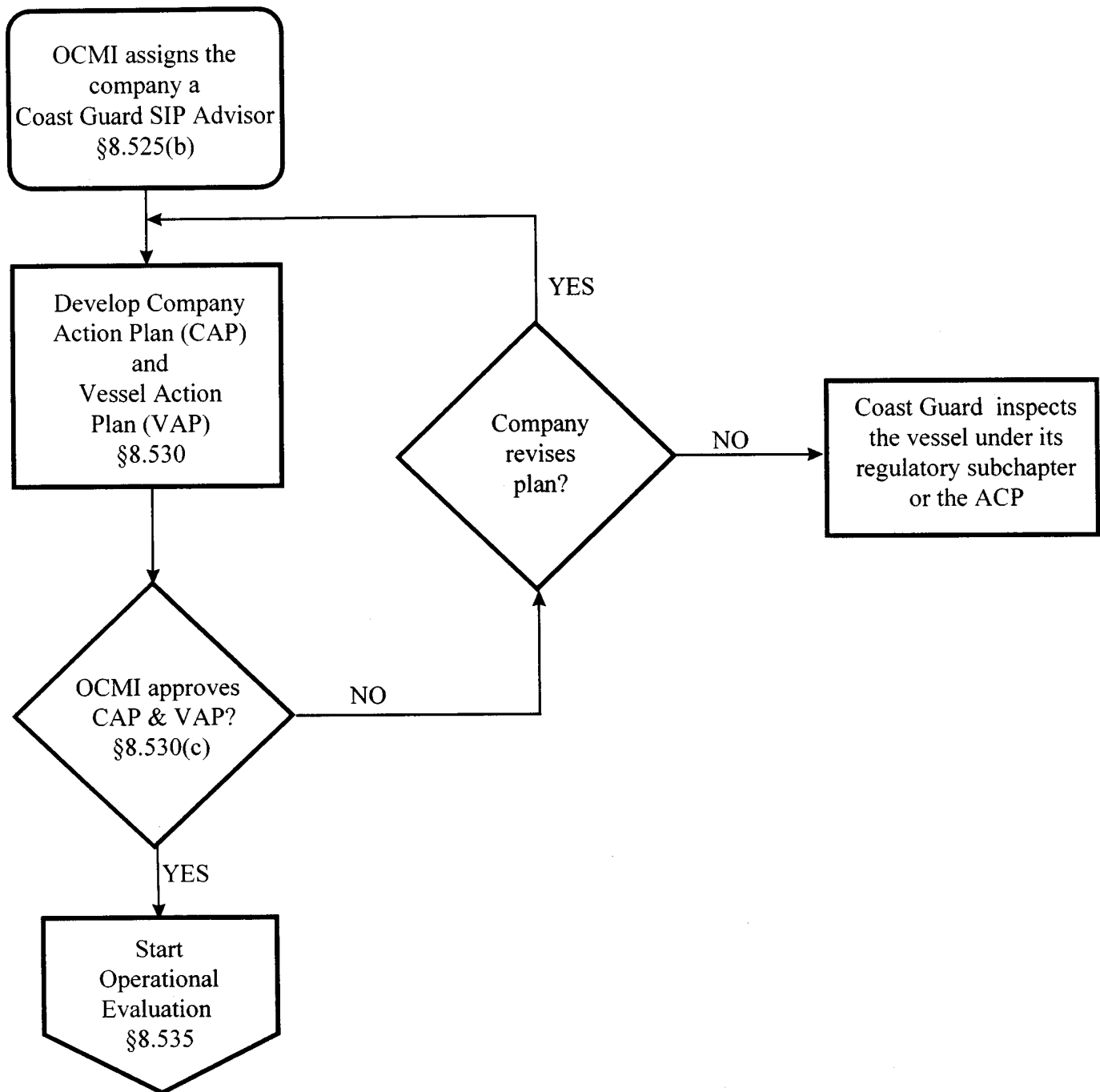
The applying company and at least one of its vessels would have to meet certain eligibility requirements to be accepted in the SIP. The proposal includes a requirement for the company to operate the vessel for at least 3 years prior to the SIP application. This ensures that the Coast Guard would have sufficient documentation on the vessel's operating history to properly evaluate the company and vessel application. The Coast Guard is proposing other eligibility requirements that would ensure that a vessel has been operating in compliance with Coast

Guard regulations. For example, the company would have to reconcile all overdue civil penalties or user fees and the vessel could not have documented material deficiencies which indicate operation outside the requirements contained in the COI. These documented deficiencies do not apply to the provisions of deviations from navigation safety rules (33 CFR 164.51 through 164.55) or sailing short (46 CFR 15.725).

Phase (2): Plan Development

During this phase, the company and vessel personnel would work with a Coast Guard SIP Advisor, who would be a qualified Coast Guard marine inspector assigned by the OCMI as resources permit. Together they would develop the CAP and the VAP(s), the detailed documents that would govern how company employees would be trained and would test and examine the vessel's systems under the SIP. Illustration (2) shows the proposed process and lists the proposed regulatory sections for each step.

