

U.S. Department of  
Homeland Security

United States  
Coast Guard



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JUN 12 2017

Passenger Vessel Association  
Attn: Mr. John Groundwater  
103 Oronoco Street,  
Suite 200  
Alexandria, VA 22314

Dear Mr. Groundwater:

This letter is a follow-up to my letter dated April 21, 2017, which was in response to your letter dated December 20, 2016, seeking review and acceptance of PVA's "Flagship Safety Management System (SMS) for Members of the Passenger Vessel Association." The U.S. Coast Guard completed its review and has determined that Flagship SMS meets the objectives and functional requirements for a SMS as per 33 Code of Federal Regulation (CFR) Part 96, and this voluntary program can be accepted by the Coast Guard as it endeavors to enhance regulatory compliance and safety on domestic passenger vessels.

With the recognition of Flagship by the Coast Guard, it is worth noting that external third party safety audits are not required under this program; however, if a participating company schedules an external audit, external auditing personnel shall be independent of the company being audited. Both external and internal audit results, and associated documentation, may be examined by the local Officer In Charge, Marine Inspection (OCMI) to help determine the effective implementation of Flagship.

In addition, Flagship will be recognized and considered by the local OCMI's when carrying out the Coast Guard's risk-based decision making (RBDM) policy letter for small passenger vessels (CVC Policy Letter 16-05(series)); and in particular when determining the proper scope for a vessel's annual inspection. It is important to point out that it is our intention that vessels with a history of being in substantial compliance with the regulations will be eligible for a reduced scope inspection, and a vessel's enrollment in a CG recognized SMS, such as Flagship, should improve the OCMI's factorization with the RBDM policy.

This represents a significant milestone and I commend you, your staff, and members of the Flagship Working Group on this remarkable accomplishment, and look forward to our continued work on the development of policies and procedures that will enhance passenger vessel safety. It is also worth acknowledging this as an important first step in instilling a culture of safety industry wide, and I greatly value PVA's partnership and commitment to achieving this common goal.

If you have any questions concerning this matter, please feel free to contact Captain Matt Edwards, Chief of the Office of Commercial Vessel Compliance (CG-CVC).

Sincerely,

A handwritten signature in blue ink that reads "J. F. Williams".

J. F. Williams  
Captain, U.S. Coast Guard  
Director of Inspections and Compliance  
By direction