Illustration (2) -- Plan Development



The Coast Guard SIP Advisor would initially help the company to develop the CAP and first VAP. After OCMI approval, additional VAPs would be created addressing other company vessel's and their specific equipment and systems. Development of the CAP and VAP(s) is an iterative process. The CAP and VAP may need to be revised

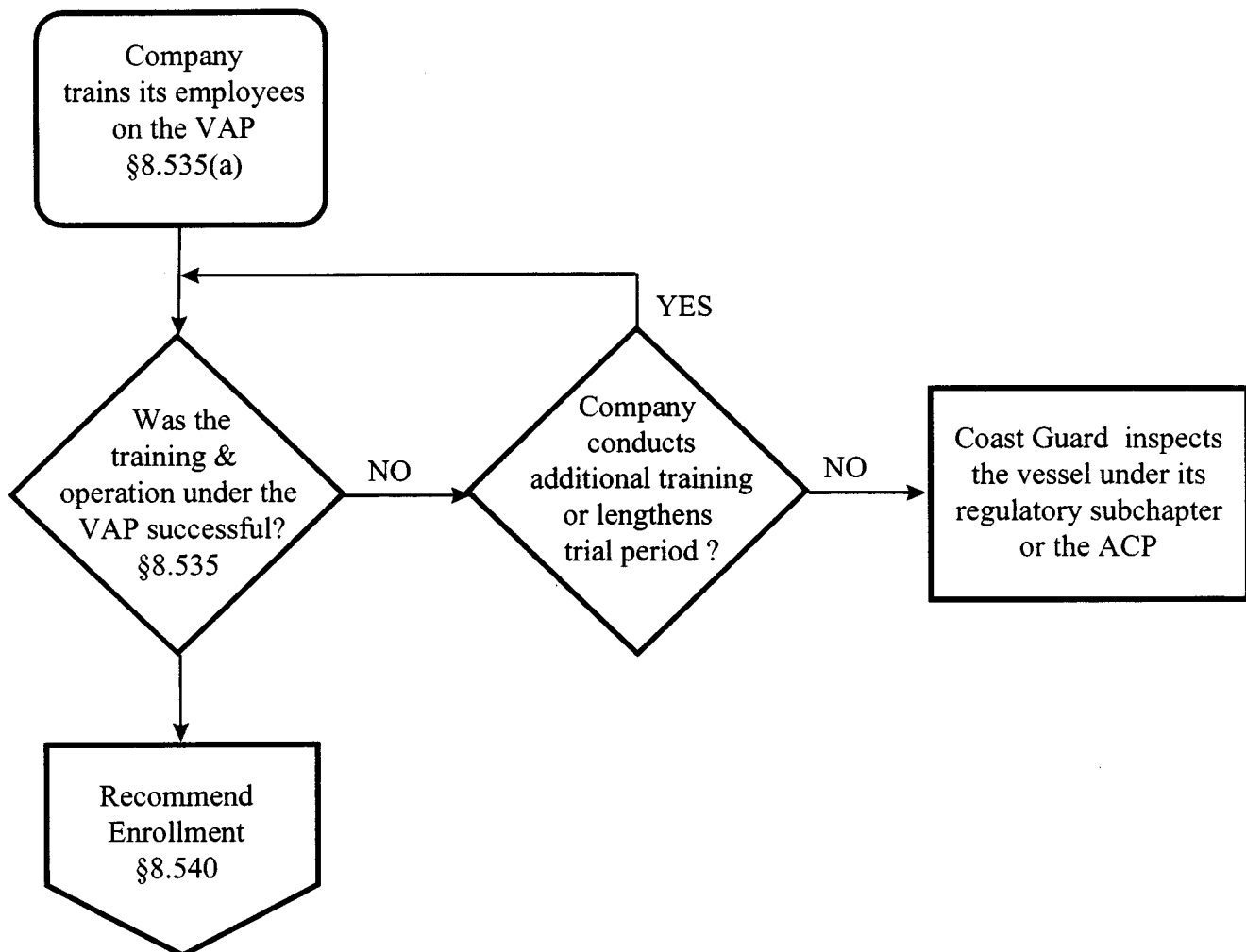
to address concerns such as vessel specific equipment or personnel training needs. This planning phase would end with OCMI approval of all VAP(s) and any vessels would then enter the operational evaluation phase.

Phase (3): Operational Evaluation

During this phase, a participating vessel would be operated under its VAP

and inspected by the Coast Guard SIP Advisor in accordance with the VAP. The company would train its employees to follow procedures in the VAP. Illustration (3) shows the proposed process and lists the proposed regulatory sections for each step.

Illustration (3) -- Operational Evaluation



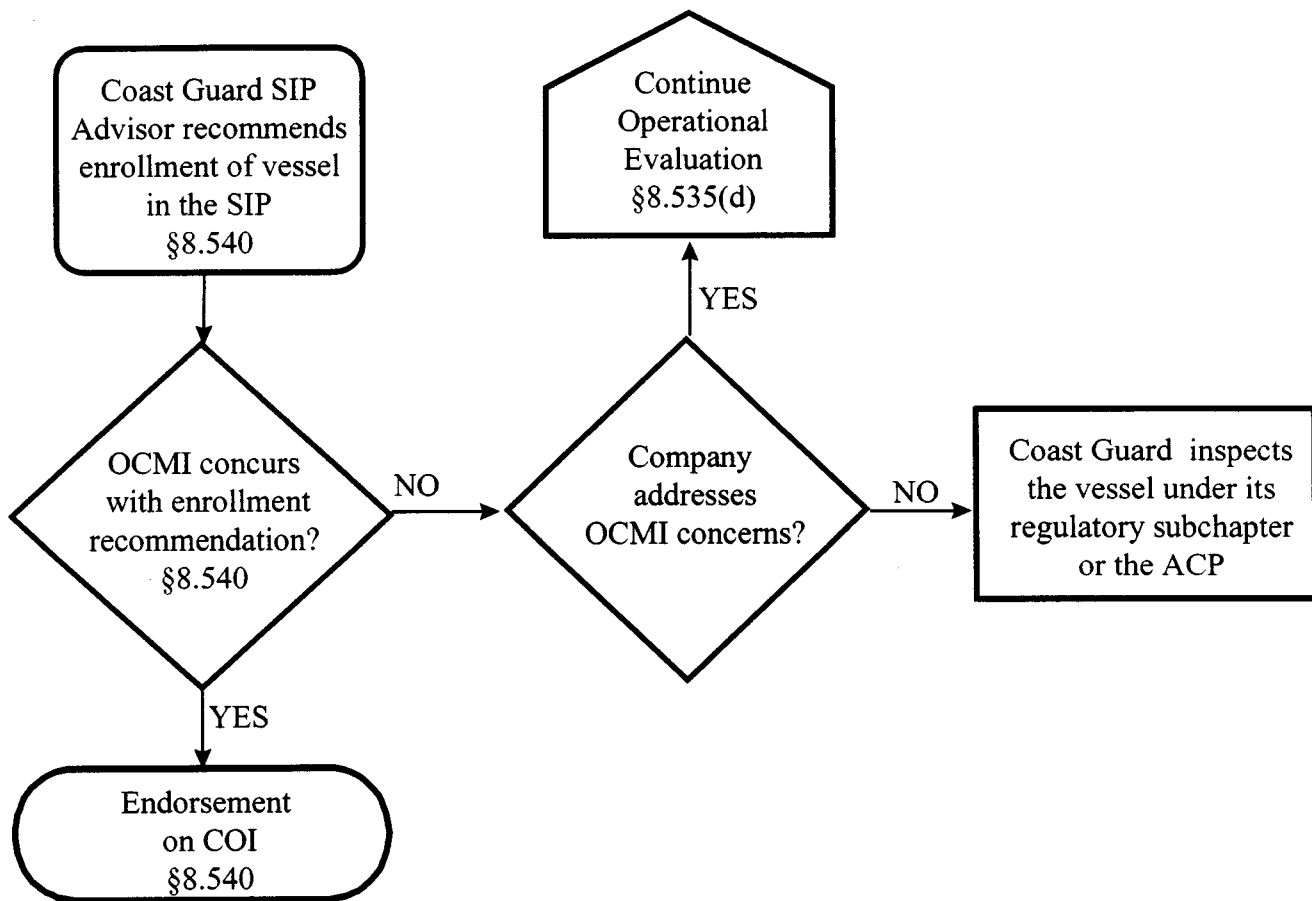
After OCMI approval of the CAP and VAP(s), the company would begin implementation of its SIP. This would be a two-step process consisting of employee training and a SIP trial period. Company training would provide company employees the skills they need to perform their specific SIP responsibilities.

When the training is completed, a trial period of at least 3 months would begin to test the effectiveness of the VAP on each vessel. During the trial period, problems would be documented by company personnel and the Coast Guard SIP Advisor. The company may be required to modify its VAP procedures, if necessary.

Phase (4): Enrollment

Following a successful operational evaluation phase, the cognizant OCMI would enroll a vessel in the SIP and authorize full implementation of the SIP through a specific endorsement on the vessel's COI. Illustration (4) shows the proposed process and lists the proposed regulatory sections for each step.

Illustration(4) -- Enrollment



Regulatory Evaluation

This proposal is not a significant regulatory action under section 3(f) of Executive Order 12866 and does not require an assessment of potential costs and benefits under section 6(a)(3) of that order. It has not been reviewed by the Office of Management and Budget under that order. It is not significant under the regulatory policies and procedures of the Department of Transportation (DOT) (44 FR 11040; February 26, 1979).

The Coast Guard expects the economic impact of this proposal to be so minimal that a full Regulatory Evaluation under paragraph 10e of the regulatory policies and procedures of DOT is unnecessary. The Coast Guard expects this proposal to provide an economic benefit to the owners and operators of U.S. documented or registered vessels. Currently, 11,800 U.S. documented or registered vessels may be eligible to participate in this optional Streamlined Inspection Program (SIP). Entrance into a SIP is voluntary. Because the program is new, it is difficult to estimate how many vessel owners will choose to develop a Vessel Action Plan (VAP) and seek enrollment. Some Coast Guard offices have been working with company owners on prototype programs that are similar to the proposed SIP.

Over the next 3 years, the Coast Guard estimates that the following number of vessels would voluntarily enroll in the SIP:

- 274 small passenger vessels (subchapter T).
- 78 small passenger vessels (subchapter K).
- 48 large passenger vessels (subchapter H).
- 131 offshore supply vessels (subchapter L).
- 29 cargo vessels (subchapter I).
- 4 tank ships (subchapter D).
- 942 tank barges or oil spill response vessels (OSRVs) (subchapter D or O).

These estimates of vessel enrollment reflect both the number of vessels presently in prototype programs similar to the proposed SIP and the number of vessels that could enter in the SIP within the next 3 years.

Industry Cost

Cost estimates for the proposed SIP were based on the incremental costs company owners and operators have incurred participating in prototype programs similar to the proposed SIP. Company owners and operators would have different economic impacts from this program depending on the number, class, and size of the vessels that they enter in the program. The time and

resources an owner or operator may spend developing the VAP would vary depending on the vessel's system complexity (simple tank barge systems or multi-faceted large passenger vessel systems), the current company management infrastructure (availability of support staff, system expertise and strength of organizational policies), and the number of crewmembers or employees involved with the plan's implementation. The company time spent developing and implementing the VAP(s) is considered part of this proposal's collection-of-information burden.

Under this proposal, vessel owners and operators would incur some SIP implementation training costs. These costs reflect a slight increase in existing crew or employee training costs to ensure responsible personnel have the skills needed to conduct maintenance and examinations of vessel equipment and systems required by the VAP.

One small passenger vessel owner (regulated under subchapter K), currently in a prototype program estimated that training on the VAP took approximately 35 hours for four employees required to properly conduct and record the tests and examinations under the VAP. Based on an hourly salary of \$16 for the trainer, and an average hourly salary of \$13 for each of the four employees, a one-time training cost is estimated to be \$2,380 for a similar passenger vessel.

A tank barge owner currently in a prototype program estimated that training on the VAP took approximately 40 days for 16 employees required to conduct and record examinations under the VAP. Based on an 8-hour training day, an hourly salary of \$33.65 for the trainer, and an average hourly salary of \$25 for each of the employees, the training cost is estimated to be \$138,770 for a similar 200-barge fleet.

One-time training costs for vessels in the SIP is estimated to range from \$700 (\$138,770 divided by a 200-simple-system fleet) to \$3,000 (for one large multi-system vessel) per vessel. Once the VAP is approved and the vessel is enrolled in the SIP, it was assumed that any further training would be incorporated into established company training and vessel maintenance programs at little or no additional cost. Therefore, recurring training costs were not included in the cost estimates for this proposal.

Some owners and operators participating in prototype programs purchased computers and other administrative items to assist in the collation of plan information. While a computer could reduce the

administrative time spent on developing the VAP, a company would not be required to have a computer in this proposal. Because a company could meet all of the SIP criteria without a computer, no equipment costs were included in the cost estimate for this proposal. The Coast Guard specifically solicits comments on potential training costs or other costs companies may incur if voluntarily enrolled in SIP.

Industry Benefits

Benefits from the proposed SIP are expected to vary and are not currently quantifiable. Participants in prototype programs stated that the cost to participate and maintain this type of voluntary program has been partially offset by an increased availability of their vessels for profit-making ventures. Some Coast Guard marine inspectors have noted as much as a 50 percent reduction in their onboard inspection time on vessels participating in a prototype program. Other benefits have also been reported by prototype program participants. These participants reported that they have experienced the following benefits:

- The vessel's material condition was kept at a consistently high level and there were fewer major repairs.
- The company's cost of maintaining the vessel in regulatory compliance was reduced and expenses were more evenly distributed over time.
- The licensed mariners recognized their role in regulatory compliance and welcomed the empowerment to conduct the procedures specified in the VAP.
- The unlicensed crew experienced more rapid professional growth as they were trained and became familiar with conducting the step-by-step verification procedures.
- The communication between the company and the Coast Guard was open and problem-solving.
- The vessel's working environment was better than it was under the traditional inspection program.
- There were fewer insurance claims and personnel injuries.
- The vessel's maintenance records provide more information and are better than the records the company required on its own.

There were no monetary estimates for the value of these benefits. The Coast Guard specifically seeks comments on these potential benefits and their value for this proposed program.

User Fees

The Coast Guard expects that once implemented, the proposed SIP would result in fewer onboard Coast Guard inspection hours required to inspect and

certify participating vessels. This proposal, however, would not change existing vessel inspection user fees. When sufficient data exists regarding the Coast Guard costs required to administer the new program, the Coast Guard plans to review the existing user fee structure to determine if a reduction in fees is warranted.

Government Costs

This proposal has short-term costs to the Coast Guard but, in the long-term, will save resources. In the initial implementation of the proposed SIP, Coast Guard inspectors would need to review company applications, assist companies in plan development, and oversee the operational implementation of the plan. The time required by this program varies depending on the type of vessel and the current company management infrastructure. It may take the Coast Guard as little as 3 hours to verify a tank barge company's eligibility, 18 hours to assist in developing and reviewing its plan, and 8 hours to oversee its operation prior to a favorable assessment of the program by the Coast Guard marine inspector. However, the Coast Guard may take significantly more time to assist in developing, reviewing, and overseeing the plans and operation of a large passenger vessel because of its complex onboard systems and the large number of company personnel involved in managing the SIP. After the initial investment of Coast Guard resources (time and training) to assist vessel personnel with their plans, the Coast Guard expects to reduce the amount of time taken to inspect and certify SIP enrolled vessels.

Small Entities

Under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), the Coast Guard must consider whether this proposal, if adopted, will have a significant economic impact on a substantial number of small entities. "Small entities" may include (1) small businesses and not-for-profit organizations that are independently owned and operated and are not dominant in their fields and (2) governmental jurisdictions with populations of less than 50,000.

The Coast Guard expects this proposal to have a positive economic impact for owners and operators who choose to participate in the SIP. Approximately 1,388 owners and operators may volunteer for the proposed SIP within the next 3 years. Of these, 334 small passenger vessels, 52 offshore supply vessels, and 94 tank barges or OSRV's are estimated to be owned by small entities. Under Section 601 of the

Regulatory Flexibility Act, the Coast Guard has provided a flexible approach which meets the needs of each company and its vessels and would benefit any small businesses choosing to enter the proposed program. This proposal would have no impact on vessel owners who do not choose to participate in the program.

This proposal would provide an optional way of complying with existing inspection regulations and would only have an economic impact if the vessel owner chooses to use the SIP instead of the existing Coast Guard scheduled inspection program. For a small entity, plan development may be too large an initial investment recoverable after too long a time for them to see the benefits. To assist small entities in plan development, the Coast Guard intends to provide detailed guidance tailored to the small passenger vessel operator and to other small entities that operate other vessel types. The Coast Guard proposal also provides for one-on-one time with Coast Guard inspectors to assist in plan development. Benefits from the proposed SIP are expected to be especially positive to those small entities with more than one vessel in the program because after developing the first CAP and VAP, costs would be minimal for developing VAP(s) for the remaining vessels.

Because this proposed program is voluntary and provides benefits to small entities willing to invest the time and training needed for enrollment, the Coast Guard certifies under 5 U.S.C. 605(b) that this proposal, if adopted, will not have a significant economic impact on a substantial number of small entities. If however, you think that your business or organization qualifies as a small entity and that this proposal would have a significant economic impact on your business or organization, please submit a comment to the address under **ADDRESSES** explaining why you think it qualifies and in what way and to what degree this proposal would economically affect it.

Assistance for Small Entities

In accordance with section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104-121), the Coast Guard will provide assistance to small entities to determine how this proposed rule applies to them. If you are a small business and need assistance understanding the provisions of this proposed rule please contact CDR Mark D. Bobal, Vessel and Facility Operating Standards Division (G-MSO-2), U.S. Coast Guard Headquarters, 2100 Second

Street, SW., Washington, DC 20593-0001, telephone (202) 267-1093.

Collection of Information

Under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*), the Office of Management and Budget (OMB) reviews each rule that contains a collection-of-information requirement to determine whether the practical value of the information is worth the burden imposed by its collection. Collection-of-information requirements include reporting, recordkeeping, notification and other similar requirements.

This proposal contains collection-of-information requirements in the following sections: §§ 8.520, 8.530, 8.535, and 8.550. The following particulars apply: DOT NO: 2115-AF37.

OMB Control No(S): 2115-0578, 2115-0592, 2115-0071, 2115-0025.

Administration: U.S. Coast Guard.

Title: 2115-0578: Various forms and posting requirements under 46 CFR chapter I, subchapters K and T "Small Passenger Vessels (under 100 gross tons)."

2115-0592: 46 CFR chapter I, subchapter L—Reporting, Recordkeeping and Marking Requirements.

2115-0071: Official Logbook.

2115-0025: Oil Record Book for Ships.

Need for Information: Vessel records are needed to document the compliance of a vessel with U.S. regulations and law. Company owners or operators wishing to enroll their vessel(s) in the program must submit the application(s), develop the Vessel Action Plan(s), and keep records on plan activities conducted by designated company employees.

Proposed Use of Information: The information would be used by the Coast Guard during vessel inspections to help determine if the vessel is in compliance with the requirements necessary for issuance of a certificate of inspection (COI).

Frequency of Response: Records must be kept and reports must be submitted whenever the company representative performs activities required by the VAP. These activities generally include a crew member or company employee completing a checklist for each onboard system on a monthly or quarterly basis, depending on the system and the VAP. Estimates of the increase in the collection burden differ based on the vessel's type, the company's existing operational guides and internal inspection documents (if any), and the vessel system knowledge of those company personnel assigned to write the plan. The development of the VAP

would be a one-time collection burden. Recurring collection burdens would be created when company employees keep records of their activities to ensure the plan is being followed. Based on prototype programs similar to the proposed SIP, the following collection burdens are estimated for each vessel type:

- Small passenger vessel (subchapter T): Vessel Action Plan development: 70 hours. Annual report time after plan approval: 9 hours in addition to current collections under 2115-0578.

- Small passenger vessel (subchapter K): Vessel Action Plan development: 100 hours. Annual report time after plan approval: 12 hours in addition to current collections under 2115-0578.

- Large passenger vessel (subchapter H): Vessel Action Plan development: 100 hours.

Annual report time after plan approval: 14 hours in addition to current collections under 2115-0071.

- Offshore supply vessel (subchapter L):

Vessel Action Plan development: 60 hours.

Annual report time after plan approval: 18 hours in addition to current collections under 2115-0592.

- Cargo vessel (subchapter I): Vessel Action Plan development: 80 hours.

Annual report time after plan approval: 14 hours in addition to current collections under 2115-0071.

- Tank Ship (subchapter D): Vessel Action Plan development: 100 hours.

Annual report time after plan approval: 16 hours in addition to current collections under 2115-0071.

- Tank Barge and Oil Spill Response Vessel (subchapter D):

Vessel Action Plan development: 40 hours.

Annual report time after plan approval: 3 hours in addition to current collections under 2115-0025.

Burden Estimate: The Coast Guard is seeking an authorized increase in the collection-of-information burden for the following existing OMB control numbers:

2115-0578: From 405,608 burden hours to 416,869 hours.

2115-0592: From 2,051 burden hours to 51,467 hours.

2115-0071: From 1,750 burden hours to 5,018 hours.

2115-0025: From 10,418 burden hours to 49,559 hours.

Respondents: The number of respondents for each collection will be amended as follows:

2115-0578: Remains the same.

2115-0592: Increases from 45 respondents to 528 respondents.

2115-0071: Remains the same.

2115-0025: Increases from 586 respondents to 2,516 respondents.

Form(s): None.

Average Burden Hours per Respondent: Those respondents voluntarily enrolled in the SIP would have an increased average burden hour per respondent as follows:

From 41 hours to 76 hours per respondent for 2115-0578.

From 46 hours to 78 hours per respondent for 2115-0592.

From 5 hours to 46 hours per respondent for 2115-0071.

From 18 hours to 33 hours per respondent for 2115-0025.

The Coast Guard has submitted the proposed requirements to the OMB for review under section 3504(h) of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*). Persons submitting comments on the requirements should submit their comments both to OMB and the Coast Guard where indicated under **ADDRESSES**.

Federalism

The Coast Guard has analyzed this rule under the principles and criteria contained in Executive Order 12612 and has determined that this rule does not have sufficient federalism implications to warrant a Federalism Assessment.

The authority to regulate safety requirements of U.S. vessels is delegated to the Coast Guard by statute. Furthermore, because these vessels tend to move from port to port in the national market place, these safety requirements need to be national in scope to avoid numerous, unreasonable and burdensome variances. Therefore, this action would preempt State action addressing the same matter.

Environment

The Coast Guard considered the environmental impact of this rule and concluded that under paragraph 2.B.2 of Commandant Instruction M16475.1B, this rule is categorically excluded from further environmental documentation. This rule is excluded based on its inspection and equipment aspects. A Categorical Exclusion Determination is available in the docket for inspection or copying where indicated under **ADDRESSES**.

List of Subjects in 46 CFR Part 8

Administrative practice and procedures, Organization and functions (Government agencies), Reporting and recordkeeping requirements, Incorporation by reference.

For the reasons set out in the preamble, the Coast Guard proposes to amend 46 CFR part 8 as follows:

PART 8—VESSEL INSPECTION ALTERNATIVES

1. The authority citation for part 8 is revised to read as follows:

Authority: 46 U.S.C. 3103, 3306; 46 U.S.C. 3316, 3703; 49 CFR 1.45.

2. Subpart E, consisting of §§ 8.500 through 8.570, is added to read as follows:

Subpart E—Streamlined Inspection Program

Sec.	Purpose.
8.500	Purpose.
8.505	Scope and applicability.
8.510	Definitions.
8.515	Eligibility.
8.520	Application.
8.525	OCMI review and action.
8.530	Plan development and approval.
8.535	Training and operational evaluation.
8.540	Enrollment in SIP.
8.545	Scope of inspection for enrolled vessels.
8.550	Plan review and revisions.
8.555	Disenrollment.
8.560	Waiver.
8.565	Appeal.
8.570	Interim approval of prototype company or vessel plans.

Subpart E—Streamlined Inspection Program

§ 8.500 Purpose.

(a) This subpart establishes the Streamlined Inspection Program (SIP) which is an alternative inspection program for U.S. documented or registered vessels required to maintain a valid certificate of inspection (COI).

(b) This subpart sets out the eligibility and application requirements and the plan development and approval procedures for enrollment of companies and their vessels in the SIP.

§ 8.505 Scope and applicability.

(a) This subpart applies to U.S. documented or registered vessels that have a valid COI.

(b) A vessel enrolled in the SIP will be inspected in accordance with its approved Vessel Action Plan (VAP).

(c) The SIP includes all inspections required to renew and maintain a valid COI. The SIP does not include dry-dock examinations, unscheduled inspections related to vessel casualties, equipment repair or replacement, or vessel modifications. Those inspections will be conducted in accordance with the subparts applicable to the vessel.

§ 8.510 Definitions.

The following definitions apply to this subpart:

Civil penalty means a final assessment under the provisions of 33 CFR part 1, subpart 1.07 or part 20 of this chapter.

Coast Guard SIP Advisor means the Coast Guard marine inspector assigned by the Officer in Charge, Marine Inspection (OCMI), to assist in the development of an action plan.

Company means the owner of the vessel or any other organization or person, such as the manager or the bareboat charterer, who operates a vessel under the SIP.

Company Action Plan (CAP) means the document describing a company's organization, policies, and responsibilities required for participation in the SIP.

Company SIP Agent means the individual who is responsible for the Company Action Plan and the Vessel Action Plan development and implementation and who has the authority to bind the company to the terms of these plans.

Correction Report means a document which sets out specific vessel deficiencies and is used to record their correction by the company.

Documented deficiency means an incident documented in a Coast Guard record in which the condition of a vessel, its equipment, or its operation was not in compliance with Coast Guard regulations.

Exam checklist means the form that is used to record the periodic examinations required by the VAP to be conducted by company employees.

Inspection Criteria References (ICR) means the individual pages in the VAP that list each item on the vessel required by regulation to be periodically inspected.

Inspection Schedule and Verification (ISV) means the document that lists the items to be inspected and the intervals for their inspection, and on which is recorded the completion of required examinations and tests conducted by designated company employees.

Prototype vessel plan means the SIP plan developed for a vessel participating in a Coast Guard District- or OCMI-endorsed SIP before [Date of publication of the final rule in the **Federal Register**].

Reportable casualty means a marine casualty or accident required to be reported under 46 CFR part 4, subpart 4.05 of this chapter.

Streamlined Inspection Program (SIP) means the alternative inspection program set out in this subpart.

Vessel Action Plan (VAP) means the document that prescribes procedures for maintenance, examination, and inspection of a vessel enrolled in the SIP.

§ 8.515 Eligibility.

(a) The company must—
(1) Have owned or operated at least one U.S. documented or registered vessel for a minimum of 3 consecutive years before the SIP application date; and

(2) Have paid all civil penalties and user fees.

(b) Each vessel must—

(1) Have been in operation with an eligible owner or operator for at least 3 consecutive years before the SIP application date;

(2) Have had no revocation of its COI during the 3 years before the SIP application date; and

(3) Have no documented deficiency for the following in the 3 years before the SIP application date:

(i) Any vessel operation inconsistent with the operating details specified on its COI.

(ii) Operating without the required amount of lifesaving appliances on board the vessel or with inoperable survival craft.

(iii) Operating without the required firefighting equipment on board the vessel or with an inoperable fire pump(s).

(iv) Unauthorized modifications to the vessel's approved systems or structure, such as fixed firefighting systems, pollution prevention arrangements, overcurrent protection devices, or watertight boundary arrangements.

(v) Operating without the required navigation equipment on board the vessel or with inoperable navigation equipment.

§ 8.520 Application.

To apply for SIP enrollment, a company will submit an application, in writing, to the cognizant OCMI. The application must contain the following:

(a) A statement that the company and prospective vessel(s) meet the requirements of § 8.515.

(b) A summation of the company's current status in relation to § 8.530(a).

(c) The name and official number of the vessel(s) the company intends to enroll in the SIP.

(d) The name and contact information for the Company SIP Agent.

§ 8.525 OCMI review and action.

(a) The cognizant OCMI will review Coast Guard records for the 3 years before the SIP application date to verify the eligibility of the company and each vessel listed in the SIP application.

(b) If the company and one or more of its vessels meets the eligibility requirements contained in § 8.515, the cognizant OCMI will notify the company of its eligibility and assign a Coast Guard SIP Advisor.

(c) If, according to Coast Guard records, a company or vessel does not meet the eligibility requirements contained in § 8.515, the cognizant OCMI will notify the company in writing of its ineligibility with a list the reasons for not accepting the company or a vessel.

§ 8.530 Plan development and approval.

The Company SIP Agent will develop the CAP and VAP with guidance from the Coast Guard SIP Advisor for OCMI approval.

(a) *Company Action Plan.* The CAP shall include at least the following:

(1) A copy of the OCMI CAP approval letter (once the CAP is approved).

(2) An organization commitment statement.

(3) A company organization chart that includes the name(s) of the designated SIP support personnel who will be responsible for implementation and oversight of the approved CAP and VAP(s).

(4) A statement describing the responsibilities and authorities of personnel involved in the examination and maintenance of the vessel(s) for the company.

(5) A description of the method the company will use to integrate the applicable subpart regulations into its SIP and the method or system used to initiate corrective action.

(6) A description of the company's safety program.

(7) A description of the company's environmental protection program.

(8) A description of the company's training infrastructure, the method used to track and record training for individual employees, and the training required for the designated SIP support personnel to implement the CAP and the VAP.

(9) A master list of all SIP documents and ICRs that the company intends to use in its VAP(s).

(10) Appendices for each approved VAP.

(b) *Vessel Action Plan.* Each VAP shall include at least the following:

(1) A copy of the OCMI VAP approval letter (once the VAP is approved).

(2) A description of the method that will be used to integrate the VAP into the vessel's regular operations.

(3) Vessel-specific ICRs.

(4) Vessel-specific ISV forms.

(5) Vessel-specific exam checklists.

(6) Correction Reports.

(c) *Plan Approval.* The Company SIP Agent will submit the CAP and each VAP to the cognizant OCMI for approval. Once approved, a copy of the VAP shall be kept on board the vessel.

§ 8.535 Training and operational evaluation.

When the CAP and VAP(s) have been approved by the cognizant OCMI, the company may begin training and operating under the plans. This evaluation phase includes the following:

(a) The company shall provide the designated SIP support personnel with training as required by the CAP.

(b) The vessel must operate and be examined under the VAP for a period of at least 3 months.

(c) During the operational periods, the Coast Guard SIP Adviser will conduct an ongoing evaluation of the vessel's operation, the training records, and the ability of all designated persons to perform their assigned functions under the VAP. The Coast Guard SIP Adviser will report periodically to the cognizant OCMI and the Company SIP Agent on the vessel's performance, and make recommendations, if needed.

(e) Revisions recommended under paragraph (c) of this section, or any additional operational periods under a revised CAP or VAP as may be required by the cognizant OCMI must be completed prior to enrollment.

§ 8.540 Enrollment in SIP.

Upon recommendation of the Coast Guard SIP Adviser, the OCMI may issue an enrollment letter to a vessel and endorse the vessel's COI to reflect SIP enrollment. Subsequent inspections covered under this subpart will be conducted in accordance with the approved VAP.

§ 8.545 Scope of inspection for enrolled vessels.

(a) A Coast Guard marine inspector will conduct required annual and follow-on inspections necessary to ensure compliance with Coast Guard regulations.

(b) A Coast Guard marine inspector will conduct the inspections in paragraph (a) of this section in accordance with the procedures set out in the VAP. These inspections will normally include the following:

(1) *Administrative review.* This portion of the inspection consists of a review of prior Coast Guard SIP inspection forms, review of the contents of the VAP, and review of other certifications of equipment and vessel systems.

(2) *SIP performance review.* This portion of the inspection consists of a review of vessel SIP documentation and records, review of the SIP procedures, and a company evaluation of their SIP.

(3) *Materiel review.* This portion of the inspection consists of a general examination of the vessel, witnessing

the examination of selected items under the VAP by company designated SIP support personnel, inspection of selected items, and witnessing of crew participation in drills by the Coast Guard marine inspector.

(4) *Conclusion and recommendations.* This portion of the inspection contains the Coast Guard marine inspector's evaluation of regulatory compliance of the vessel under its VAP.

(c) A Coast Guard marine inspector may conduct any additional tests or examinations of vessel equipment or systems necessary to ensure compliance with Coast Guard regulations during an inspection covered in paragraph (a) of this section.

§ 8.550 Plan review and revisions.

(a) *Mandatory reviews and revisions.* The CAP and VAP(s) must be reviewed and revised as follows:

(1) Every 2 years after the plan approval date, the company shall review the CAP and update all information required by § 8.530.

(2) Every 5 years after the plan approval date, the Coast Guard SIP Adviser and the Company SIP Agent will review the VAP.

(3) If a reportable casualty occurs, the cognizant OCMI will review the portions of the VAP related to equipment, training, personnel, and systems involved in the casualty and determine whether revisions to the VAP are appropriate.

(4) When statutes or regulations change, the appropriate sections of the CAP and VAP(s) will be revised.

(b) *Discretionary reviews and revisions.* The CAP and VAP(s) may be reviewed and revised by the company at any time. The revisions must be submitted to the cognizant OCMI for approval.

§ 8.555 Disenrollment.

(a) *Voluntary disenrollment.* A company may request SIP disenrollment (which includes all of its vessels) or may request disenrollment of a specific vessel from the SIP by writing to the cognizant OCMI. The OCMI will then issue a letter disenrolling the vessel or company. Disenrolled vessels will be inspected in accordance with the requirements of 46 CFR part 2, subpart 2.01 of this chapter.

(b) *Company disenrollment.* The OCMI may issue a letter disenrolling the company if the company no longer has at least one enrolled vessel or if the company fails to continuously meet the eligibility requirements in § 8.515.

(c) *Vessel disenrollment.* The OCMI may issue a letter disenrolling a vessel if any one or more of the following occurs:

(1) The sale of the vessel.

(2) A finalized letter of warning or assessment of a civil penalty for—

(i) Operating outside the scope of the vessel's COI or Stability Letter;

(ii) Not reporting a personnel or material casualty required to be reported under 46 CFR part 4; or

(iii) A material deficiency listed in § 8.515(b)(3).

§ 8.560 Waiver.

(a) A Coast Guard District Commander may waive any requirement of this subpart—

(1) If good cause exists for granting a waiver; and

(2) If the safety of the vessel and those on board will not be adversely affected.

(b) Requests for waiver of any requirement of this subpart must be submitted in writing to the cognizant OCMI for review before forwarding to the Coast Guard District Commander for action.

(c) A copy of each waiver under this section shall be maintained at all times in the VAP.

§ 8.565 Appeal.

A company may appeal any decision or action taken under this subpart in accordance with 46 CFR part 1, subpart 1.03 of this chapter.

§ 8.570 Interim approval of prototype company or vessel plans.

(a) A company operating under an approved prototype company or vessel plan must apply, in writing by [Date 3 months after the effective date of the final rule], to the cognizant OCMI for approval to continue operating under the plans while revisions are developed to bring the prototype company or vessel plan into conformance with this subpart. The OCMI may approve the request for a period of up to 3 years.

(b) A company that does not request approval as required by paragraph (a) of this section or does not obtain approval to continue operating under a prototype company or vessel plan by [Date 6 months after the effective date of the final rule], may no longer operate under the plans and will be inspected in accordance with the requirements of 46 CFR part 2, subpart 2.01 of this chapter.

Dated: March 21, 1997.

J.C. Card,

Rear Admiral, U.S. Coast Guard, Assistant Commandant for Marine Safety and Environmental Protection.

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